

Exterra Resources Limited

ACN 138 222 705

SCHEME BOOKLET

For a scheme of arrangement between Exterra Resources Limited and the holders of Exterra Shares in relation to the proposed merger of Exterra Resources Limited and Anova Metals Limited

VOTE IN FAVOUR

The Exterra Directors unanimously recommend that you VOTE IN FAVOUR of the Scheme, in the absence of a Superior Proposal.

The Independent Expert has also concluded that in the absence of a superior proposal, the Scheme is FAIR AND REASONABLE to Exterra Shareholders and therefore is IN THE BEST INTERESTS of Exterra Shareholders.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

You should read it in its entirety before deciding whether or not to vote in favour of the Scheme.

If you are in any doubt about how to deal with this Scheme Booklet, you should contact your broker, financial adviser or legal adviser immediately.

Important notices

Purpose of this Scheme Booklet

Exterra and Anova have jointly announced a proposed Merger. The Merger is to be implemented through a members' scheme of arrangement between Exterra and Exterra Shareholders.

The purpose of this Scheme Booklet is to explain the terms of the Scheme, the manner in which the Scheme will be considered and implemented (if the conditions precedent are satisfied), and to provide the information as is prescribed or otherwise material for Exterra Shareholders when deciding whether or not to vote in favour of the Scheme. This Scheme Booklet includes the explanatory statement for the Scheme required by section 412(1) of the Corporations Act.

You should read this Scheme Booklet in its entirety before making a decision whether or not to vote in favour of the Scheme.

No investment advice

This Scheme Booklet does not take into account the investment objectives, financial situation, tax position or particular needs of any Exterra Shareholder or any other person. Accordingly, this Scheme Booklet should not be relied upon as the sole basis for any decision in relation to Exterra Shares, Anova Shares or any other securities. Independent advice should be sought before any such decision is made.

Role of ASIC and ASX

A copy of this Scheme Booklet has been examined by ASIC pursuant to section 411(2) of the Corporations Act and registered by ASIC in accordance with section 412(6) of the Corporations Act. Exterra will request ASIC to provide a statement in accordance with section 411(17) of the Corporations Act stating that ASIC has no objection to the Scheme. If ASIC provides that statement it will be produced to the Court at the Second Court Hearing.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASIC, ASX nor any of their Officers takes responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under section 411(1) of the Corporations Act

The fact that the Court has ordered that the Scheme Meeting be convened under section 411(1) of the Corporations Act and has approved this Scheme Booklet does not mean that the Court:

- has formed any view as to the merits of the Scheme or as to how Exterra Shareholders should vote at the Scheme Meeting (on this matter Exterra Shareholders must reach their own decision); or
- has prepared, or is responsible for, this Scheme Booklet.

Responsibility for information

The Exterra Information has been provided by Exterra and is the responsibility of Exterra. Anova and its advisers do not assume any responsibility for the accuracy or completeness of that information.

The Anova Information has been provided by Anova and is the responsibility of Anova. Exterra and its advisers do not assume any responsibility for the accuracy or completeness of that information.

BDO Corporate Finance (WA) Pty Ltd has prepared the Independent Expert's Report in relation to the Scheme and takes responsibility for that report.

Disclaimer as to forward looking statements

This Scheme Booklet may include various statements about the future. Statements other than statements of historical fact may be forward looking statements. Exterra Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Exterra and Anova. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward looking statement.

The statements contained within this Scheme Booklet reflect the views held at the date of this Scheme Booklet.

None of Exterra or Anova, the Officers of those companies or any person named in this Scheme Booklet with their consent or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any results, values, performance or achievements express or implied in any forward looking statement, except to the extent required by law. Exterra Shareholders should not place undue reliance on any such statements.

Estimates, targets and forecasts

Unless expressly stated otherwise, all references in this Scheme Booklet to estimates, targets and forecasts (and derivations of the same) are references to estimates, targets and forecasts by Exterra or Anova management (as applicable). Management estimates, targets and forecasts are based on views held only at the date of this Scheme Booklet.

Each of Exterra and Anova believes that the estimates, targets and forecasts in this Scheme Booklet that are attributable to it have been made on reasonable grounds and that the assumptions on which those estimates, targets and forecasts are based are reasonable.

Having said this, Exterra Shareholders are cautioned that the estimates, targets and forecasts are subject to a variety of factors that are likely to cause actual results to vary from them, and such variations may be material.

Ineligible Foreign Shareholders

This Scheme Booklet has been prepared having regard to Australian disclosure requirements. Other countries may have different legislative and regulatory requirements.

Neither this Scheme Booklet nor the Scheme constitute, or are intended to constitute, an offer of securities in any place in which or to any person to whom, the making of such an offer would not be lawful under the laws of any jurisdiction outside Australia and its external territories, New Zealand and Hong Kong.

Exterra Shareholders who are not residents of Australia and its external territories, New Zealand or Hong Kong should refer to Sections 2.11 and 2.13 of this Scheme Booklet for further information.

Hong Kong Exterra Shareholders

WARNING - The contents of this Scheme Booklet have not been reviewed or approved by any regulatory authority in Hong Kong. You are

advised to exercise caution in relation to the Scheme. If you are in any doubt about any of the contents of this Scheme Booklet, you should obtain independent professional advice.

This Scheme Booklet does not constitute an offer or invitation to the public in Hong Kong to acquire or subscribe for or dispose of any securities. This Scheme Booklet also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Scheme Booklet in Hong Kong, other than to persons who are "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

No person may issue or have in its possession for the purposes of issue, this Scheme Booklet or any advertisement, invitation or document relating to these securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to securities that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

Copies of this Scheme Booklet may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this Scheme Booklet, or any offer or an invitation in respect of these securities, to the public in Hong Kong. This document is for the exclusive use of Exterra Shareholders in connection with the Scheme, and no steps have been taken to register or seek authorisation for the issue of this Scheme Booklet in Hong Kong.

This Scheme Booklet is confidential to the person to whom it is addressed and no person to whom a copy of this Scheme Booklet is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Scheme Booklet to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with the consideration of the Scheme by the person to whom this Scheme Booklet is addressed.

China Exterra Shareholders

The information in this Scheme Booklet does not constitute a public offer of the New Anova Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The New

Anova Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors", sovereign wealth funds and quasi-government investment funds.

Privacy

Personal information may be collected by Exterra and Anova in the process of implementing the Scheme.

This information may include the name, contact details, security holding details of Exterra Shareholders, and the names of individuals appointed to act as proxy, attorney or corporate representative by an Exterra Shareholder at the Scheme Meeting. The primary purpose for collecting this personal information is to assist Exterra and Anova to conduct the Scheme Meeting and implement the Scheme.

Any personal information collected may be disclosed to Anova's and Exterra's respective share registries, advisers, print and mail service providers and related bodies to the extent necessary to effect the Scheme.

Exterra Shareholders are entitled under section 173 of the Corporations Act to inspect and obtain copies of personal information collected. Exterra Shareholders should contact the Exterra Registry in the first instance if they wish to access their personal.

Maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless expressly stated otherwise, all data contained in such diagrams, charts, maps, graphs or tables is based on information available at the date of this Scheme Booklet.

References to time

Unless expressly stated otherwise, all references in this Scheme Booklet to time relate to the time in Perth, Western Australia, Australia.

References to currency

Unless expressly stated otherwise, all references in this Scheme Booklet to "\$", "A\$" or "AUD" are references to Australian currency.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding.

Accordingly, their actual calculation may differ from the calculations set out in this Scheme Booklet.

Defined terms

A number of defined terms are used in this Scheme Booklet, the meanings of which are set out in the glossary in Section 11 or elsewhere in this Scheme Booklet. Some of the documents reproduced in the Annexures to this Scheme Booklet each have their own defined terms which are sometimes different from those in the rest of this Scheme Booklet.

Date of Scheme Booklet

This Scheme Booklet is dated 11 August 2017.

Table of Contents

Reasons to vote in favour of or against the Scheme	1
Important dates	2
Letter from the Executive Chairman of Exterra	3
Letter from the Non-Executive Chairman of Anova	5
Action required by Exterra Shareholders	6
1 Directors' recommendation and matters relevant to your vote on the Scheme	8
2 Summary of the Scheme	16
3 Frequently asked questions	21
4 Profile of Exterra	26
5 Profile of Anova	38
6 Profile of Merged Group	51
7 Risk factors	59
8 Taxation implications	71
9 Implementation of the Scheme	76
10 Additional information	82
11 Glossary, definitions and interpretation	96
Annexure A – Independent Expert's Report	110
Annexure B – Scheme of Arrangement	282
Annexure C – Deed Poll	303
Annexure D – Notice of Scheme Meeting	313
Corporate Directory	317

Reasons to vote in favour of or against the Scheme

This section is a summary only. Further details of the reasons why you should vote in favour of, or against, the Scheme are set out in Section 1 of this Scheme Booklet.

1 Reasons to vote in favour of the Scheme

- ☒ All of the Exterra Directors have unanimously recommended that you vote in favour of the Scheme in the absence of a Superior Proposal
- ☒ The Merged Group will have a strong balance sheet with which to fast track production at the Second Fortune Gold Mine
- ☒ The Independent Expert has concluded that in the absence of a Superior Proposal, the Scheme is fair and reasonable and therefore is in the best interests of Exterra Shareholders
- ☒ The Merged Group will be larger and more diversified than Exterra, with two near term gold producing projects and a portfolio of exploration and development opportunities located in Western Australia and Nevada, USA
- ☒ The Scheme Consideration represents a significant premium to historical trading prices of Exterra Shares
- ☒ The Merged Group is expected to have an enhanced market presence and greater liquidity than that currently enjoyed by Exterra Shareholders
- ☒ The combined Board and management team of the Merged Group will have the skills and capacity to advance the production and development projects in parallel with exploration and consolidation activities
- ☒ The Merged Group will be better placed to pursue further consolidation opportunities, with improved chances of success

2 Possible reasons not to vote in favour of the Scheme

- You may disagree with the recommendations by the Independent Expert and the Exterra Directors
- Your percentage interest in the Merged Group will be reduced relative to your current interest in Exterra
- The investment profile for Exterra Shareholders will change and you may consider the investment profile of the Merged Group to be inferior to that of Exterra as a stand-alone entity
- You may consider that there is the potential for a Superior Proposal to be made to Exterra in the foreseeable future
- There are risks in integrating the respective businesses of Exterra and Anova
- The exact value of the Scheme Consideration upon implementation of the Scheme is not certain

Important dates

Date of this Scheme Booklet	11 August 2017
Latest date and time for receipt of proxy forms or powers of attorney for the Scheme Meeting	10.00 am (Perth time) on 13 September 2017
Time and date for determining eligibility to vote at the Scheme Meeting	5.00 pm (Perth time) on 13 September 2017
Scheme Meeting to be held at Level 6, 123 St Georges Terrace, Perth, Western Australia	10.00 am (Perth time) on 15 September 2017

If the Scheme is agreed to by Exterra Shareholders

Second Court Date for approval of the Scheme	20 September 2017
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Effective Date

Court order lodged with ASIC and announcement to ASX

Last day of trading in Exterra Shares – Exterra Shares suspended from trading on ASX from close of trading on ASX	21 September 2017
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Record Date for Scheme Consideration	5.00 pm (Perth time) on 29 September 2017
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Implementation Date

Issue of Scheme Consideration to Scheme Shareholders	6 October 2017
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All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and any other Government Agency. Any changes to the above timetable (which may include an earlier or later date for the Second Court Hearing) will be announced through ASX and notified on Exterra's website at www.terraresources.com.au.

All references to time in this Scheme Booklet are references to Perth time unless otherwise stated. Any obligation to do an act by a specified time in an Australian time zone must be done at the corresponding time in any other jurisdiction.

Letter from the Executive Chairman of Exterra

11 August 2017

Dear Exterra Shareholder,

Recommended Merger between Exterra and Anova

On 8 June 2017, Exterra Resources Limited (**Exterra**) and Anova Metals Limited (**Anova**) announced that they had entered into a Merger Implementation Agreement in relation to a proposed transaction which, if implemented, will result in Anova acquiring all of the issued shares in Exterra by way of a scheme of arrangement (**Merger**). If the Merger proceeds, eligible Exterra Shareholders will receive one Anova Share for every two Exterra Shares held.

The Merger will create a company that has an outstanding portfolio of gold production, development and exploration projects under the guidance of an experienced and proven Board and management team. The Exterra Board believes that the combination of Anova's Big Springs Project in Nevada, USA and strong balance sheet with Exterra's near term production Second Fortune Gold Mine in Western Australia (part of the Linden Gold Project) and surrounding exploration projects, is compelling for shareholders of both companies.

Your Directors consider the Merger to be in the best interests of Exterra Shareholders and have unanimously recommended that Exterra Shareholders vote in favour of the Merger, in the absence of a Superior Proposal.

In forming their unanimous recommendation, your Directors have concluded that the Merger will provide a number of significant benefits to Exterra Shareholders, including the following:

- the Merged Group will have a strong balance sheet with which to fast track production at Exterra's Second Fortune Gold Mine;
- the Merged Group will be larger and more diversified than Exterra, with two near term gold producing projects and a portfolio of exploration and development opportunities, located in Western Australia and Nevada, USA;
- the Scheme Consideration represents a significant premium to historical trading prices of Exterra Shares;
- the Merged Group is expected to have an enhanced market presence and greater liquidity than that currently enjoyed by Exterra Shareholders;
- the combined Board and management team of the Merged Group will have the skills and capacity to advance the production and development projects in parallel with exploration and consolidation activities; and
- the Merged Group will be better placed to pursue further consolidation opportunities, with improved chances of success.

This Scheme Booklet sets out your Directors' views on the key advantages and disadvantages of the proposed Merger, and addresses a range of other considerations and questions you may have as an Exterra Shareholder.

In considering the Merger, you should be aware that the Independent Expert, BDO Corporate Finance (WA) Pty Ltd, has formed the opinion that in the absence of a superior proposal, the Merger is fair and reasonable and therefore in the best interests of Exterra Shareholders. The full report of the Independent Expert is set out in Annexure A.

I encourage you to read this Scheme Booklet (including the report of the Independent Expert) carefully in full, and if required, to seek your own legal, financial or other professional advice.

Your vote is important regardless of how many Exterra Shares you own. If you are unable to attend the Scheme Meeting in person, I encourage you to vote by completing your personalised proxy forms which are enclosed with this Scheme Booklet, and returning them in accordance with the directions on those forms so that they are received by no later than 10.00am (Perth time) on 13 September 2017.

If you require further information regarding the Scheme please call the Company Secretary on +618 9389 2111.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Davis', written in a cursive style.

John Davis

Executive Chairman
Exterra Resources Limited

Letter from the Non-Executive Chairman of Anova

11 August 2017

Dear Exterra Shareholder,

Recommended Merger of Exterra and Anova

On behalf of the Board of Anova Metals Limited, I am delighted to provide you with the opportunity to participate in the combination of two asset-rich companies to create an internationally diversified, growth focussed gold company.

The Anova Board believes that the proposed Merger outlined in this Scheme Booklet is compelling, as it will create a Merged Group with a diversified portfolio of gold production, development and exploration assets in Western Australia and Nevada, USA, that has a strong balance sheet and a wealth of operational and management expertise.

The Merged Group aims to establish near term mine production at Exterra's Second Fortune Gold Mine in Western Australia and Anova's Big Springs Gold Project in the Carlin Mining District of Nevada, USA (both 100% owned), as well as to undertake exploration programs to grow the resource base for each project.

Importantly, the Merged Group will be managed by a capable and experienced Board, which will benefit from the addition of existing Exterra directors John Davis and Geoff Laing joining the Anova Board. The Merged Group is expected to benefit from the application of Exterra's knowledge of ore sorting technology to the Merged Group's projects as well as the consolidation of corporate overheads and exploration activities. The Merged Group should also be well positioned to achieve further growth by participating in logical future industry consolidation and rationalisation.

As an Exterra Shareholder, your vote is important in order to ensure that the Merger is implemented so that the benefits flowing from the Merger can be delivered to both sets of shareholders.

I am excited about the opportunities that lie ahead for the Merged Group and believe that the Merger will unlock significant long-term value for shareholders of both companies.

On behalf of the Anova Board, I encourage you to vote in favour of the Scheme and look forward to welcoming you as a shareholder of Anova following the successful implementation of the Merger.

Yours sincerely,



Malcolm James

Non-Executive Chairman
Anova Metals Limited

Action required by Exterra Shareholders

1 Your vote is important

Every Exterra Shareholder is urged to vote, regardless of the size of your shareholding.

For the Scheme to proceed, it is necessary that sufficient Exterra Shareholders vote in favour of the Scheme. If you are registered as an Exterra Shareholder at 5.00 pm (Perth time) on 13 September 2017, you will be entitled to vote on the Scheme Resolution.

2 Carefully read this Scheme Booklet

This Scheme Booklet is an important document and you should read it carefully and in its entirety (including the reasons to vote in favour of the Scheme and the reasons not to vote in favour of the Scheme as set out in Section 1) before making any decision on how to vote on the Scheme Resolution.

There are answers to questions you may have about the Scheme set out in the "Frequently asked questions" in Section 3. If you have any additional questions in relation to this Scheme Booklet or the Scheme, please call the Company Secretary on +618 9389 2111.

3 Notice of Scheme Meeting

The Scheme will be voted on by Exterra Shareholders at the Scheme Meeting to be held at Level 6, 123 St Georges Terrace, Perth, Western Australia on 15 September 2017, commencing at 10.00 am (Perth time).

The Notice of Scheme Meeting is contained in Annexure D to this Scheme Booklet.

4 How to vote

You may vote on the Scheme by attending the Scheme Meeting in person, or by proxy, attorney or, in the case of a corporation which is an Exterra Shareholder, by corporate representative.

Further information on the method of voting is contained in the Notice of Scheme Meeting contained in Annexure D.

The Scheme will not proceed unless the Scheme is approved by the requisite majority of Exterra Shareholders.

A reply paid envelope is enclosed for Exterra Shareholders who wish to post back their Proxy Form.

Voting in person

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting. An Exterra Shareholder who wishes to attend and vote in person will be admitted to the Scheme Meeting and given a voting card at the point of entry to the meeting on disclosing their name and address.

Voting if you are not attending the Scheme Meeting

To appoint a proxy to vote on your behalf in respect of the Scheme, you must complete the enclosed personalised Proxy Form in accordance with the instructions and return it in the reply paid envelope enclosed or by facsimile.

If your proxy is signed by an attorney, please also enclose the authority under which the proxy is signed (or a certified copy of the authority).

Proxy Forms and powers of attorney must be received by the Exterra Registry (whether in person, by mail or facsimile) by no later than 10.00 am (Perth time) on 13 September 2017 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting). Proxy Forms and powers of attorney received after this time will not be effective.

Information setting out how you may vote by appointment of a proxy or attorney is contained in the Notice of Scheme Meeting.

5 Voting entitlement

Each Exterra Shareholder who is registered on the Register at 5.00 pm (Perth time) on 13 September 2017 is entitled to attend and vote at the Scheme Meeting, in person or by proxy or attorney or, in the case of a corporation which is an Exterra Shareholder, by its representative appointed in accordance with the Corporations Act. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

Voting is not compulsory.

In the case of Exterra Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held Exterra Shares, only the vote of the Exterra Shareholder whose name appears first in the Register will be counted.

6 Further information

For further information, please call the Company Secretary on +618 9389 2111.

1 Directors' recommendation and matters relevant to your vote on the Scheme

1.1 The Exterra Directors unanimously recommend you vote in favour of the Scheme

The Exterra Directors unanimously recommend that Exterra Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.

Each Exterra Director who holds or controls Exterra Shares intends to vote in favour of the Scheme, subject to there being no Superior Proposal.

In making their recommendation and determining how to vote on the Scheme, the Exterra Directors have considered the advantages and disadvantages of the Scheme and in particular, the following:

- the reasons for Exterra Shareholders to vote in favour of the Scheme, as set out in Section 1.2;
- the potential disadvantages of the Scheme set out in Section 1.3 and the risks associated with the Scheme and implementation of the Merger set out in Section 7.4;
- the risks associated with Exterra's and the Merged Group's business, as set out in Sections 7.1 to 7.3; and
- the Independent Expert's Report, which is attached as Annexure A.

The advantages, disadvantages and risks of the Scheme may affect Exterra Shareholders in different ways depending on their individual circumstances.

In considering whether to vote in favour of the Scheme, the Exterra Directors encourage you to:

- read the whole of this Scheme Booklet (including the risks outlined in Section 7 and the Independent Expert's Report in Annexure A);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- obtain financial advice from your broker or financial adviser on the Scheme, and obtain taxation advice on the effect of the Scheme becoming Effective, which takes into account your particular circumstances;
- consider current trading prices of Exterra Shares and Anova Shares on the ASX; and
- consider the potential trading price of Exterra Shares if the Scheme is not approved by Exterra Shareholders and the Scheme is not subsequently implemented.

The interests of Exterra Directors are disclosed in Section 10.1 of this Scheme Booklet.

1.2 Why you should vote in favour of the Scheme

The Exterra Directors have unanimously formed the view that the Scheme is in the best interests of Exterra Shareholders and recommend that Exterra Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal, for the reasons set out below.

1	The Merged Group will have a strong balance sheet with which to fast track production at the Second Fortune Gold Mine
2	The Independent Expert has concluded that in the absence of a Superior Proposal, the Scheme is fair and reasonable and therefore is in the best interests of Exterra Shareholders
3	The Merged Group will be larger and more diversified than Exterra, with two near term gold producing projects and a portfolio of exploration and development opportunities located in Western Australia and Nevada USA
4	The Scheme Consideration represents a significant premium to historical trading prices of Exterra Shares
5	The Merged Group is expected to have an enhanced market presence and greater liquidity than that currently enjoyed by Exterra Shareholders
6	The combined Board and management team of the Merged Group will have the skills and capacity to advance the production and development projects in parallel with exploration and consolidation activities
7	The Merged Group will be better placed to pursue further consolidation opportunities, with improved chances of success

(a) The Merged Group will have a strong balance sheet with which to fast track production at the Second Fortune Gold Mine

Exterra has recently successfully completed a Feasibility Study for its Second Fortune Gold Mine and is progressing with early mine development work.

The Feasibility Study estimated that approximately \$9.4 million in funding is required to develop the Second Fortune Gold Mine, with an estimated additional \$3 million required by way of working capital contingency to mitigate operational risks. As Exterra's market capitalisation was only approximately \$13 million immediately prior to the announcement of the Scheme¹, the funding requirements and risks associated with the development of the Second Fortune Gold Mine are considered to be significant were Exterra to proceed with the development of that mine on a stand-alone basis.

As at 31 May 2017, Anova had approximately \$7.9 million in cash and cash equivalents and no debt. Further, Anova's market capitalisation was approximately \$56.7 million immediately prior to the announcement of the Scheme.²

The combination of Exterra with Anova will create a Merged Group that has a strong balance sheet with pro forma cash as at 31 May 2017 of approximately \$9.7 million and no debt. Together with the greater scale and diversity of the Merged Group's operations, this is expected to result in:

- an increased ability to fast track production at the Second Fortune Gold Mine as well as pursue the growth of the balance of the asset portfolio; and
- an enhanced ability to source equity and debt funding on more favourable terms than would currently be available to Exterra.

¹ Based on the closing price of Exterra Shares and Anova Shares on 5 June 2016 (being the last trading day prior to the announcement of the Scheme).

² See note 1 above.

In connection with the Scheme, Anova has made available to Exterra a \$2 million loan facility so as to provide Exterra with access to necessary funding to continue to progress the development of the Second Fortune Gold Mine whilst the Scheme is being implemented. Further information on the loan provided to Exterra by Anova is set out in Sections 4.4(d) and 10.6(a) of this Scheme Booklet.

(b) The Independent Expert has concluded that in the absence of a superior proposal, the Scheme is fair and reasonable and therefore is in the best interests of Exterra Shareholders

The Independent Expert, BDO Corporate Finance (WA) Pty Ltd, has concluded that “the Scheme is fair and reasonable and therefore is in the best interests of Exterra Shareholders, in the absence of a Superior Proposal”.

The Independent Expert has assessed the value of two Exterra Shares, inclusive of the premium for control, as being between \$0.078 and \$0.142, which compares with the Independent Expert’s assessment of the value of the Scheme Consideration of between \$0.089 and \$0.152 per Exterra Share (based on the sum-of-parts method, as the primary valuation method, and quoted market price basis as the secondary method).

The Independent Expert’s Report is contained in Annexure A to this Scheme Booklet, and Exterra Shareholders are encouraged to read the report in full.

(c) The Merged Group will be larger and more diversified than Exterra, with two near term gold producing projects and a portfolio of exploration and development opportunities in Western Australia and Nevada, USA

The Merger of Anova and Exterra will create a larger growth focussed ASX-listed gold company, with a pipeline of gold projects at various stages of development in Western Australia and the United States of America.

The Merged Group will have two near-term production projects in two different jurisdictions, being:

- Exterra’s Second Fortune Gold Mine (part of the Linden Gold Project) located in Linden, Western Australia, which is expected to move into production in the first quarter of 2018; and
- Anova’s Big Springs Project located in Nevada, USA, which has received all permits necessary to commence production on the 601 and 701 ore bodies, following lodgement of a reclamation bond.

In particular, the Merger will result in Exterra Shareholders obtaining an interest in the diversity of opportunities associated with the development of Anova’s Big Springs Project in Nevada, USA, with near term production expected from an open pit mine with the potential for a staged progression into underground mining operations.

The Merged Group will also have a portfolio of exploration assets, including Exterra’s Zelica Gold Project and Malcolm Gold Project (both with existing Mineral Resources) as well as exploration prospects in the Linden Gold Project (surrounding the Second Fortune Gold Mine) and Anova’s North Sammy, South Sammy and Beadles Creek prospects. The Merged Group’s portfolio will cover a broad range of prospects, from extension of existing Mineral Resources to regional exploration work, which is expected to provide the Merged Group with strong growth potential.

The Exterra Directors believe that the Merged Group will benefit from an improved risk profile resulting from the increased breadth of the asset portfolio with greater operational and

geographic diversification. Exterra Shareholders will collectively hold approximately 27.6% of the Merged Group immediately following the successful implementation of the Scheme.³

(d) The Scheme Consideration represents a significant premium to historical trading prices of Exterra Shares

If the Scheme is implemented, eligible Exterra Shareholders will receive one Anova Share for every two Exterra Shares that they hold.⁴

The Scheme Consideration to be issued to Exterra Shareholders if the Scheme becomes Effective represents a substantial premium of approximately:

- 64% to the closing price of Exterra Shares of \$0.038 on ASX on the Pre-Announcement Date;⁵
- 61% to the VWAP of Exterra Shares over the 5 trading days up to and including the Pre-Announcement Date, compared to the VWAP of Anova Shares over the same period; and
- 52% to the VWAP of Exterra Shares over the 30 days up to and including the Pre-Announcement Date, compared to the VWAP of Anova Shares over the same period.

As at the Last Practicable Date, the last closing price of Exterra Shares on ASX was \$0.040 and the closing price of Anova Shares on ASX was \$0.078, such that the Scheme Consideration represents a discount of 2.5% to the closing price of Exterra Shares at that time. The implied price of the Scheme Consideration will continue to fluctuate depending upon the price at which Anova Shares trade on ASX.

(e) The Merged Group is expected to have an enhanced market presence and greater liquidity than that currently enjoyed by Exterra Shareholders

If the Merger proceeds, you will benefit by receiving shares in the Merged Group that are expected to be substantially more liquid than Exterra Shares on a stand-alone basis. In the 12 month period up until the Pre Announcement Date, the daily average value of Anova Shares traded on ASX was approximately 2.5 times greater than the daily average value of Exterra Shares traded over that period.

Further, the Merged Group will have a pro forma market capitalisation of approximately \$78 million.⁶ The Merged Group's strengthened balance sheet, increased asset suite, larger resource base and increased market capitalisation is expected to raise the profile of the Merged Group in capital markets and widen the range of potential investors for the Merged Group. This in turn is expected to result in increased coverage of the Merged Group's operations by analysts and enhance the liquidity of shares in the Merged Group, and may be expected to assist in a positive re-rating of the Merged Group.

Exterra Shareholders may also benefit from the potential re-rating of Exterra's assets in the Merged Group, as the funding risks associated with the development of the Second Fortune Gold Mine are likely to be reduced for the Merged Group as opposed to if Exterra sought to progress the development of that project on a stand-alone basis.

Exterra's share price has strengthened since the announcement of the Merger. The last closing price of Exterra Shares on the Last Practicable Date was \$0.040, representing an increase of approximately 5.26% to the last closing price of Exterra Shares on the Pre-

³ Assuming that there are no Ineligible Shareholders and that Anova does not acquire any additional Exterra Shares outside of the Scheme.

⁴ Foreign Exterra Shareholders should refer to the Important Notices and Section 2.11 of the Scheme Booklet to determine whether they are eligible to receive Anova Shares pursuant to the Scheme.

⁵ Based on the closing price of Anova Shares of \$0.125 on ASX on the Pre-Announcement Date.

⁶ Refer to section 6.1 of this Scheme Booklet.

Announcement Date of \$0.038. The Exterra Board considers that the improved share price post-announcement of the Merger is in part due to the improved confidence in Exterra's assets as part of the Merged Group.

(f) The combined Board and management team of the Merged Group will have the skills and capacity to advance the production and development projects in parallel with exploration and consolidation activities

The Merger will capitalise on the combined talents of the boards and management teams of both Exterra and Anova.

The Merged Group Board will be led by Anova's existing Chair, Mr Malcolm James, but will be strengthened by the addition of existing Exterra Board members in Mr Geoff Laing and Mr John Davis. The Merged Group's management team will also be strengthened by the appointment of Exterra's existing Executive Director Mr Laing to the role of Technical Director as a key member of Anova's executive management team. Further information regarding the Merged Group's Board and management team is set out in Sections 6.4 and 6.5 of this Scheme Booklet.

The integration of the boards and management teams of Exterra and Anova is expected to allow for a more effective allocation of resources to the Merged Group's portfolio of production, development and exploration assets, as well as the ability to apply Exterra's knowledge of ore sorting technology to the Merged Group's projects. It is also expected to result in the Merged Group having the capacity to develop production and development assets at the same time as undertaking exploration and consolidation activities. In addition, efficiencies should be realised as a result of consolidating the corporate and administrative overheads of both companies.

(g) The Merged Group will be better placed to pursue further consolidation opportunities, with improved chances of success

The Merged Group will have project portfolios in two gold mining jurisdictions, which can be leveraged off to pursue a greater range of consolidation opportunities to further grow the business. Importantly, the depth of the Board and management team of the Merged Group provides the capacity to investigate and execute potential consolidation opportunities in parallel to the ongoing development of the existing asset portfolio.

The increased scale and financial strength of the Merged Group is likely to improve its changes of successfully completing any such consolidation opportunities (should they arise) than Exterra would have if it was pursuing such opportunities on a stand-alone basis.

1.3 Potential disadvantages or risks associated with the Scheme

The Scheme has a number of potential disadvantages and risks that Exterra Shareholders should consider in deciding whether or not to vote in favour of the Scheme.

While the Exterra Board is of the opinion that these disadvantages and risks are outweighed by the Scheme's advantages, and that the Scheme is in the best interests of Exterra Shareholders in the absence of a Superior Proposal, Exterra Shareholders should consider their individual circumstances in determining how to vote in relation to the Scheme.

(a) You may disagree with the recommendations by the Independent Expert and the Exterra Directors

Notwithstanding the unanimous recommendation by the Exterra Directors, and the conclusion reached by the Independent Expert that in the absence of a superior proposal, the Scheme is fair and reasonable to Exterra Shareholders and therefore in the best interests of Exterra Shareholders, you may believe that the Scheme is not in your best interests and believe that the Scheme Consideration is inadequate.

(b) Your percentage interest in the Merged Group will be reduced relative to your current interest in Exterra

If the Merger is implemented, Exterra Shareholders' combined equity interest in the assets of Exterra will reduce from 100% to approximately 27.6%. However, it is important that Exterra Shareholders appreciate that in the absence of the Merger:

- there is likely to be continued uncertainty regarding the funding of the development of Exterra's Second Fortune Gold Mine, with alternative potential financing options presenting other challenges and risks for Exterra Shareholders;
- there may be delays in the planned schedule to produce gold from Exterra's Second Fortune Gold Mine whilst the required funding is secured; and
- Exterra Shareholders will not acquire a 27.6% equity interest in the assets of Anova, which includes Anova's Big Springs Gold Project, in Nevada, USA, and so will not diversify their risk profile away from Exterra's existing Western Australian asset base.

If the Merger does not proceed, Exterra will also need to repay amounts drawn down under the loan facility provided by Anova, or otherwise seek to have those amounts converted into Exterra Shares. However, under the terms of the loan facility negotiated with Anova, the obligation to repay amounts drawn down under that facility is not accelerated as a result of the failure of the proposed Merger, such that Exterra Directors' believe that there should be sufficient time in which to seek to refinance any such amounts.

(c) The investment profile for Exterra Shareholders will change and you may consider the investment profile of the Merged Group to be inferior to that of Exterra as a stand-alone entity

The operational and geographical profile, capital structure and size of the Merged Group will be different to that of Exterra on a stand-alone basis.

It is possible that certain Exterra Shareholders may wish to maintain an interest in Exterra as a stand-alone entity because they are seeking an investment in a publicly listed company with the specific characteristics of Exterra. The change in investment profile resulting from the Merger may be considered to be a disadvantage to such shareholders.

In addition, if the Scheme is implemented, there will be a change in the risk profile to which Exterra Shareholders are exposed. Exterra will merge its business with that of Anova and Exterra Shareholders will receive New Anova Shares. As a consequence, Exterra Shareholders will be exposed to risk factors relating to Anova, and to certain additional risks relating to the Merged Group and the integration of the two companies. These include risks relating to the operation of a broader suite of assets than Exterra currently holds. In a number of cases, those risks are different from or additional to those currently faced by Exterra Shareholders. The change in risk profile may be seen to be a disadvantage by some Exterra Shareholders.

Section 7 discusses the risk factors relating to Exterra, Anova and the Merged Group. Exterra Shareholders are encouraged to read that section in its entirety. It is also important to note that certain risks will apply if the Scheme does not proceed. These are also discussed in Section 7.

(d) You may consider that there is the potential for a Superior Proposal to be made to Exterra in the foreseeable future

It is possible that a Superior Proposal for Exterra may materialise in the future which is more attractive for Exterra Shareholders than the Merger. The implementation of the Merger would mean that Exterra Shareholders would not be able to obtain the benefit of any such proposal.

The Exterra Board is not currently aware of any such proposal, nor are they aware of any party with an intention to make such a proposal.

Exterra Shareholders should be aware that before proceeding with the Merger, the Exterra Directors considered a range of potential opportunities to assist with the funding of Exterra's Second Fortune Gold Mine. The Exterra Directors considered that the potential benefits that could be realised through the Merger with Anova provided a superior and more certain outcome for Exterra Shareholders than any of those other alternative opportunities.

It is important to note that shareholders in the Merged Group will still have an opportunity to realise a control premium in the event of any future change of control transaction for the Merged Group.

(e) There are risks in integrating the respective businesses of Exterra and Anova

The long-term success of the Merged Group will depend, amongst other things, on the success of management in integrating the respective businesses and the strength of management of the Merged Group. There is no guarantee that the businesses of the Merged Group will be able to be integrated successfully within a reasonable period of time. There are risks that any integration of the businesses of Exterra and Anova may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel.

(f) The exact value of the Scheme Consideration upon implementation of the Scheme is not certain

The exact value of this Scheme Consideration that would be realised by individual Exterra Shareholders upon implementation of the Scheme is not certain, as it will depend on the price at which the New Anova Shares trade on ASX.

Following the implementation of the Merger, the Merged Group's share price may rise or fall based on market conditions and the Merged Group's financial and operational performance. If the Merged Group's share price falls, the value of the Anova Shares received by Exterra Shareholders as Scheme Consideration will decline in value. Accordingly, there is no guarantee that the implied value of the Scheme Consideration to be received under the Merger will be the same as the implied value of that consideration as at the date of announcement of the Merger.

In addition, the Sale Agent will be issued the Anova Shares that would otherwise be issued to Ineligible Foreign Shareholders and Electing Small Shareholders, and will sell them on market as soon as reasonably practicable after the Implementation Date (see Section 2.13). Although the quantum of these sales is expected to be limited, it is possible that such sales may exert downward pressure on the Merged Group's share price during the applicable period.

1.4 Other relevant considerations

(a) Implications for Exterra if the Merger is not implemented

If the Merger is not implemented, Exterra will continue to operate its current business on a stand-alone basis. Each Exterra Shareholder will retain their Exterra Shares and will not receive any New Anova Shares.

In these circumstances, and in the absence of a Superior Proposal emerging, there would continue to be uncertainty regarding Exterra's ability to successfully fund the development of the Second Fortune Gold Mine on a stand-alone basis. Further, Exterra is likely to need to raise additional working capital in the short term to fund its ongoing activities and will also need to repay any amounts drawn down under the Anova Loan Facility (if any) by their due date.

As a result, Exterra Shares may trade below their current market price (or the value attributed by the Independent Expert) if the Merger is not implemented.

(b) The Merger may be implemented even if you do not vote, or vote against the Scheme

You should be aware that even if you do not vote, or you vote against the Scheme, the Scheme may still be implemented if it is approved by the requisite majority of Exterra Shareholders and by the Court.

If this occurs and you are an Exterra Shareholder, your Exterra Shares will be transferred to Anova and you will receive Anova Shares (unless you are an Ineligible Foreign Shareholder or an Electing Small Shareholder, in which case you should refer to Sections 2.11, 2.12 and 2.13) even though you did not vote on, or voted against, the Scheme.

(c) Costs of the Scheme

Exterra has incurred significant costs in responding to the proposed Scheme and revisions of that proposal to the point that it is capable of being provided to Exterra Shareholders as a scheme of arrangement for their consideration. These costs include negotiation with Anova, retention of advisers, provision of information to Anova, facilitating Anova's access to due diligence, conducting due diligence on Anova, engagement of the Independent Expert and the preparation of this Scheme Booklet.

If the Scheme is implemented, these costs will effectively be met by Anova as the ultimate controller of Exterra following implementation of the Scheme. If the Scheme is not implemented and if no Superior Proposal emerges and is completed, Exterra will bear those costs. In certain circumstances, Exterra may have a right to claim a liquidated amount of \$250,000 from Anova (by way of the Break Fee) under the Merger Implementation Agreement. There are also circumstances where Anova may be able to claim the same amount from Exterra by way of the Break Fee. Further details of such Break Fee arrangements are set out in Section 9.5 of this Scheme Booklet.

2 Summary of the Scheme

2.1 Background

On 8 June 2017, Exterra and Anova announced a proposal for the Merger of Exterra and Anova by way of a scheme of arrangement between Exterra and its shareholders. If the Scheme proceeds:

- all Exterra Shares will be transferred to Anova;
- all Exterra Shareholders as at the Record Date (whether or not they voted for or against the Scheme), other than Ineligible Foreign Shareholders and Electing Small Shareholders, will receive the Scheme Consideration, being shares in Anova; and
- Exterra will be de-listed from ASX and will become a wholly-owned subsidiary of Anova.

This Scheme Booklet contains important information that the Exterra Board believes Exterra Shareholders should consider in deciding whether or not to vote in favour of the Scheme.

2.2 What you will receive

If the Scheme is approved and implemented, eligible Exterra Shareholders will receive one New Anova Share for every two Exterra Shares they hold as at the Record Date.

Written confirmation of your holding of New Anova Shares is expected to be despatched to you within five Business Days after the Implementation Date.

Ineligible Foreign Shareholders and Electing Small Shareholders should refer to Sections 2.11, 2.12 and 2.13 for further details about the consideration that they will receive and the timing of receipt of that consideration.

2.3 Recommendation and voting intentions of Exterra Directors

For the reasons set out in Section 1, the Exterra Directors unanimously recommend that Exterra Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.

The interests of Exterra Directors are disclosed in Section 10.1 of this Scheme Booklet.

If a Superior Proposal emerges, this will be announced to the ASX and the Exterra Directors will carefully reconsider the Scheme and advise you of their recommendation.

Each of your directors intends to vote all Exterra Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal.

2.4 Independent Expert's conclusions

The Exterra Directors commissioned the Independent Expert, BDO Corporate Finance (WA) Pty Ltd, to prepare a report on the Scheme on whether the transaction contemplated by the Scheme is in the best interests of Scheme Shareholders.

The Independent Expert has concluded that in the absence of a Superior Proposal, the Scheme is fair and reasonable and therefore in the best interests of Exterra Shareholders.

For further details, you should refer to Section 1.2(b) and the Independent Expert's Report which is set out in full in Annexure A to this Scheme Booklet.

2.5 Other alternatives considered

Prior to entering into the Merger Implementation Agreement with Anova, Exterra investigated a range of potential alternatives to access funding to progress development of its Second Fortune Gold Mine (part of the Linden Gold Project). Following negotiations with Anova, the Exterra Board determined that the proposed Merger provided a superior outcome to Exterra Shareholders compared to the other alternatives available to Exterra.

Since the Scheme was announced, no Alternative Proposal has emerged.

2.6 Conditions of the Scheme

The Scheme is subject to a number of Conditions Precedent in addition to the requisite majorities of shareholders approving the Scheme Resolution, including:

- the Court approving the Scheme.
- no temporary restraining order, preliminary or permanent injunction or other order preventing the Scheme being in effect at 8.00am on the Second Court Date.
- no Exterra Material Adverse Change or Anova Material Adverse Change occurring.
- no Exterra Prescribed Event or Anova Prescribed Event occurring.
- before 8.00am on the Second Court Date, binding agreements having been entered into in relation to a sufficient number of Exterra Options to permit Anova to compulsorily acquire any remaining Exterra Options.
- the aggregate of Anova's cash assets and receivables, less any trade creditors, being above \$5,500,000 as at 8.00am on the Second Court Date.

The Scheme will not proceed unless all the Conditions Precedent are satisfied or waived in accordance with the Merger Implementation Agreement. Further information regarding these Conditions Precedent and other conditions to the Scheme are set out in Section 9.2.

As at the date of this Scheme Booklet, Exterra and Anova are not aware of any circumstances which would cause the Conditions Precedent to the Scheme referred to above and set out in more detail in Section 9.2 not to be satisfied.

2.7 If the Scheme does not proceed

If the Scheme does not proceed, Exterra Shareholders will continue to hold Exterra Shares.

In the absence of any Alternative Proposal to the Scheme, Exterra will continue as a stand-alone entity. Exterra Shareholders will be exposed to the risks relating to Exterra's business set out in Section 7.

Exterra would also need to repay any amounts drawn down under the Anova Loan Facility (if any) on the date that is 18 months after the first drawdown (or any earlier date on which the outstanding moneys become due and payable). Further information regarding the Anova Loan Facility is set out in Sections 4.4(d) and 10.6(a) of this Scheme Booklet.

Depending on the reasons why the Scheme does not proceed, either Exterra or Anova may be liable to pay a break fee of \$250,000 to the other party (**Break Fee**). The Break Fee is not payable if the Scheme does not proceed merely because Exterra Shareholders do not vote in favour of the Scheme in sufficient numbers to meet the legal tests. Further information in relation to the Break Fee is set out in Section 9.5.

Exterra will also be liable to pay certain transaction costs in relation to the Scheme, regardless of whether or not the Scheme is implemented (although if the Scheme proceeds, these costs will effectively be met by Anova as the ultimate controller of Exterra following implementation of the Scheme). If the Scheme does proceed, additional costs will be incurred.

2.8 Tax implications

The transfer of your Exterra Shares pursuant to the Scheme may be a taxable transaction for you. You should seek your own professional advice regarding the individual tax consequences applicable to you. A summary of relevant taxation implications for Australian residents is contained in Section 8 of this Scheme Booklet.

2.9 No brokerage or stamp duty

No brokerage or stamp duty will be payable by Scheme Shareholders on the transfer of their Scheme Shares to Anova under the Scheme or the issue by Anova to them of the New Anova Shares as the Scheme Consideration.

However, Ineligible Foreign Shareholders and Electing Small Shareholders should be aware that any brokerage fees paid by the Sale Agent (and other applicable costs, taxes and charges) will be deducted from the proceeds payable to them following the sale of the relevant New Anova Shares. See Section 2.13 below for further information.

2.10 Warranties by Exterra Shareholders

The Scheme provides that each Scheme Shareholder is taken to have warranted to Exterra, in its own right and for the benefit of Anova, that all their Exterra Shares which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, and that they have full power and capacity to sell and to transfer their Exterra Shares to Anova.

If you have any concerns about your ability to give this warranty, you should speak to your professional adviser.

2.11 Foreign Shareholders

An Exterra Shareholder whose address shown in the Exterra Register is a place outside Australia and its external territories, New Zealand or Hong Kong is an Ineligible Foreign Shareholder under the Scheme, unless Exterra and Anova are reasonably satisfied that the issue of New Anova Shares to the foreign shareholder in that jurisdiction is neither prohibited by law nor unduly onerous. Anova is not obliged to issue New Anova Shares to an Ineligible Foreign Shareholder. The New Anova Shares that would otherwise have been issued to an Ineligible Foreign Shareholder will be issued to the Sale Agent (and/or to a nominee of the Sale Agent) on the Implementation Date and dealt with in the manner described in Section 2.13.

This Scheme Booklet does not constitute an offer of Anova Shares in any jurisdiction in which it would be unlawful. In particular, this Scheme Booklet may not be distributed to any person, and the Anova Shares may not be offered or sold, in any country outside Australia and its external territories, New Zealand and Hong Kong.

Exterra Shareholders whose address shown on the Exterra Register is outside of the aforementioned jurisdictions should refer to the Important Notices section of this Scheme Booklet.

2.12 Small Shareholders

A Scheme Shareholder who is entitled to receive 4,000 or less New Anova Shares under the Scheme may elect to have those New Anova Shares allotted to the Sale Agent and receive cash proceeds instead.

Small Shareholders that wish to make such an election must complete an Election Form. Election Forms will accompany copies of this Scheme Booklet sent to those Exterra Shareholders who hold 8,000 Exterra Shares or less at the time for determining Exterra Shareholders entitled to be sent a copy of the Scheme Booklet. Small Shareholders may also obtain a copy from the Exterra Registry. An Election Form will only be valid if it is

completed in accordance with the instructions on the Election Form and is received by the Exterra Registry by 5.00pm on the Record Date.

New Anova Shares that would otherwise have been issued to Electing Small Shareholders will be issued to the Sale Agent (and/or to a nominee of the Sale Agent) on the Implementation Date and dealt with in the manner described in Section 2.13.

2.13 Sale of New Anova Shares by the Sale Agent

As indicated in Sections 2.11 and 2.12, Ineligible Foreign Shareholders and Electing Small Shareholders will not receive New Anova Shares under the Scheme. Instead, the New Anova Shares that would otherwise have been issued to Ineligible Foreign Shareholders and Electing Small Shareholders will be issued to the Sale Agent on the Implementation Date.

Anova will:

- procure that the Sale Agent sells all the New Anova Shares issued to the Sale Agent not more than fifteen Business Days after the Implementation Date on such terms as the Sale Agent determines in good faith; and
- remit to the Ineligible Foreign Shareholders and Electing Small Shareholders their proportion of the net proceeds, in full satisfaction of the rights of each Ineligible Foreign Shareholder and each Electing Small Shareholder to the Scheme Consideration.

For each New Anova Share to which an Ineligible Foreign Shareholder or Electing Small Shareholder is entitled, the Ineligible Foreign Shareholder or Electing Small Shareholder will, promptly after the last sale of New Anova Shares by the Sale Agent, be paid an amount equal to the number of New Anova Shares which would have been issued to that shareholder divided by the total number of New Anova Shares issued to the Sale Agent.

Any brokerage fees paid by the Sale Agent in respect of the sale of the New Anova Shares issued to the Sale Agent that would otherwise have been issued to Ineligible Foreign Shareholders and Electing Small Shareholders will be deducted from the sale proceeds payable to Ineligible Foreign Shareholders and Electing Small Shareholders. Other selling costs, taxes and charges will also be deducted from the proceeds payable to Ineligible Foreign Shareholders and Electing Small Shareholders.

Exterra, Anova and the Sale Agent give no assurance as to the price that will be achieved for the sale of New Anova Shares described above. The proceeds that Ineligible Foreign Shareholders and Electing Small Shareholders will be paid may be more or less than the current market value of Anova Shares.

The sale of the New Anova Shares by the Sale Agent may result in a number of New Anova Shares being offered for sale at the same time. Although the number of New Anova Shares to be sold is not expected to be material, this may have the effect of depressing the sale price of Anova Shares.

The proceeds of the sale of the New Anova Shares will be paid to each relevant Ineligible Foreign Shareholder and Electing Shareholder either by sending a cheque by prepaid post to that shareholder's registered address as at the Record Date or by making a deposit into an account with an Australian bank nominated by that shareholder to Exterra or the Exterra Registry at the Record Date.

Under the Scheme, Ineligible Foreign Shareholders and Electing Small Shareholders appoint Exterra as their agent to receive on their behalf any financial services guide or other notice given by the Sale Agent. Copies of any documents received by Exterra from the Sale Agent as agent for the Ineligible Foreign Shareholders and Electing Small Shareholders will be made available on request to Exterra's company secretary.

2.14 Treatment of Exterra Options

Under the Merger Implementation Agreement, Exterra and Anova agreed to use their reasonable endeavours to procure that each Exterra Optionholder enter into an agreement for the cancellation of their Exterra Options in exchange for the grant of Anova Options at a ratio of one Anova Option for every two Exterra Options held.

The cancellation of Exterra Options and issue of Anova Options is subject to the Scheme becoming Effective and is to take effect on the Implementation Date. Further details of the cancellation of the Exterra Options, and Anova Options to be issued to Exterra Optionholders, are set out in Section 10.7.

Exterra has obtained a waiver from ASX to permit the Exterra Options to be cancelled for consideration without requiring separate Exterra Shareholder approval.

3 Frequently asked questions

Question	Answer	Further information
General questions		
What are Exterra Shareholders being asked to consider?	On 8 June 2017, Exterra and Anova announced a proposal to merge. The Merger will be implemented by way of scheme of arrangement between Exterra and Exterra Shareholders. If the Merger is implemented, Exterra Shareholders will own approximately 27.6% of the Merged Group.	Section 2.1
What consideration will I receive?	Exterra Shareholders (other than Ineligible Foreign Shareholders and Electing Small Shareholders) will receive one New Anova Share for every two Exterra Shares they own at the Record Date.	Section 2.2
What if I am a foreign Shareholder?	Exterra Shareholders with registered addresses outside Australia and its external territories, New Zealand and Hong Kong will not be issued with New Anova Shares. Instead, the New Anova Shares that would otherwise have been issued to them will be sold via a sale facility and they will receive the net sale proceeds.	Sections 2.11 and 2.13
What if I am a Small Shareholder?	Exterra Shareholders who are entitled to receive 4,000 or less New Anova Shares under the Scheme may elect to have those New Anova Shares sold via a sale facility and receive the net sale cash proceeds instead.	Sections 2.12 and 2.13
Will I have to pay brokerage fees or stamp duty in respect of Scheme Consideration?	No brokerage or stamp duty will be payable by Scheme Shareholders on the transfer of their Scheme Shares to Anova under the Scheme or the issue by Anova to them of the New Anova Shares as the Scheme Consideration. Brokerage fees will however be incurred by Ineligible Foreign Shareholders and Electing Small Shareholders.	Sections 2.9, 2.11, 2.12 and 2.13
Can I sell my Exterra Shares on the ASX?	You can sell your Exterra Shares on the ASX prior to (and on) the Effective Date. However, you will not be able to do so after the Effective Date. If you sell your Exterra Shares on the ASX: <ul style="list-style-type: none"> • you may pay brokerage on the sale; • you will not share in any potential ongoing benefits of owning shares in the Merged Group; and • there may be different tax consequences for you compared to those that would arise under the implementation of the Merger. 	
Will I be able to trade the New Anova Shares on the ASX?	Anova Shares (ASX: AWV) currently trade on the ASX, and the New Anova Shares will trade on the ASX if the Merger is implemented. It is expected that you will be able to trade the New Anova Shares on a deferred settlement basis commencing on the Business Day after the Effective Date. It is expected that the New Anova Shares will trade on an ordinary settlement basis (T+2) from the Business Day following the Implementation Date.	Section 9.16
What are the	The transfer of your Exterra Shares pursuant to the Scheme	Section 8

Question	Answer	Further information
tax implications of the transaction?	may be a taxable transaction for you. You should seek your own professional advice regarding the individual tax consequences applicable to you. A summary of relevant taxation implications for Australian residents is contained in Section 8 of this Scheme Booklet.	
Will shareholders be entitled to scrip-for-scrip capital gains tax ("CGT") roll-over relief as part of the transaction?	Based on the general summary of taxation consequences included in Section 8, following the implementation of the Scheme, Australian-resident Scheme Shareholders who receive New Anova Shares may be entitled to scrip-for-scrip CGT roll-over relief if the conditions outlined in Section 8.2(b) are satisfied. You are urged to seek professional taxation advice in relation to your own personal circumstances.	Section 8
Directors recommendation and opinion of the Independent Expert		
What do the Exterra Directors recommend?	All of the Exterra Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.	Section 1.1
What is the opinion of the Independent Expert?	The Independent Expert has concluded that in the absence of a superior proposal, the Scheme is fair and reasonable and therefore in the best interests of Exterra Shareholders.	Section 1.2(b), Annexure A
Transaction details		
Who is Anova?	Anova Metals Limited (ASX: A WV) is a gold company focused on re-commencing mining operations at its 100% owned Big Springs Gold Project in north eastern Nevada, USA.	Section 5
What is the Scheme?	The Scheme is a scheme of arrangement between Exterra and Exterra Shareholders at the Record Date. A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire another company. The Scheme will effect the merger of Exterra and Anova. If the Scheme is approved and implemented, Exterra Shareholders (other than Ineligible Foreign Shareholders and Electing Small Shareholders) will receive one New Anova Share for every two Exterra Shares they hold as at the Record Date.	Section 2
Why has the transaction been structured as a scheme of arrangement?	Effecting the transaction via the Scheme is believed to be the most efficient structure to implement the Merger and also reflects the co-operative nature of the Merger.	

Question	Answer	Further information
What is the timetable of the transaction?	The Scheme Meeting is currently scheduled to be held on 15 September 2017. If Exterra Shareholders approve the Scheme and Court approval is obtained, the Merger is expected to be implemented in October 2017. This is based on the current scheduled timetable of key dates as set out on page 2 of this Scheme Booklet, which is subject to possible change.	See the Important Dates on page 2
When will I receive New Anova Shares?	The issue of the New Anova Shares as Scheme Consideration will occur on the Implementation Date, expected to be in October 2017.	Section 2.2
Under what scenarios can Exterra or Anova terminate the transaction?	<p>The Merger Implementation Agreement provides for situations where either Exterra or Anova have the right to terminate it and the Merger.</p> <p>These include the Scheme not being approved by the required majorities of Exterra Shareholders, the Court refusing to approve the Scheme (or various other situations relating to restraining orders and similar restraints), the Effective Date for the Scheme not occurring by the Sunset Date, material breach by the other party (subject to certain provisions regarding notice and remedy of the breach) and situations relating to failure to satisfy Conditions Precedent.</p>	Sections 2.6, 9.2 and 9.6
Why is Anova loaning Exterra money?	Anova has agreed to provide Exterra with a loan facility of up to \$2 million so as to enable Exterra to continue to fund the development of the Linden Gold Project, as well as meet Exterra's general working capital requirements, while the Scheme is being implemented. As at the Last Practicable Date, Exterra has drawn down \$500,000 under the Anova Loan Facility.	Sections 4.4(d) and 10.6(a)
Scheme details and voting		
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at Level 6, 123 St Georges Terrace, Perth, Western Australia on 15 September 2017 at 10.00 am (Perth time).	Annexure D
Am I entitled to vote?	Each Exterra Shareholder who is registered on the Register at 5.00 pm (Perth time) on 13 September 2017 is entitled to attend and vote at the Scheme Meeting.	Annexure D
Is my vote important?	<p>Every vote is important.</p> <p>For the Scheme to proceed, it is necessary that sufficient Exterra Shareholders vote in favour of the Scheme.</p>	
How do I vote?	Details of how to vote are set out on pages 6 to 7 of this Scheme Booklet and are also included in the Notice of Scheme Meeting in Annexure D of this Scheme Booklet.	Annexure D
What happens if I don't vote	If the Scheme becomes Effective and you are an Exterra Shareholder as at the Record Date, then all of your Exterra	Section 1.4

Question	Answer	Further information
or if I vote against the Scheme?	Shares will be transferred to Anova and you will receive the Scheme Consideration in accordance with the Scheme (and no further action will be required by you). This will apply to all such shareholders, including those who may have voted against the Scheme or not at all.	
How do I vote if I am not able to attend the meetings?	You may complete the enclosed personalised Proxy Form in accordance with the instructions and return it in the reply paid envelope enclosed or by facsimile. The deadline for lodging your Proxy Form is 10.00 am (Perth time) on 13 September 2017.	Annexure D
What vote is required to approve the Scheme?	For the Scheme to proceed, the Scheme Resolution must be passed by: <ul style="list-style-type: none"> a majority in number of Exterra Shareholders who vote on the Scheme Resolution; and at least 75% of the votes cast on the Scheme Resolution. The Court has the discretion to waive the first of these two requirements if it considers appropriate to do so.	Annexure D
How do your Directors intend to vote?	Each of your directors intends to vote any Exterra Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal.	Section 2.3
When will the result of the Scheme Meeting be known?	The result of the Scheme Meeting will be available shortly after the conclusion of the meeting and will be announced to ASX when available. Even if the Scheme Resolution is passed by the Scheme Meeting, the Scheme is subject to the further approval of the Court.	
What happens if the Scheme is not approved?	If the Scheme is not approved by Exterra Shareholders, the Scheme will not be implemented, the Merger will not proceed and Exterra Shareholders will not receive the Scheme Consideration. Exterra Shareholders will continue to hold their Exterra Shares and Exterra will continue to operate as a stand-alone entity.	Section 2.7
Are there any other conditions to be satisfied with respect to the Scheme?	The Scheme must be approved by the required shareholder majorities and the Court. The Scheme is also subject to a number of Conditions Precedent discussed at Sections 2.6 and 9.2 of this Scheme Booklet, which include no Exterra Material Adverse Change, Anova Material Adverse Change, Exterra Prescribed Event or Anova Prescribed Event having occurred. These Conditions Precedent must be satisfied or waived for the Scheme to proceed.	Sections 2.6 and 9.2
What if I want to make a formal objection?	If you wish to object to the Scheme at the Court hearing for the approval of the Scheme, or to make a complaint to ASIC about the Scheme, you should seek legal advice. The Court hearing for the approval of the Scheme is currently scheduled for 10:15 am (Perth time) on 20 September 2017.	

The Merged Group

Question	Answer	Further information
What are the benefits of merging Exterra and Anova to form the Merged Group?	See Section 1.2 for the reasons why the Exterra Directors recommend that you vote in favour of the Scheme, which includes the benefits of merging Exterra and Anova to form the Merged Group, and Section 6 for a profile of the Merged Group and the potential synergies the Merged Group may be able to achieve.	Sections 1.2 and Section 6
What will be the strategy of the Merged Group?	The strategy of the Merged Group is set out in Sections 6.2 and 6.3.	Sections 6.2 and 6.3.
What will the Merged Group be called?	The Merged Group will operate under the name of Anova Metals Limited.	Section 6.3(b)
Who will be the Chairman of the Merged Group?	Anova's Chairman, Malcolm James, will be the Chairman of the Merged Group.	Section 6.4
Who will be Executive Director of the Merged Group?	Anova's Executive Director, Bill Fry and Exterra's Project Director, Geoff Laing, will be Executive Directors of the Merged Group.	Sections 6.4
Who will be on the Merged Group Board?	The Merged Group Board will comprise the individuals outlined in Section 6.4.	Section 6.4
Are there expected to be any changes to staffing as a result of the Merger?	Anova intends to centralise administrative functions across the Merged Group, which is expected to result in a reduction in the utilisation of consultants that currently provide these services. The Merger is expected to enhance the ability of the companies to create new job opportunities, particularly in relation to the Linden Gold Project in the near term.	Section 6.3(b)
What will the dividend policy of the Merged Group be?	Neither Anova nor Exterra currently pay a dividend to shareholders. Anova has no present intention to pay dividends.	Section 6.3(c)

4 Profile of Exterra

4.1 Introduction

Exterra is an ASX-listed Australian gold exploration and development company (ASX: EXC) focussed on high grade, high margin gold projects that have near term production potential to fund Exterra's future growth.

Exterra's primary focus is on the development of its 100% owned Second Fortune Gold Mine (being part of its Linden Gold Project), in conjunction with conducting exploration activities on a pipeline of gold exploration projects, in the North Eastern Goldfields region of Western Australia.

Exterra is an Australian public company, limited by shares, that was admitted to the official list of ASX on 26 May 2011. Exterra is a 'disclosing entity' for the purposes of the Corporations Act and is therefore subject to regular reporting obligations under the Corporations Act and the ASX Listing Rules. See Section 4.8 for further information.

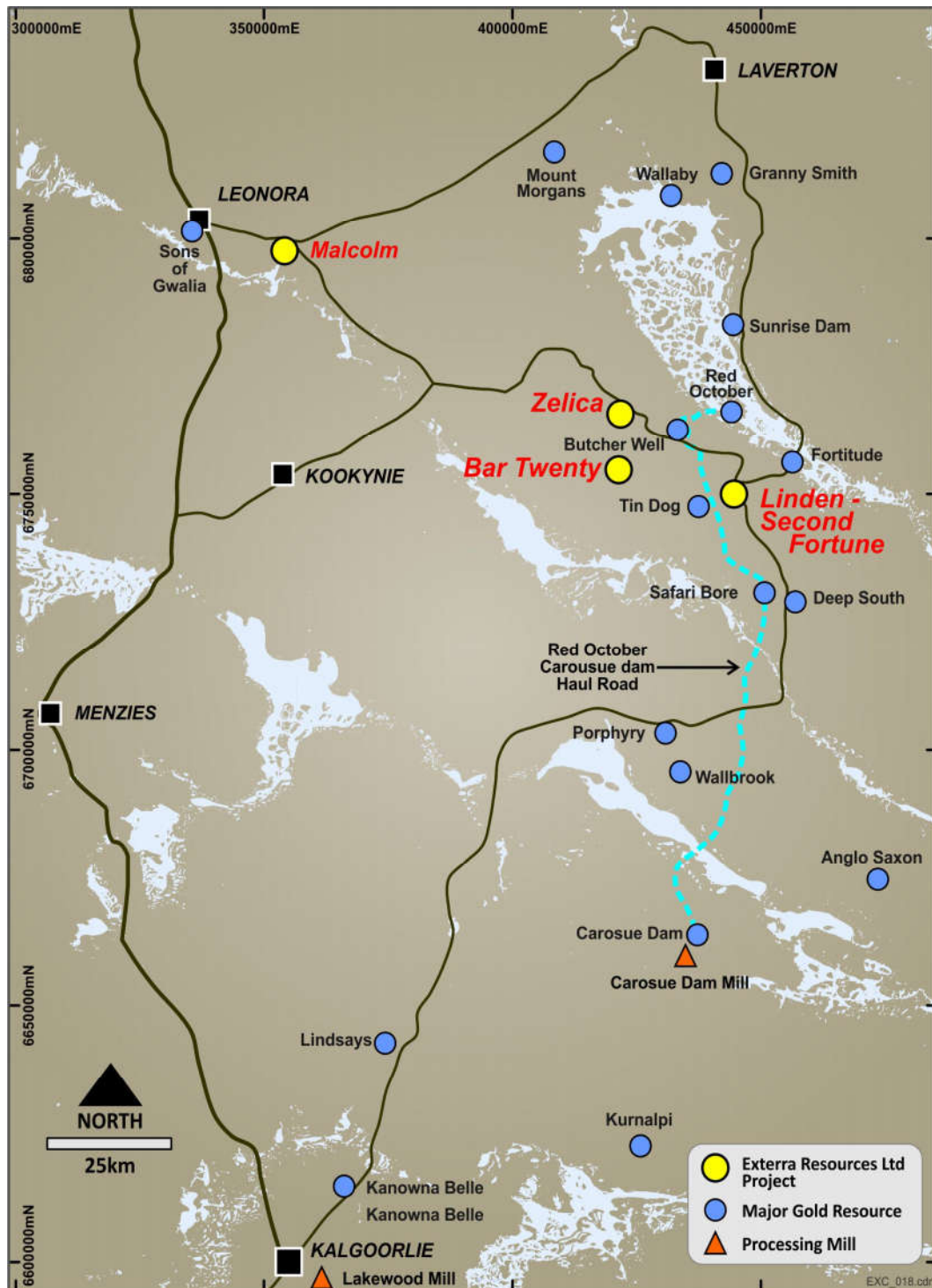
In addition to the information about Exterra contained in this Section, the Independent Expert's Report in Annexure A contains further detailed information on Exterra.

4.2 Overview of Projects

Exterra's projects are all located in the Archaean Yilgarn Craton in Western Australia, a world class gold province which has been a prolific producer of gold since the late 1880s and includes the Kalgoorlie "Golden Mile" deposit which has produced over 50 million ounces of gold since its discovery in 1893.

Exterra's focus is on the Linden Gold Project in the North Eastern Goldfields region of Western Australia. Exterra has recently successfully completed a Feasibility Study on the development of its Second Fortune Gold Mine within the Linden Gold Project, and expects that project to start producing gold in early 2018.

Exterra's other projects include the Zelica Gold Project, the Malcolm Gold Project, the Grass Flat Gold project and the Bar Twenty Project, all located in Western Australia.



Exterra Project Location Plan

Note: Exterra's Grass Flat Gold Project, located at the Diemals Gold Mining Centre, approximately 150km north of Southern Cross, is not shown on this plan.

(a) The Linden Gold Project

The information in this Section 4.2(a) relating to the Second Fortune Gold Mine and the Linden Gold Project Mineral Resources and Ore Reserves is extracted from the announcement entitled 'Second Fortune Feasibility Study Confirms a Robust High Grade Underground Gold Mine with First Production Late 2017' dated 25 May 2017, the announcement entitled 'Addendum Sections 1 – 3 of JORC Table 1' dated 25 May 2017 and

the announcement entitled '151% Increase in Second Fortune High Grade Resource' dated 6 August 2012.

Project description and location

The Linden Gold Project is located at the southern end of the highly gold endowed Laverton Tectonic Zone approximately 200km north east of Kalgoorlie and 75km south of Laverton.

The Linden Gold Project is 100% owned by Exterra (other than mining lease M39/500, which is 90% owned by Exterra) and includes 19 tenements that cover 66.8 square kilometres. These licences are within the Laverton Tectonic Zone which hosts a number of world class gold deposits including Wallaby (7.1 Moz Au), Granny Smith (1.8 Moz Au), Sunrise Dam (7.0 Moz Au). The Second Fortune Gold Mine is part of the Linden Gold Project and was originally mined from 1941 to 1988.

Exterra acquired the Linden Gold Project from Haoma Mining NL in 2009 and the project formed part of Exterra's primary undertaking at the time that the company listed on ASX in 2011.

Under Exterra's ownership, the Linden Gold Project is well advanced and the Second Fortune Gold Mine has received all material regulatory approvals required to enable mine development to commence. Subject to completion of key development milestones summarised below, first gold production is targeted for the first quarter of 2018 from the Second Fortune Gold Mine.

Feasibility Study and development status

The results of the Feasibility Study on the Linden Gold Project were announced on 25 May 2017.

The Feasibility Study concluded that the Second Fortune Gold Mine is financially and technically viable based on developing a mine below the existing open pit and generating a sorted concentrate for toll treating. The Feasibility Study proposes the ore would be trucked to the Lakewood Plant located approximately five kilometres south-east of Kalgoorlie.

The Linden Gold Project scope includes the development of a high-grade underground mine and processing infrastructure to produce sorted ore concentrates. A new portal and decline will provide access to the proposed mine. The development strategy includes the use of ore sorting technology to pre-concentrate ore in a process where dilution and low-grade material are rejected post mining and before haulage and processing in a conventional carbon in leach toll treatment facility. Surface infrastructure includes mining workshops, a power plant, mine camp, and evaporation ponds.

The development phase and sorting proof of concept, including installation and operation of surface sorting plant, evaporation ponds and camp refurbishment plant was completed in May 2017.

Accordingly, the key outstanding phases required to bring the Second Fortune Gold Mine through to production comprise:

- Construction phase including completion of mining surface infrastructure (workshop, power, changehouses) and camp expansion – planned to commence in September 2017.
- Mining phase including portal and decline development, production commencement, ramp-up and steady stage operations – planned to commence in the last quarter of 2017.

The Feasibility Study assumes that the Second Fortune Gold Mine has a life of mine production target of 392kt grading 5.8g/t Au for approximately 73koz of gold, resulting in 67,351 oz of gold recovered.

The Feasibility Study estimated that \$9.4 million (\$7.2 million capital costs and \$2.2 million working capital) in funding is required to develop the Second Fortune Gold Mine, with an additional \$3 million working capital contingency to be provisioned to mitigate operational risk.

The 2-year life of mine is based upon Probable Ore Reserves (which comprises of that portion of the Indicated Mineral Resources that is able to be converted into an Ore Reserve) (88.7%) and Inferred Mineral Resources (11.3%). Exploration programmes at the Linden Gold Project area are continuing, which are aimed at expanding the current 131koz Mineral Resource. These are further detailed below.

Further details regarding the Second Fortune Gold Mine are set out in the Independent Expert's Report contained in Annexure A to this Scheme Booklet.

Ore Reserves and Mineral Resource

Based on reverse circulation and diamond drilling by Exterra and previous operators, Exterra has outlined a Second Fortune Ore Reserve (Probable, Main Lode only) of 64,941 ounces of gold at an average grade of 6.0 g/t Au and a Mineral Resource (Indicated and Inferred, all lodes) of 130,600 ounces of gold at an average grade of 8.3 g/t Au.

Second Fortune Main Lode Ore Reserve

	Proved Ore Reserve		Probable Ore Reserve		Total Proved + Probable Ore Reserve	
	Tonnes (t)	Au g/t	Tonnes (t)	Au g/t	Tonnes (t)	Au g/t
Grade	-	-	338,999	5.96	338,999	5.56
		Au (oz)		Au (oz)		Au (oz)
Metal		-		64,941		64,941

Notes: Refer to Feasibility Study, ASX announcement dated 25 May 2017.

Second Fortune Mineral Resource

Lode	Indicated			Inferred			Total		
	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces
Main Lode	211,800	9.8	66,700	35,400	8.0	9,100	247,200	9.6	75,800
Hanging wall	-	-	-	58,200	8.2	15,300	58,200	8.2	15,300
Footwall	18,500	8.9	5,400	52,900	7.4	12,500	71,400	7.8	17,900
West	4,200	4.2	600	107,200	6.1	21,000	111,400	6.0	21,600
Total	234,500	9.6	72,700	253,700	7.1	57,900	488,200	8.3	130,600

Notes:

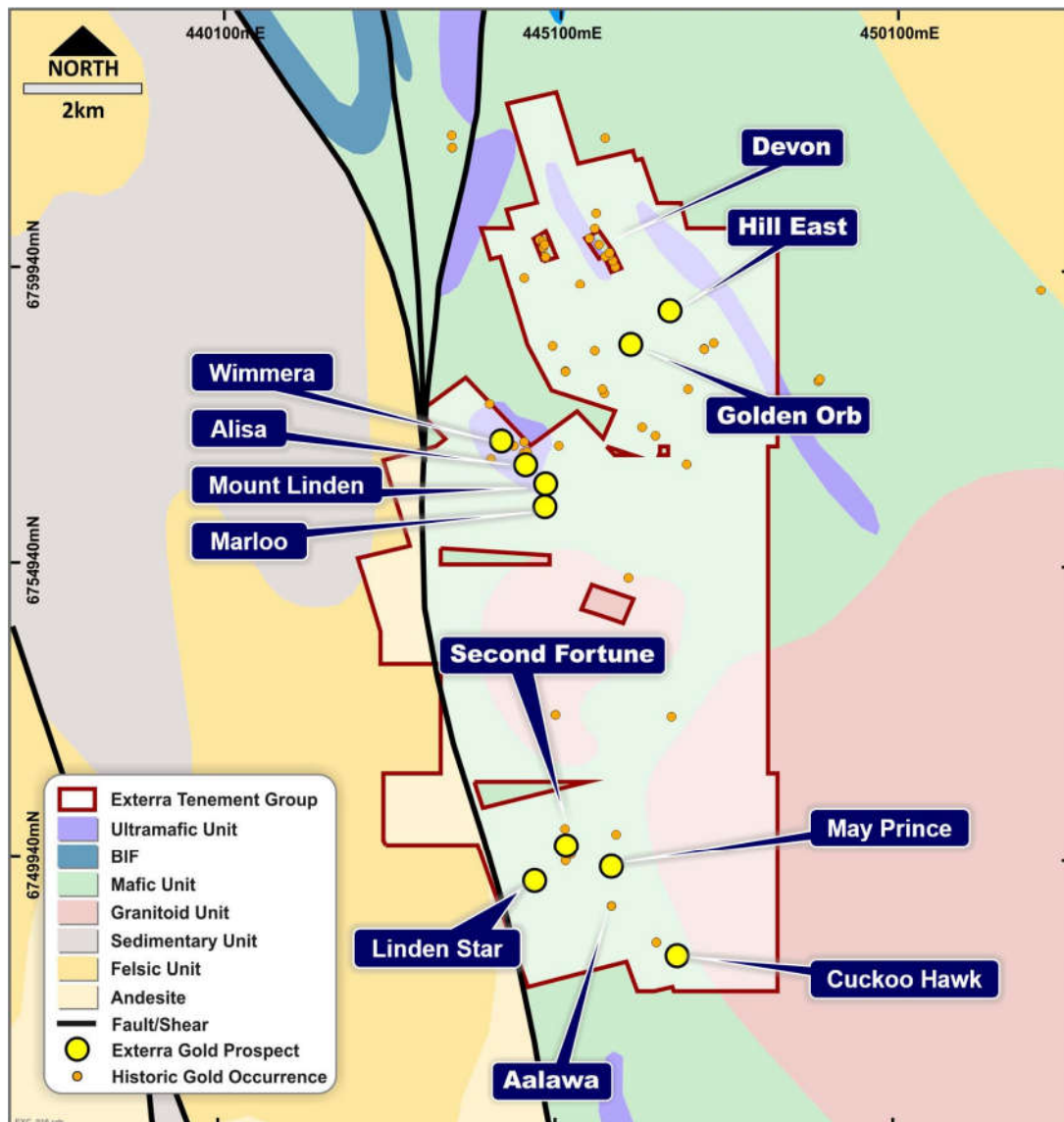
- In respect of Second Fortune Main Lode Mineral Resource refer to Exterra ASX announcements dated 25 May 2017.
- In respect of Second Fortune Minor Lodes Mineral Resource (which includes, Hangingwall, Footwall and West) refer to Exterra ASX announcement dated 6 August 2012.
- The Second Fortune Minor Lode Mineral Resources information (which includes, Hangingwall, Footwall and West) was prepared under the JORC Code 2004 and reported by Exterra. It has not been updated to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
- Due to rounding of figures, small discrepancies may exist.

Exploration activities

Near mine and regional exploration remains a focus for Exterra in parallel with development of the Second Fortune Gold Mine, with the aim of adding further ounces to the Linden Gold Project Mineral Resource base.

Priority targets, which have already indicated significant potential in drilling completed to date, include Hill East, Golden Orb, Alawa, Marloo, Ailsa, Cuckoo Hawk and Linden Star West.

Exterra is confident that the mineralisation reported by drill intercepts at depth at the Second Fortune Gold Mine and the intercepts reported on nearby prospects will translate into an extended mine life and/or increased gold production from the Linden Gold Project.



Linden Gold Project High Priority Prospects

(b) Other exploration assets

Exterra also holds a portfolio of exploration assets which are expected to provide Exterra with further growth potential. An overview of these assets is set out below.

The information in this Section 4.2(b) relating to Mineral Resources in respect of the Zelica Gold Project and Malcom Gold is extracted from the announcement entitled "June 2012 Quarterly Report" dated 30 July 2012 and Malcolm Project Acquisition' dated 29 August 2012.

Zelica Gold Project

The Zelica Gold Project is 100% owned by Exterra and is located 20km to the north west of the Linden Gold Project. The project has identified gold mineralisation over 900 metres of

strike, with deepest drilling intercepts at approximately 65 metres below surface and open at depth and along strike.

Exterra's Mineral Resource estimate for the Zelica Gold Project is set out in the table below. The Zelica Gold Project Resources are currently being reviewed as potential ore sources from stockpiles and open pit to support planned gold production from the Linden Gold Project.

Malcolm Gold Project

The Malcolm Gold Project is 100% owned by Exterra and is located approximately 18km to the East of Leonora. The project contains the historic underground gold mines Richmond Gem and North Star.

Exterra's Mineral Resource estimate for the Malcolm Project is set out in the table below. Exterra plans to review the current Malcolm Project data with a view to outlining an exploration drilling programme that seeks to confirm and extend the Mineral Resource base.

Grass Flat Gold Project

The Grass Flat Gold Project is 100% owned by Exterra and is located in the Marda-Diemals Greenstone Belt, approximately 150km north of Southern Cross in Western Australia. The project area includes the historic Halley's East open pit mine, from which approximately 18,000 ozs of gold was produced in 2013 to 2016.

A data review by Exterra in 2017 highlighted the potential for near surface high grade Gold, Volcanogenic Massive Sulphide (VMS) Cu-Pb-Zn-Ag-Au and Hematite Iron Ore potential within the project area.

Data review is currently in progress to plan on-going exploration with a focus on the gold potential of the Grass Flat project.

Bar Twenty Project (farm-in and joint venture)

As announced on 4 July 2017, Exterra has recently entered into a farm-in and joint venture agreement with Bar Twenty Pty Ltd over the Bar Twenty Gold Project located approximately 20km west northwest of the Second Fortune Gold Mine. Under the terms of the farm-in arrangements, Exterra can earn a 75% interest in the project by producing 5,000 ounces of gold from the project. During the farm-in period, Exterra is entitled to receive 25% of the net profits from mining on the project. On the commencement of the joint venture, Exterra and Bar Twenty Pty Ltd must contribute to all ongoing expenditure on a 75/25 pro rata basis (subject to Bar Twenty's right to elect to a limited carry arrangement or convert its joint venture interest into a right to receive a 2.5% net smelter return royalty in relation to gold produced from the project).

Under the Bar Twenty joint venture agreement, Exterra has a right of first refusal to enter into an agreement with Bar Twenty Pty Ltd over a further 7 gold prospects consisting of 8 prospecting licences and 3 exploration licences, all located within 30km of the Second Fortune Gold Mine.

The Bar Twenty project development is expected to be run in parallel with the development of the Second Fortune Gold Mine, and has the potential to generate a secondary source of ore to add to the planned production from the Second Fortune Gold Mine.

Reverse circulation drilling is planned to commence early in July 2017, the results of which, will be combined with the current data available, will be used to generate a Mineral Resource estimate which will form the basis of economic studies to determine the potential for mine development. Ongoing project development work will focus on a potential mining operation permitted under the existing approval of a "Mining Proposal for a Small Operation".

Other Project Mineral Resources

Project	Indicated			Inferred			Total		
	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/tAu	Ounces
Zelica ^{1, 2}	358,200	1.7	19,000	212,600	1.6	11,000	570,800	1.6	30,000
Malcolm ^{1, 3}				142,200	8.3	37,900	142,200	8.3	37,900

Notes:

- 1 The information in this table was prepared and first disclosed under JORC Code 2004 and has not been updated to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
- 2 Refer to Exterra's ASX Announcement titled 'Quarterly Activities and Cashflow Report' dated 30 July 2012 for further information in relation to the Zelica Mineral Resource estimate. Reported above a 0.5 g/t Au block model grade with a 12.0 g/t Au top cut.
- 3 Refer to Exterra's ASX Announcement titled 'Increased Gold Resources through Acquisition of High Grade Malcolm Project' dated 29 August 2012 for further information in relation to the Malcolm Mineral Resource.

4.3 Directors and senior management

As at the date of this Scheme Booklet, the Board of Exterra comprised:

- Mr John Davis – Executive Chairman
- Mr Geoff Laing – Executive Director
- Mr Justin Brown – Non-Executive Director

Profiles of the Exterra Board members that will continue as directors of the Merged Group if the Scheme is implemented, being Mr Geoff Laing and Mr John Davis, are set out in Section 6.4.

4.4 Historical financial information

The following historical financial information for Exterra is extracted from the audited financial statements of Exterra for the years ended 30 June 2015 (**FY15**) and 30 June 2016 (**FY16**) and the half-year ended 31 December 2016 (**1H FY17**).

The financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act. The financial information also complies with the recognition and measurement requirements of International Financial Reporting Standards (**IFRSs**) and interpretations issued by the International Accounting Standards Board.

The full financial accounts for FY15 and FY16 were audited by Rothsay Chartered Accounts. Rothsay Chartered Accounts issued unqualified audit reports for FY15 and FY16. However, for FY15, Exterra's auditor issued an emphasis of matter paragraph in the relevant audit report outlining the existence of a material uncertainty which may cast significant doubt about Exterra's ability to continue as a going concern. The FY16 audit report did not contain any similar statement regarding Exterra's ability to continue as a going concern. As outlined in Section 1, one of the key reasons why Exterra's Directors are supportive of the Scheme is that it will create a Merged Group with a strong balance sheet.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. Where appropriate,

adjustments have been made to headings and classifications of historical data to provide a consistent basis of presentation.

In the interval between the end of the 1H FY17 and the date of this Scheme Booklet, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Exterra, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years other than:

- to 30 June 2017, a decrease in cash and cash equivalents of approximately \$2,900,000, an increase in capitalised mine development expenditure of approximately \$2,300,000, an increase in equity (being proceeds from option exercise of \$315,000), and administration, exploration & other expenditure of approximately \$300,000; and
- as otherwise disclosed in the 1H FY17 financial statements and subsequent filings on ASX.

Exterra Shareholders may view complete copies of the audited financial statements of Exterra for the years ended 30 June 2015 and 30 June 2016 and the half year ended 31 December 2016 on ASX's website at www.asx.com.au or on the "investors" section of the Exterra website at www.exterraresources.com.au.

(a) Statement of financial position

Set out below is Exterra's statement of financial position for FY15, FY16 and 1H FY17.

	Reviewed	Audited	Audited
	1H FY17	FY16	FY15
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4,313,130	1,574,517	405,220
Trade and other receivables	66,323	25,808	106,339
Financial assets at fair value through profit or loss	-	-	162,000
TOTAL CURRENT ASSETS	4,379,453	1,600,325	675,559
NON-CURRENT ASSETS			
Plant and equipment	218,335	226,924	244,181
Capitalised exploration and evaluation expenditure	1,475,000	3,785,000	3,785,000
Capitalised mine development	4,383,322	-	-
TOTAL NON-CURRENT ASSETS	6,076,657	4,011,924	4,029,181
TOTAL ASSETS	10,456,110	5,612,249	
CURRENT LIABILITIES			
Trade and other payables	666,075	311,618	57,860
TOTAL CURRENT LIABILITIES	666,075	311,618	57,860
NON-CURRENT LIABILITIES			
Provisions	319,329	-	-
TOTAL NON-CURRENT LIABILITIES	319,329	-	-
TOTAL LIABILITIES	985,404	311,618	57,860
NET ASSETS	9,470,706	5,300,631	4,644,880
EQUITY			
Contributed equity	19,579,654	15,065,529	13,317,529
Reserves	791,114	432,850	393,350
Accumulated losses	(10,900,062)	(10,197,748)	(9,065,999)
TOTAL EQUITY	9,470,706	5,300,631	4,644,880

(b) Statement of comprehensive income

Set out below is Exterra's statement of comprehensive income for FY15, FY16 and 1H FY17.

	Reviewed	Audited	Audited
	1H FY17	FY16	FY15

	\$	\$	\$
REVENUE	18,370	9,511	12,329
Other income	20,000	84,096	319,474
EXPENDITURE			
Administration and corporate expenses	(172,573)	(172,042)	(190,102)
Depreciation expense	(8,588)	(17,257)	(22,446)
Employee benefits expense	(31,764)	(3,925)	(10,064)
Exploration expenses	(413,995)	(1,032,132)	(418,691)
Fair value losses on financial assets at fair value through profit or loss	-	-	(409,552)
Loss on sale of mining properties		-	(274,350)
Share-based payments expense	(113,764)	-	(92,400)
LOSS BEFORE INCOME TAX	(702,314)	(1,131,749)	(1,085,802)
Income tax benefit/(expense)	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF EXTERRA RESOURCES LIMITED	(702,314)	(1,131,749)	(1,085,802)
Basic and diluted loss per share (cents)	-	-	-
	0.2	0.6	0.6

(c) Statement of cash flows

Set out below is Exterra's statement of cashflows for FY15, FY16 and 1H FY17.

	Reviewed	Audited	Audited
	1H FY17	FY16	FY15
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments for exploration expenditure	(632,771)	(755,291)	(508,882)
Payments for administration and other expenses	(210,478)	(170,198)	(219,057)
Proceeds on sale of financial assets at fair value through profit or loss	-	337,480	123,607
Research and development tax incentive grant received	-	25,957	319,474
Payments for purchases of financial assets at fair value through profit or loss	-	(62,500)	-
Interest received	14,888	6,349	12,622
Net cash outflow from operating activities	(828,361)	(618,203)	(272,236)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of property, plant and equipment	20,000	-	-
Payments for mine development	(1,211,651)	-	-
Proceeds on sale of mining properties	-	-	175,000
Net cash outflow from investing activities	(1,191,651)	-	175,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares	5,034,875	1,830,000	-
Payments of share issue transaction costs	(276,250)	(42,500)	-
Net cash inflow from financing activities	4,758,625	1,787,500	-
Net increase/(decrease) in cash and cash equivalents	2,738,613	1,169,297	(97,236)
Cash and cash equivalents at the beginning of the half-year	1,574,517	405,220	502,456
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	4,313,130	1,574,517	405,220

(d) Anova funding arrangements

On 5 June 2017, Anova and Exterra entered into the Anova Loan Facility under which Anova has agreed to provide Exterra with a convertible loan facility of up to \$2 million with which to fund development of the Linden Gold Project and other working capital requirements while the Scheme is being implemented. Amounts drawn down under the Anova Loan Facility are secured by the Mining Mortgage.

Importantly, amounts drawn down under the Anova Loan Facility are not required to be repaid or converted into Exterra Shares merely because the Scheme does not proceed. However, Exterra is not able to continue to draw down on the Anova Loan Facility if the Merger Implementation Agreement is terminated. As at the Last Practicable Date, Exterra had drawn down \$500,000 under the Anova Loan Facility.

A summary of the key terms of the Anova Loan Facility and the Mining Mortgage is included at Section 10.6 of this Scheme Booklet.

4.5 Exterra securities and substantial shareholders

(a) Exterra's issued securities

As at the Last Practicable Date, Exterra had the following securities on issue:

- 345,188,706 Exterra Shares; and
- 67,832,474 Exterra Options.

(b) Substantial shareholders

As at the Last Practicable Date, the registered substantial shareholders in Exterra were:

Name	Number of fully paid ordinary shares held	% held of issued ordinary capital
Bernard Stephens	36,977,060	10.71%
Ranguta Ltd	23,307,530	6.75%

(c) Exterra Options

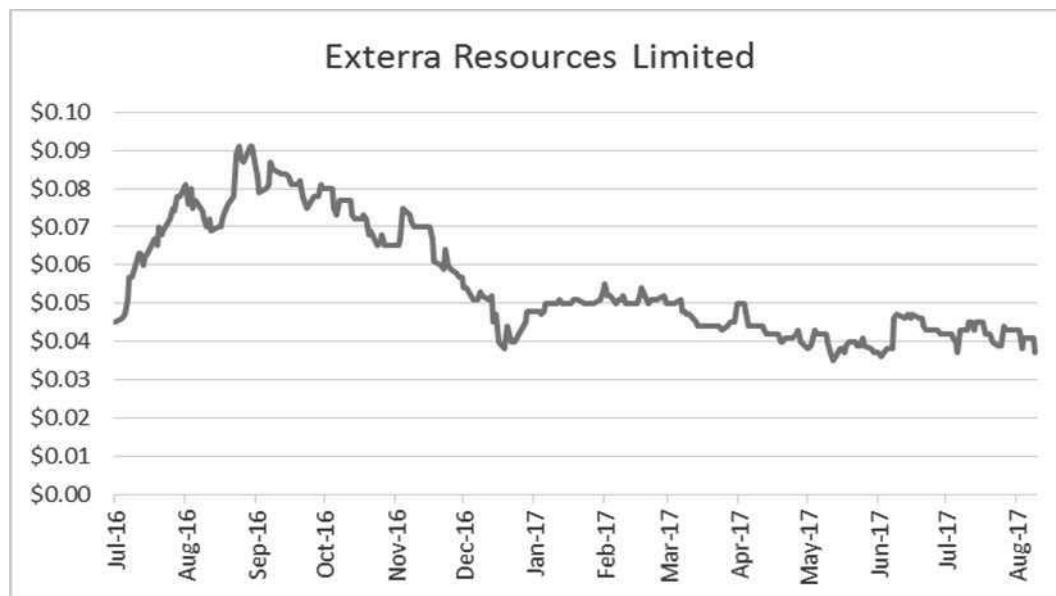
As at the Last Practicable Date, the classes of Exterra Options on issue were:

Number	Exercise price	Expiry date
9,000,000	\$0.0215	19 June 2020
9,375,000	\$0.06	1 July 2019
5,000,000	\$0.06	4 July 2018
2,500,000	\$0.10	26 August 2019
2,500,000	\$0.125	26 August 2019
17,853,737	\$0.06	29 July 2019
17,853,737	\$0.08	29 July 2019
1,000,000	\$0.10	1 December 2019
2,750,000	\$0.10	28 November 2021

In accordance with the Merger Implementation Agreement, Exterra and Anova propose to enter into arrangements with the holders of Exterra Options to cancel those options in return for Anova agreeing to issue replacement Anova Options (see Sections 2.14 and 10.7 for further information).

4.6 Recent Exterra share price performance

The graph below shows the Exterra share price performance of shares traded from 1 July 2016 to the Last Practicable Date.



Source: IRESS.

The highest recorded trading price at the close of trade of an Exterra Share on ASX in the 12 months before the announcement of the Merger on 8 June 2017 (**Announcement Date**) was \$0.092 on 24 August 2016.

The lowest recorded trading price at the close of trade of an Exterra Share on ASX in the 12 months before Announcement Date was \$0.034 on 21 June 2016.

The latest recorded trading price at the close of trade of Exterra Shares on ASX before the Announcement Date was \$0.038.

The trading price range at the close of trade of Exterra Shares since the Announcement Date to the Last Practicable Date was \$0.037 to \$0.046.

The latest recorded trading price of Exterra Shares on ASX as at the Last Practicable Date was \$0.040.

4.7 Risk factors

Risk factors relating to Exterra and its business are discussed in Section 7 of this Scheme Booklet.

4.8 Further information

As a company listed on ASX and a disclosing entity under the Corporations Act, Exterra is subject to regular reporting and disclosure obligations. Broadly, these require Exterra to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Exterra's recent announcements are available from www.asx.com.au. Further announcements concerning Exterra will continue to be made available on this website after the date of this Scheme Booklet.

Exterra is required to prepare and lodge with ASIC and ASX both annual and half year financial statements accompanied by a statement and report from Exterra's Directors and an audit or review report. Exterra also lodges quarterly activity reports with ASX. Copies of these and other documents lodged with ASIC and ASX may be obtained from an ASIC office and are accessible from ASX's website at www.asx.com.au or by visiting

<http://www.exterraresources.com.au/investor/>. Copies of these documents will also be made available free of charge on request to Exterra's Company Secretary in writing at PO Box 162, Subiaco WA 6904 or by phone to +61 8 9389 2111 at any time before 9.00 am (Perth time) on the date of the Scheme Meeting.

For personal use only

5 Profile of Anova

The information contained in this Section 5 has been prepared by Anova. The information concerning Anova and the intentions, views and opinions contained in this section are the responsibility of Anova. Exterra and each of the Exterra Directors assume no responsibility for the accuracy or completeness of this information.

5.1 Introduction

Anova Metals Limited (ASX: AWW) is an ASX-listed Australian mineral exploration company focussed on the development of its 100% owned Big Springs Project located in Nevada, USA.

Anova is an Australian public company, limited by shares, that was admitted to the official list of ASX on 18 May 2011. As at the close of trading on 5 June 2017, the day before a trading halt was implemented prior to the announcement of the proposed Merger, Anova had a market capitalisation of approximately A\$56.7 million.

Anova is a 'disclosing entity' for the purposes of the Corporations Act and is therefore subject to regular reporting obligations under the Corporations Act and the Listing Rules. See Section 5.8 for further information.

In addition to the information about Anova contained in this section, the Independent Expert's Report in Annexure A contains further detailed information on Anova.

5.2 Overview of Projects

Unless otherwise expressly noted in this section, the information in this Section 5.2 relating to the Big Springs Project Mineral Resources is extracted from the announcement entitled '1 Million Oz Measured, Indicated and Inferred Resource' dated 26 June 2014.

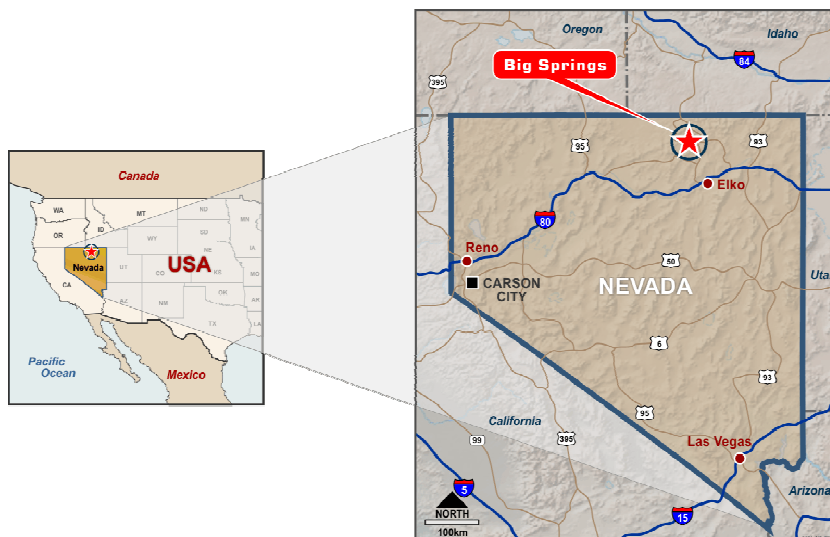
Anova confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that, in the case of Mineral Resources, all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Exterra confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcements.

(a) The Big Springs Project

Anova's focus is on the development of its 100% owned Big Springs Project in Nevada, USA, which it acquired in 2013.

Location and history

Big Springs is a Carlin-style gold deposit located in an established gold mining region, approximately 90km north of Elko in north eastern Nevada, USA. Elko is located on a major transportation route, Interstate Highway 80 (I80), between Salt Lake City, Utah and Reno, Nevada, USA.

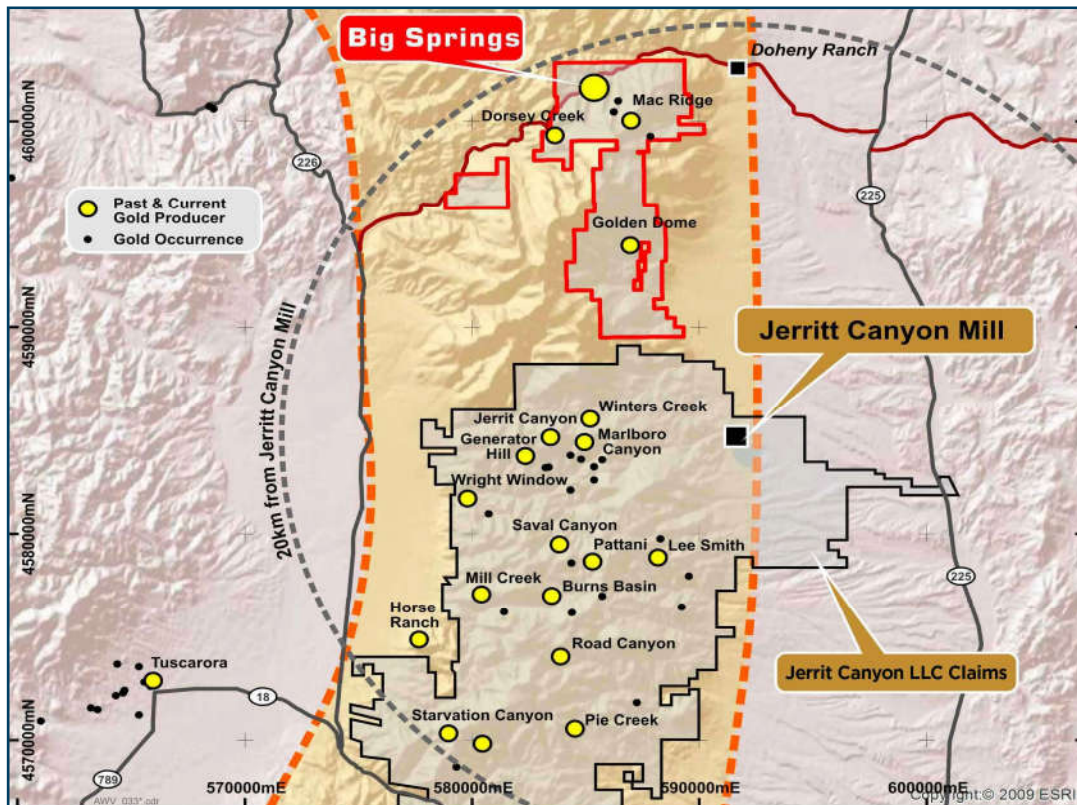


Big Springs Project, Nevada, USA.

The Big Springs gold deposits exhibit many of the characteristics of Carlin-type deposits and comprise five separate zones. Big Springs was initially mined by Freeport McMoRan's subsidiary, Independence Mining Company between 1987 and 1993, producing approximately 386,000 ounces of gold from seven distinct deposits. Some of the near-surface material was treated by the heap leaching, but most of the gold was contained in refractory, sulphide-rich material that was milled, with the ore subjected to an oxidising roast before treatment in a carbon in leach plant. Reclamation and closure activities were carried out between 1995 and 1999. As part of reclamation activities, the majority of pits were backfilled and waste rock dumps were regraded and covered by growth medium and/or cover systems. A number of water diversion ditches were installed up-gradient of waste rock dumps.

From 2002, the then owners of Big Springs, Gateway Gold Corp, completed exploration work including 308 reverse circulation and diamond drill holes. This work was combined with pre-existing drill data to produce a database with over 2,400 drill holes. In addition to the complex of known deposits, there is also more than 65 km² of highly prospective stratigraphy that contains significant, untested, gold-in-soil geochemical anomalies as well as a number of geophysical targets that remain to be field tested.

The location of the Big Springs Project compared to other gold projects and infrastructure in the region is shown on the diagram below:



Location of Big Springs Project and neighbouring Jerritt Canyon Mill.

Since acquiring the Big Springs Project, Anova has focussed on updating geological and resource models, conducted infill, metallurgical and geotechnical drilling and obtaining regulatory approvals to allow for open pit and underground mining.

Anova initiated an exploration program at Big Springs in mid-2016 designed to increase the existing resource base, resulting in significant drilling intersections that extended mineralised horizons at the South Sammy 601 zone. Further details on Anova's exploration program at the Big Springs Project is detailed below in Section 5.2(b).

Tenements and permitting

The Big Springs Project includes tenements which cover over 65 km². Anova's tenements are federal mining claims, rights to explore for and extract minerals from a tract of public land, under the terms of the General Mining Act of 1872 (United States). A mining claim allows all forms of mining proposed by Anova at the Big Springs Project, subject to compliance with federal and state environmental laws. A mining claim has an indefinite term provided the holder pays an annual maintenance fee on or before 1 September of each year.

As at the date of this Scheme Booklet, Anova has an interest in the following prospects and tenements:

Prospect	Claimant	Mining Claim Name
Big Springs	Anova Metals USA LLC	NDEEP-31, NDEEP-32
Big Springs	Anova Metals USA LLC	TT-108 to TT-157, TT-163, TT-164, TT-185, TT-187, TT-189 to TT-204, TT-220 to TT-267, TT-327 to TT-344
Dorsey Creek	Anova Metals USA LLC	NDEEP-18, NDEEP-19, NDEEP-35, NDEEP-36, NDEEP-52, NDEEP-53
Dorsey Creek	Anova Metals USA LLC	TT-158 to TT-162, TT-169 to TT-184, TT-186, TT-188, TT-275 to TT-277, TT-290, TT-291, TT-297 to TT-301, TT-305 to TT-311

Prospect	Claimant	Mining Claim Name
Golden Dome	Anova Metals USA LLC	DOM-1 to DOM-51
Golden Dome	Anova Metals USA LLC	GD-52 to GD-61, GD-63, GD-67 to GD-76, GD-79 to GD-90, GD-92 to GD-136, GD-139 to GD-154, GD-157, GD-164 to GD-173, GD-176, GD-181, GD-182, GD-185, GD-186, GD-189, GD-190, GD-193, GD-194, GD-197 to GD-199, GD-201, GD-203, GD-205, GD-207, GD-209, GD-211, GD-213, GD-215, GD-217, GD-219, GD-221, GD-223, GD-225, GD-265 to GD-286, GD-297 to GD-318, GD-381 to GD-428
Golden Dome	Anova Metals USA LLC	MP-14, MP-16, MP-18, MP-41, MP-43, MP-45, MP-47, MP-49 to MP-54
Golden Dome	Anova Metals USA LLC	NDEEP-1 to NDEEP-16, NDEEP-44 to NDEEP-90
Jack Creek	Anova Metals USA LLC	JAK-14, JAK-16, JAK-18, JAK-20 to JAK-38, JAK-99 to JAK-116, JAK-170, JAK-172, JAK-174, JAK-176, JAK-178 to JAK-186
Mac Ridge	Anova Metals USA LLC	BS-500 to BS-550, BS-557 to BS-579
Mac Ridge	Anova Metals USA LLC	MR-500 to MR-524, MR-526, MR-528, MR-530 to MR-537
Mac Ridge	Anova Metals USA LLC	NDEEP-33, NDEEP-34
Mac Ridge	Anova Metals USA LLC	TT-205 to TT-219

Notes:

Private lands, which include all minerals, subject to a 2% NSR royalty to Ellison Minerals, Inc. as per below:

Township 42 North, Range 54 East (148.522 Hectares):

- Section 7 - Lot 4 (SW $\frac{1}{4}$ SW $\frac{1}{4}$); SE $\frac{1}{4}$ SW $\frac{1}{4}$; NE $\frac{1}{4}$ SE $\frac{1}{4}$
- Section 8 - N $\frac{1}{2}$ SW $\frac{1}{4}$
- Section 31 - Lot 2 (SW $\frac{1}{4}$ NW $\frac{1}{4}$); Lot 4 (SW $\frac{1}{4}$ SW $\frac{1}{4}$); NE $\frac{1}{4}$ SW $\frac{1}{4}$; SW $\frac{1}{4}$ SE $\frac{1}{4}$

Anova has completed the regulatory approval process to allow mining to commence at Big Springs, including the following key regulatory approvals:

- **Water Pollution Control Permit:** In March 2016, Anova received a Water Pollution Control Permit for the Big Springs Project from the Nevada Division of Environmental Protection (**NDEP**) which authorises Anova to construct, operate and close the Big Springs Project. The permit outlines Anova's responsibilities regarding prevention of contamination of surface and ground waters.
- **Mine Plan of Operations & Environmental Assessment:** In the first quarter of 2017 Anova received approval of its Mine Plan of Operations for the 601 and 701 Open Pit and Underground Operations from the United States Forest Service (**USFS**), a US federal agency. Anova will lodge the required environmental bond as a final condition for the Plan of Operations.
- **Nevada Reclamation Permit:** Anova has finalised the reclamation cost estimate at the proposed Big Springs Project mining operation with the applicable federal and state regulatory agencies. Once NDEP issues its Decision Letter, Anova will lodge the required environmental bond as a final condition for the State of Nevada's Reclamation Permit.

Anova has commenced permitting activities for the North Sammy underground operations. Preliminary site, infrastructure and mining design work has been completed by Anova and forms the basis for the required regulatory approvals.

Mining

Anova has advanced mine implementation planning with a view to commencing site works, subject to Anova Board approval of the final mine plan. The status of development of the Big Springs Project and path to gold production is outlined below:

- **Contract mining:** Anova's preferred contractors for both open pit and underground mining have been selected with both in the process of preparing final costings.
- **Toll milling agreement:** Anova is negotiating a toll milling agreement with Jerritt Canyon Gold LLC, a company that owns the nearby Jerritt Canyon Gold Project. Jerritt Canyon produces gold ore from three underground mines, treating it at a co-located processing plant, one of only three in Nevada that uses roasting for the treatment of refractory ores. Financial modelling completed by Anova shows that improvements to a previously negotiated tolling arrangement, with the previous owners of the Jerritt Canyon Gold Project, may provide significant benefit to both parties.
- **Pit Optimisation and Mine Design:** During 2016, geotechnical data and detailed topographical survey data were incorporated into updated mine designs. Final revisions to the mine design will be made once the toll milling agreement is concluded to reflect any changes in the terms of the agreement.
- **Metallurgical Testwork:** A testwork program was conducted by Hazen Research of Denver on composite samples from four diamond core holes drilled in late 2014, from within the proposed 601 orebody open pit mining area at South Sammy. Results from Hazen agreed with historical recoveries for the 601 open pit.

Further representative composite samples from the North Sammy, 303 and Thumb ore shoots, plus the South Sammy 701 zone, were created from historical core and analysed using the same procedure. The results again confirm the historical recoveries for the North Sammy zones of mineralisation.

- **Geotechnical:** Core samples from the 601 pit zones were submitted for geomechanical testwork, including triaxial compression tests, unconfined compression tests and direct shear tests, with the results incorporated into the geotechnical model.
- **Hydrogeology:** A total of 18 water wells are located at Big Springs. Anova has conducted aquifer testing on the South Sammy and North Sammy areas and has developed a comprehensive hydrogeological model. A water management plan was developed for the proposed 601 and 701 open pit and underground operations. Refinement of the hydrogeological model will continue and form part of North Sammy Plan of Operations being developed.
- **Ore sorting technology:** Anova intends to utilise Exterra's knowledge of its ore sorting technology, where applicable, for the Big Springs Project to optimise the proposed processing operations.
- **Water Supply:** Anova owns a water right to well MW2 on the Big Springs Project site and has a lease agreement for the Big Springs Well #2 at the Doheny Ranch, so as to provide water supply for mining operations.

Access to the Big Springs Project is by the paved Mountain City Highway (State Route 225) north from Elko, and then by way of Elko County Road 732 and Forest Service Road 473.

All mineral claims relating to the Big Springs Project occur on public lands within the Humboldt-Toiyabe National Forest that are administered by the USFS or on private land

owned by Anova. As such, no private land-owner access or compensation agreements are required in connection with the Project.

Previously mined areas and waste dumps remain the responsibility of the previous owners. On the mining claims related to the deposits there is a maximum 2% net smelter return ("NSR") royalty payable to various parties. Elsewhere on the claim group the NSR ranges from zero to 3% payable to various parties. The area subject to the 3% NSR does not have any identified mineralisation within it. On the private lands a 2% NSR is payable to Ellison Minerals, Inc.

The principal population centre in the region is Elko which is well serviced with all necessary facilities to support the local mining industry. Given that Nevada is a major mining jurisdiction, Anova does not anticipate difficulties in attracting skilled labour.

Further details regarding the Big Springs Project are set out in the Independent Expert's Report contained in Annexure A to this Scheme Booklet.

Ore Reserves and Mineral Resources

Anova published a JORC Code 2012 Mineral Resource for the Big Springs Project in June 2014. The information contained in the Mineral Resource table below and elsewhere in this Scheme Booklet in respect of that Mineral Resource has been summarised from Anova's ASX announcement, entitled '1 Million Oz Measured, Indicated and Inferred Resource' dated 26 June 2014.

Deposit	Resource Category	Cut off (g/t Au)	Tonnes (Kt)	Grade (g/t Au)	Contained gold (ounces)
North Sammy	Measured	1.0	346	7.0	77,900
	Indicated	1.0	615	3.1	62,200
	Inferred	1.0	498	2.8	44,100
	Sub total	1.0	1,458	3.9	184,100
North Sammy Contact	Measured	0.8	-	-	-
	Indicated	0.8	443	2.3	32,400
	Inferred	0.8	864	1.4	39,300
	Sub total	0.8	1,307	1.7	71,800
South Sammy	Measured	0.8	295	4.0	38,200
	Indicated	0.8	3,586	2.1	239,900
	Inferred	0.8	3,721	1.3	159,000
	Sub total	0.8	7,602	1.8	437,200
Beadles Creek	Measured	1.0	-	-	-
	Indicated	1.0	119	2.2	8,200
	Inferred	1.0	2,583	2.3	193,500
	Sub total	1.0	2,702	2.3	201,700
Mac Ridge	Measured	0.8	-	-	-
	Indicated	0.8	-	-	-
	Inferred	0.8	1,887	1.3	81,100
	Sub total	0.8	1,887	1.3	81,100
Dorsey Creek	Measured	0.8	-	-	-
	Indicated	0.8	-	-	-
	Inferred	0.8	278	1.4	12,900
	Sub total	0.8	278	1.4	12,900
Briens Fault	Measured	1.0	-	-	-
	Indicated	1.0	-	-	-

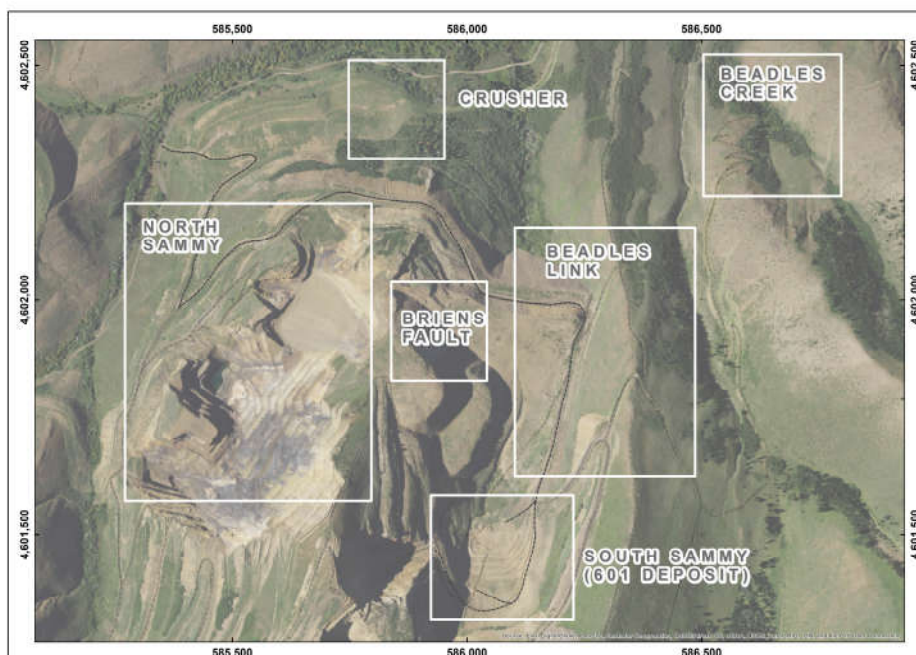
Deposit	Resource Category	Cut off (g/t Au)	Tonnes (Kt)	Grade (g/t Au)	Contained gold (ounces)
	Inferred	1.0	799	1.6	40,500
	Sub total	1.0	799	1.6	40,500
Total	Measured		641	5.7	116,100
	Indicated		4,762	2.2	343,300
	Inferred		10,630	1.7	570,400
	Total		16,032	2.0	1,029,900

(b) Exploration activities

In addition to the complex of known deposits, the Project also comprises more than 65 km² of highly prospective terrain that contains significant, untested, gold-in-soil geochemical anomalies as well as geophysical targets that remain to be drill tested.

With the primary focus being permitting and infill drilling at the initial mining area at the 601 and 701 deposits, Anova has not yet conducted any significant regional exploration work at Big Springs. Anova has however, continued to review the extensive exploration database it received when it acquired the Big Springs Project, including surface geochemistry (rock chip, soils and stream sediment samples), geological and structural mapping, geophysics (magnetics, electromagnetics, radiometrics and limited IP) plus limited drilling away from the historically mined areas.

The Jerritt Canyon district immediately to the south of Big Springs, with 11 million ounces of gold identified and 8 million ounces produced, highlights the prospectivity of the Big Springs project area. There has been limited exploration at Big Springs since mine closure in 1993 and Anova believes that the opportunity exists for significant further ounces to be identified through systematic exploration work.



Location of Big Springs Project exploration targets.

The current exploration focus for the Big Springs Project is on drilling high grade resource extension targets. Priority targets planned to be tested in 2017 include:

- **South Sammy:** The final hole of Anova's 2016 drilling campaign, AWW16-061, was drilled to test the horizontal continuation of mineralised horizons previously intersected. The majority of historical holes have not extended deep enough to test

the limits of this high-grade zone. Anova is planning to drill a series of holes to the extent of this high grade zone in 2017 (Refer to ASX announcement dated 5 July 2017 for further details).

- **Beadles Creek:** Anova's 2016 program was designed to test for up-dip and down-dip extensions of the high-grade mineralised Beadles Creek shoot. The shoot was successfully intersected in all seven holes drilled. Anova is planning to drill multiple holes in 2017 to test for up-dip and strike extensions of the Beadles Creek shoot (Refer to ASX announcement dated 5 July 2017 for further details).
- **Beadles Link Structure:** The Beadles Fault has been recognised as one of the major conduits for gold-bearing fluid movement at Big Springs. The Beadles Fault is obscured by Quaternary glacial till, but has been intersected in multiple drill holes, most recently at the Beadles Creek target. Drilling by previous operators intersected gold mineralisation approximately 300 metres south of the Beadles Creek prospect along the interpreted strike of the fault. Anova intends to evaluate the area immediately south of the historical intercepts with drilling in 2017 (Refer to ASX announcement dated 5 July 2017 for further details).
- **Briens Fault:** The NNE-SSW trending near-vertical Briens Fault straddles numerous deposits at Big Springs and is believed to have played a critical role in the emplacement of gold mineralisation. Most of the historical drilling at Big Springs Project is vertical, and as a result, vertical to sub-vertical structures, including Briens Fault, remain poorly tested. Drilling by previous operator targeting Briens Fault below the previously mined shallow 401 Pit. All four holes intersected the target zone and associated gold mineralisation. Anova intends to follow up on these results through an initial program of four angled drill holes in 2017. (Refer to ASX announcement dated 5 July 2017 for further details).

Further Target Generation

Anova continues to review and generate exploration targets utilising an extensive exploration database received on acquisition of the Big Springs Project, including surface geochemistry (rock chip, soils and stream sediment samples), geological and structural mapping, geophysics (magnetics, electromagnetics, radiometrics and limited induced polarization) and limited drilling away from the historically mined areas.

Of particular interest is the northeast quadrant of the project area where no effective historical sampling has occurred. Geological mapping undertaken while the Big Springs Mine was in production during the early 1990s, reveals that the northeast quadrant is underlain by highly prospective Lower Plate rocks. Calcareous rocks assigned to the Hanson Creek Formation have been mapped throughout this un-sampled area, along with the Roberts Mountain Thrust that forms an upper contact with the Schoonover/Overlap Sequence. This contact position is one of the primary structural and stratigraphic controls for many of the major Carlin-type gold deposits in Nevada, including the Jerritt Canyon ore bodies 20km to the south, where over 8 million ounces of gold has been produced.

5.3 Board of directors and senior management

As at the date of this Scheme Booklet, the Anova Board comprised:

- Malcolm James – Non-Executive Chairman
- Gregory (Bill) Fry – Executive Director
- Alasdair Cooke – Non-Executive Director

All three Anova Board members will continue as directors of the Merged Group if the Scheme is implemented. Their profiles are set out in Section 6.4.

As at the date of this Scheme Booklet, the key members of Anova's executive management team include:

- Bruce McLarty: General Manager – Operations.
- Lauritz Barnes: Study Manager – Mining & Resource
- John Hasleby: Vice President, USA Operations
- Steven Jackson: Company Secretary

Their profiles are set out in Section 6.5 of this Scheme Booklet.

5.4 Historical financial information

The following historical financial information for Anova is extracted from the audited consolidated financial statements of Anova and its controlled entities for the financial years ended 30 June 2015 (**FY15**) and 30 June 2016 (**FY16**) and the half-year ended 31 December 2016 (**1H FY17**). The financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the AASB and the Corporations Act. The financial information also complies with the recognition and measurement requirements of IFRSs and interpretations issued by the International Accounting Standards Board.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. Where appropriate, adjustments have been made to headings and classifications of historical data to provide a consistent basis of presentation.

The full financial accounts for FY15 and FY16 were audited by HLB Mann Judd Chartered Accountants (WA Partnership). HLB Mann Judd Chartered Accountants (WA Partnership) issued unqualified audit reports for FY15 and FY16. For FY15, Anova's auditor issued an emphasis of matter paragraph in the relevant audit report outlining the existence of a material uncertainty regarding Anova's ability to continue as a going concern. Anova subsequently addressed these issues by completing capital raisings, and its FY16 audit report did not contain any similar statement regarding Anova's ability to continue as a going concern.

In the interval between the end of 1H FY17 and the date of this Scheme Booklet, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Anova, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years other than as disclosed in the 31 December 2016 half year financial statements and subsequent filings on ASX. In particular, Anova had cash payments to suppliers and employees of \$481,468, payments for exploration and evaluation expenditure of approximately \$406,761, payments for share issuance costs of \$2,150, interest received of \$17,328 and a downward unrealised foreign exchange movement on cash of \$115,766. Collectively these movements have reduced the cash balance to approximately \$7.9m as at 31 May 2017.

Exterra Shareholders may view complete copies of the audited financial statements of Anova for the years ended 30 June 2015 and 30 June 2016 and the reviewed interim report for the half year ended 31 December 2016 on the ASX website at www.asx.com.au or on the Anova website at www.anovametals.com.au.

(a) **Consolidated statement of financial position**

Set out below is Anova's consolidated statement of financial position for the half year ended 31 December 2016 and the years ended 30 June 2016 and 30 June 2015.

	Reviewed	Audited	Audited
	1H FY17	FY16	FY15
	\$	\$	\$
Current Assets			
Cash and cash equivalents	8,876,966	1,287,493	1,473,092
Trade and other receivables	24,343	15,460	21,482
Other assets	20,296	21,124	17,889
Total Current Assets	8,921,605	1,324,077	1,512,463
Non-Current Assets			
Plant and equipment	44,328	2,849	5,331
Exploration and evaluation expenditure	11,162,734	10,974,219	10,752,627
Other assets	448,968	437,742	423,120
Total Non-Current Assets	11,656,030	11,414,810	11,181,078
Total Assets	20,577,635	12,738,887	12,693,541
Current Liabilities			
Trade and other payables	345,624	347,469	396,086
Total Current Liabilities	345,624	347,469	396,086
Total Liabilities	345,624	347,469	396,086
Net Assets	20,232,011	12,391,418	12,297,455
Equity			
Issued capital	44,701,891	34,947,123	32,895,624
Reserves	2,516,588	2,425,128	2,176,160
Accumulated losses	(26,986,468)	(24,980,833)	(22,774,329)
Total Equity	20,232,011	12,391,418	12,297,455

(b) **Consolidated statement of comprehensive income**

Set out below is Anova's consolidated statement of comprehensive income for the half year ended 31 December 2016 and the years ended 30 June 2016 and 30 June 2015.

	Reviewed	Audited	Audited
	1H FY17	FY16	FY15
	\$	\$	\$
Revenue	22,850	16,240	21,182
Consultant and employee benefits expenses	(409,938)	(805,472)	(931,425)
Exploration expensed as incurred	(1,596,785)	(990,006)	(2,308,576)
Administration expenses	(186,544)	(256,278)	(186,670)
Share-based payment expenses	23,595	(29,856)	(75,271)
Occupancy expenses	(84,944)	(141,175)	(207,389)
Foreign exchange gain / (loss)	131	43	-
Exploration expenditure impaired	-	-	-
Loss before income tax	(2,231,635)	(2,206,504)	(3,688,149)
Income tax expense	-	-	-
Loss for the period	(2,231,635)	(2,206,504)	(3,688,149)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences of foreign operations	341,055	235,112	1,390,278
Total comprehensive loss for the period	(1,890,580)	(1,971,392)	(2,297,871)

(c) **Consolidated statement of cash flows**

Set out below is Anova's consolidated statement of cash flows for the half year ended 31 December 2016 and the years ended 30 June 2016 and 30 June 2015.

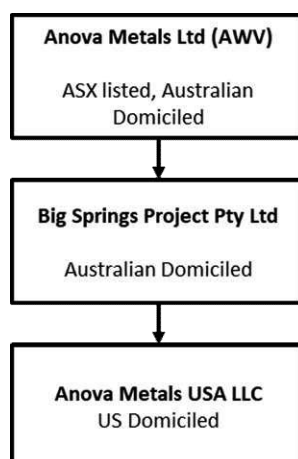
	Reviewed	Audited	Audited
	1H FY17	FY16	FY15
	\$	\$	\$
Cash flows from operating activities			
Cash paid to suppliers and employees	(705,265)	(1,256,577)	(1,326,634)

	Reviewed	Audited	Audited
	1H FY17	FY16	FY15
	\$	\$	\$
Payment for exploration and evaluation expenditure	(1,582,800)	(990,006)	(2,308,576)
Interest received	17,505	14,196	19,077
Net cash used in operating activities	(2,270,560)	(2,232,387)	(3,616,133)
Cash flows from investing activities			
Payment for plant and equipment	(40,868)	-	(5,201)
Net cash used in investing activities	(40,868)	-	(5,201)
Cash flows from financing activities			
Proceeds from the issue of share capital	10,299,874	2,175,875	3,752,500
Payment for share issue costs	(545,106)	(140,376)	(172,095)
Net cash provided by financing activities	9,754,768	2,035,499	3,580,405
Net decrease in cash and cash equivalents	7,443,340	(196,888)	(40,930)
Cash and cash equivalents at beginning of period	1,287,493	1,473,092	1,480,590
Effect of exchange rates on cash holdings in foreign currencies	146,133	11,289	33,432
Cash and cash equivalents at end of period	8,876,966	1,287,493	1,473,092

5.5 Anova's corporate structure, issued securities and substantial shareholders

(a) Anova's corporate structure

Anova was incorporated as an Australian public company under the Corporations Act on 2 December 2010. As shown in the chart below, Anova has two subsidiaries, both of which are wholly-owned.



(b) Anova's issued securities

As at the Last Practicable Date, Anova had the following securities on issue:

Class	Number on issue
Anova Shares	453,400,292
Anova Performance Rights	2,250,000

(c) Substantial shareholders

As at the Last Practicable Date, the registered substantial shareholders in Anova were:

Name	Number of fully paid ordinary shares held	% held of issued ordinary capital
Phoenix Gold Fund Limited	27,986,111	6.17%
Lujeta Pty Ltd	25,000,000	5.51%
Alasdair Campbell Cooke	24,889,299 ⁷	5.49%

(d) Anova Employee Incentive Plan

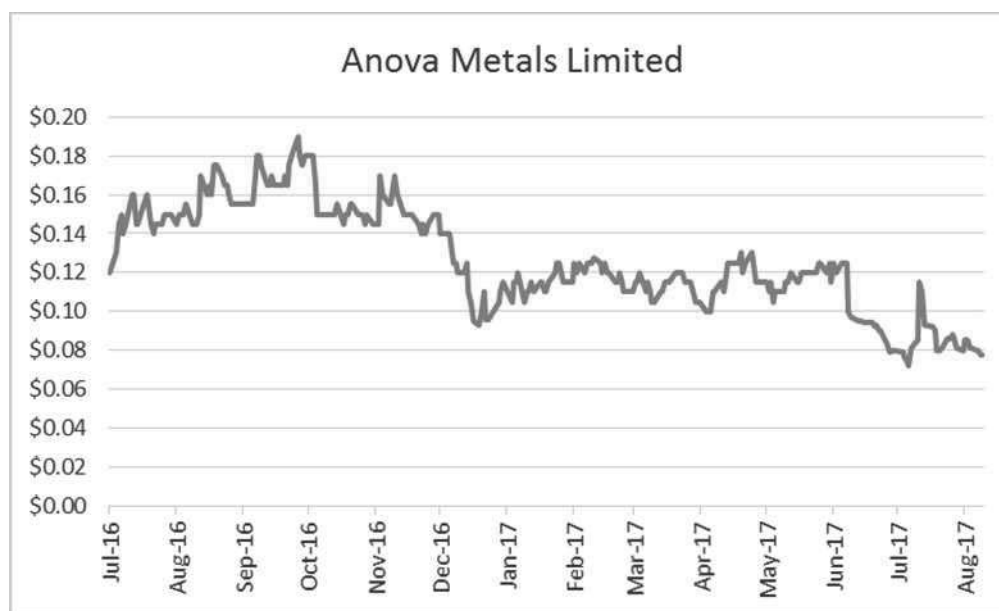
As at the Last Practicable Date, Anova had the following performance rights outstanding under the Anova Employee Incentive Plan:

Hurdle	Number on issue
Approval of Mining Plan of Operations for North Sammy and Beadles Creek	1,500,000
Commencement of mining at Big Springs Project	750,000

A summary of the key elements of the Anova Employee Incentive Plan is set out in Section 10.8.

5.6 Recent Anova share price performance

The graph below shows the Anova share price performance of shares traded from 1 July 2016 to the Last Practicable Date.



Source: IRESS.

The highest recorded trading price at the close of trade of an Anova Share on ASX in the 12 months before 8 June 2017 (**Announcement Date**) was \$0.1925 on 26 September 2016.

⁷ Of these Anova Shares, Mitchell River Group is the registered holder of 7,500,000 Anova Shares which it holds on behalf of Alasdair Cooke.

The lowest recorded trading price at the close of trade of an Anova Share on ASX in the 12 months before the Announcement Date was \$0.09 on 16 December 2016 and 19 December 2016.

The latest recorded trading price at the close of trade of Anova Shares on ASX before the Announcement Date of the Merger was \$0.125.

The trading price range at the close of trade of Anova Shares since the Announcement Date of the Merger to the Last Practicable Date was \$0.073 to \$0.115.

The latest recorded trading price of Anova Shares on ASX as at the Last Practicable Date was \$0.078.

5.7 Risk factors

Risk factors relating to Anova and its business are discussed in Section 7.

5.8 Further information

As a company listed on the ASX and a 'disclosing entity' under the Corporations Act, Anova is subject to regular reporting and disclosure obligations which require it to announce price sensitive information as soon as it becomes aware of that information. Anova's most recent announcements are available from ASX's website at www.asx.com.au. Further announcements concerning Anova will continue to be made available on this website after the date of this Scheme Booklet.

Anova is required to prepare and lodge with ASIC and ASX both annual and half year financial statements accompanied by a statement and report from the Anova Board and an audit or review report. Anova also lodges quarterly activity reports with ASX. Copies of these and other documents lodged with ASIC and ASX may be obtained from an ASIC office and are accessible from ASX's website at www.asx.com.au.

6 Profile of Merged Group

6.1 Overview of the Merged Group

Company	Exterra	Anova	Merged Group
Shares on Issue (million) ¹	345.2	453.4	626.0
Market Capitalisation(A\$m) ²	13.81	35.37	49.18
Cash (A\$m) ³	1.8	7.9	9.7
Debt (A\$m)	-	-	-
Ore Reserves (koz) ⁴	65	-	65
Mineral Resources (koz) ⁴	199	1,030	1,228
Enterprise Value(A\$m) ⁵	12.01	27.47	39.48

Notes:

1. As at the Last Practicable Date.
2. Based upon the closing share trading price of Anova Shares and Exterra Shares on ASX on the Last Practicable Date of \$0.078 and \$0.040 respectively.
3. Based on the cash balance of Exterra and Anova as at 31 May 2017. The Merged Group cash balance does not include costs associated with the implementation of the Merger, which are expected to be approximately \$450,000.
4. The estimations represent the aggregate of Exterra and Anova's Ore Reserves (Probable) and Mineral Resources as reported by Exterra to the ASX on 30 July 2012, 29 August 2012 and 25 May 2017 and as reported by Anova to the ASX on 26 June 2014 which are set out in detail in Sections 4.2(a), 4.2(b) and 5.2(a) respectively.
5. Based on the sum of market capitalisation (calculated as at the Last Practicable Date) less cash.

6.2 Rationale for the Merger

The Merger of Exterra and Anova represents an opportunity to create a company that has an outstanding and diversified portfolio of gold production, development and exploration projects.

Following the implementation of the Scheme, the Merged Group:

- will have a strong balance sheet with which to fast track production at the Second Fortune Gold Mine;
- will be larger and more diversified, with two near term gold producing projects and a portfolio of exploration and development opportunities located in Western Australia and Nevada, USA;
- is expected to have an enhanced market presence and greater liquidity than that currently enjoyed by Exterra Shareholders;
- will have a combined board and management team with the skills and capacity to advance the production and development projects in parallel with exploration and consolidation activities; and
- will be better placed to pursue further consolidation opportunities.

6.3 Intentions in relation to Exterra and the Merged Group

This section sets out the intentions of Anova in relation to Exterra and the Merged Group if the Scheme becomes Effective.

These statements of intention are formed on the basis of publicly available information as at the date of this Scheme Booklet as well as information made available in the course of due diligence carried out by Anova on the business of Exterra.

Final decisions regarding any matters will be made by the Merged Group Board in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intentions only, which may vary as new information becomes available or circumstances change and the Merged Group further develops its strategic focus and outlook.

(a) Accelerate development of Second Fortune Gold Mine and progress the Big Springs Project

Anova intends to leverage the Merged Group's strong balance sheet to accelerate development of the Second Fortune Gold Mine. In the near term, the Merged Group will focus on completing the construction phase and commencing the mining phase (as outlined in Section 4.2(a)).

Anova also intends to progress to the development of the Big Springs Project whilst continuing to expand the Merged Group's Mineral Resource base through ongoing exploration at both the Linden Gold Project and the Big Springs Project. Anova intends to utilise Exterra's knowledge of ore sorting technology, where applicable, to optimise proposed mining operations at the Big Springs Project.

The Merged Group Board intends to advance the Second Fortune Gold Mine into construction and operation, using funding from existing cash of the Merged Group and from third party funding. Anticipated future cash flows from the Second Fortune Gold Mine and third party funding are proposed to be utilised to fund the development of the Big Springs Project, depending on the gold price and other variables at the time of a final investment decision on the Big Springs Project.

(b) Corporate matters in relation to Exterra

If the Scheme is implemented, it is intended that:

- Exterra be removed from the official list of ASX;
- as Exterra will be a wholly-owned subsidiary of the Merged Group, the Exterra Board be reconstituted so that it comprises persons nominated by the Merged Group Board; and
- the Merged Group will continue to trade on ASX under the name Anova Metals Limited (ASX code "AWV").

The Merged Group Board also intends to centralise administrative functions across the Merged Group including corporate, finance and accounting functions. This will be achieved through a reduction in the utilisation of consultants that provide these services.

Overall employment levels are expected to increase when final stages of construction of the Second Fortune Gold Mine commences and moves into production.

Except for the changes and intentions set out in this Section 6.3, following implementation of the Scheme, Anova intends, based on the information presently known to it:

- to continue the business of Exterra;
- not make any changes to the business of Exterra or the deployment of Exterra's assets; and

- to continue employment of Exterra's executive management and staff.

(c) Dividend policy

Neither Anova nor Exterra currently pay a dividend to shareholders.

There are no present intentions to pay dividends. Any change to this policy will be made having regard to the Merged Group's profits, its financial position and the board's assessment of the capital required to grow the Merged Group's business.

6.4 Composition of the Merged Group Board

If the Scheme is implemented, the Merged Group Board will comprise five directors which will include the three current Anova Directors and two directors nominated by Exterra, being Geoff Laing and John Davis.

Profiles of the Directors who will comprise the Merged Group Board are set out below.

Malcolm James Non-Executive Chairman	<p>Mr James is a business graduate of RMIT University (Melbourne) with over 30 years experience in merchant banking, engineering, manufacturing, mining, energy, financing, philanthropic and social ventures. Over the past 25 years he has had active roles in identifying, exploring, financing and developing a number of significant natural resource and energy projects in Australia, the former Soviet Union, the Middle East, Africa, Asia, South America and the USA. Mr James was the non-executive Chairman of Moko Social Media Limited (Moko), a company listed on the ASX, at the time it entered into voluntary administration on 31 May 2017. Mr James was appointed a director of Moko on 7 October 2016. Trading in Moko's shares on ASX was suspended on 25 January 2017 whilst Moko unsuccessfully endeavoured to raise finance before entering into voluntary administration.</p>
Bill Fry Executive Director	<p>Mr Fry has more than 20 years corporate experience in the mining and resources industry, specialising in accounting, management, business development and general corporate activities. He has vast experience in project evaluation and development, project funding, management, finance and operations. Over the past 15 years, Mr Fry has been a Director of several private and public companies with activities ranging from funds management, minerals exploration, mining and quarrying.</p>
Geoff Laing Executive Director	<p>Mr Laing is a Chemical Engineer with over 20 years' experience in the mining sector across a variety of commodities, including gold, in Australia, Southern Africa and South America. Mr Laing has experience in project funding and mine development through to production. Previously, as Managing Director and GM Corporate and Project Development for Exco Resources Ltd, Mr Laing was instrumental in the successful development and divestment of the Cloncurry Copper Project in North Queensland and the highly successful White Dam Gold Mine in South Australia.</p> <p>It is proposed that Mr Laing will be engaged by Anova on materially the same terms as Mr Laing is currently engaged by Exterra. Further details are set out in Section 10.5(b).</p>
Alasdair Cooke Non-Executive Director	<p>Mr Cooke is a qualified geologist and has been involved throughout his career in mineral exploration and corporate development, including eight years spent with BHP Minerals Business Development Group and over fifteen years managing public resource companies.</p> <p>Mr Cooke is a founding partner of the Mitchell River Group, which over the past fifteen years has established a number of successful mining projects and resources companies, developing greenfield mines in Australia, Africa and South America.</p>

John Davis Non-Executive Director	Mr Davis is a Geologist with more than 30 years experience in mineral exploration and development in Australia and Southern Africa, including gold, base metals and rare metals. He has extensive experience in the gold sector, from regional exploration, resource development to production, including as Exploration Manager/Chief Geologist for Metana Minerals NL. He was founding managing director of Jabiru Metals Ltd, where he played a key role in the discovery of the Jaguar base metal deposit, and a Technical Director of Monarch Gold Mining Co Ltd.
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6.5 Management of the Merged Group

Details of the proposed members of the senior management team of the Merged Group are set out below.

Bruce McLarty GM - Operations	<p>Mr McLarty holds degrees in Commerce and Economics from the University of Western Australia. He has 15 years experience in the mining industry.</p> <p>Mr McLarty was involved with the Hope Downs Iron Ore Project as the Commercial Manager, where he was responsible for financial and regulatory matters including economic evaluations, native title, aboriginal heritage, land tenure and permitting. His experience, prior to his involvement in the mining industry, includes stock broking, manufacturing and accounting.</p> <p>Mr McLarty was previously a director of Northwest Properties Limited (Northwest) from 22 April 2013 to 24 November 2015. Northwest and its subsidiaries, The Walkabout Hotel/Motel Pty Ltd, Karratha Caravan Park Pty Ltd and Harding River Caravan Park Pty Ltd, entered into voluntary administration on 25 November 2015.</p>
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Lauritz Barnes Study Manager – Mining & Resource	<p>Mr Barnes is a geologist with over 15 years experience, specialising in resource estimation, project evaluation and project development. He is a member of both the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG).</p> <p>His initial roles were with for BHP Minerals (now BHP Billiton) at the Cannington Ag-Pg-Zn Mine in Queensland and with the exploration group based in Perth, Western Australia. He set up his own consulting company in 1999 and began working with Mitchell River Group as a Geologist. Specialising in resource estimation and project evaluation, he has consulted over the years to numerous ASX, TSX and AIM listed companies including Panoramic Resources (formerly Sally Malay Mining Limited), Albion Limited, Mirabela Nickel, Wildhorse Energy and Valdera Resources. Recently, his primary consulting and advisory roles have been to ASX listed companies including African Energy Resources, Anova Metals, Exco Resources, Crusader Resources and Energy Ventures. Commodities covered in these various roles include gold, copper-gold, nickel, uranium, base metals, coal and rare earths.</p>
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John Hasleby VP – US Operations	Mr Hasleby is a geologist with over 29 years experience in the exploration and mining industries. He has an operational and managerial background in exploration, development and mining with Australian and international companies, in the successful search for oil & gas, uranium, platinoids, base metals and rare earths in Australia and overseas. He has a Bachelor of Applied Science degree and is a member of the Australasian Institute of Mining and Metallurgy.
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Rob Baker Manager – Projects	Mr Baker is a Mining Engineer with over 20 years' experience in the mining sector across a number of commodities, including gold, in Australia and South Africa. Mr Baker has experience in underground narrow vein and block caving applications, and has held positions of Underground Manager with both Newmont Mining Corporation and Evolution Mining. In addition, Mr Baker has held the appointment of Manager-Project Development with Consolidated Minerals, where he was responsible for the Project Management of a number of strategic and non-production infrastructure projects.
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Steven Jackson
Company
Secretary

Mr Jackson is a member of CPA Australia who graduated from the University of Western Australia in 2008 with a Bachelor of Economics having majored in International Business Economics and Money and Banking.

6.6 Pro forma historical financial information

(a) Historical financial profile of the Merged Group

The Merged Group pro forma historical financial information provided in this Scheme Booklet comprises a pro forma consolidated statement of financial position as at 31 May 2017 which is based upon:

- the Anova consolidated statement of financial position as at 31 May 2017; and
- the Exterra consolidated statement of financial position as at 31 May 2017, (collectively, the **Historical Financial Information**); and
- relevant pro forma adjustments required to present the Merged Group, (collectively, the **Pro Forma Financial Information**).

(b) Basis of preparation

The Pro Forma Financial Information is provided for illustrative purposes and is prepared on the assumption that the Merger had occurred on 31 May 2017. The Merged Group financial statements are based on Anova's and Exterra's internally prepared and unaudited financial statements as at 31 May 2017.

The Pro Forma Financial Information:

- has been prepared in accordance with the recognition and measurement principles of AASBs, together with pro forma adjustments to reflect the Merger;
- has been presented in an abbreviated form and does not include all disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act; and
- has been prepared on the basis of historical cost, except for available-for-sale financial assets which are measured at fair value.

(c) Pro Forma Financial Information

Australian Accounting Standards require the Merger to be accounted for as an in substance acquisition, with Anova deemed to be the acquirer.

Acquisition accounting will be applied in accordance with AASB 3: Business Combinations. The value of the consideration issued to Exterra will be measured based upon the value of Anova Shares at close of trading on the Implementation Date. For the purposes of the Pro Forma Financial Information, a value of \$0.125 per Anova Share has been assumed, being the closing price of Anova Shares on the Pre-Announcement Date. Consequently, the value of the purchase consideration for accounting purposes may differ from the amount assumed in the Pro Forma Financial Information.

The following pro forma adjustments to the Historical Financial Information have been made in order to present the Pro Forma Financial Information:

- the acquisition of Exterra by Anova through the issuance of one New Anova Share for every two Exterra Shares held at the Record Date as described in this Scheme Booklet, being approximately 172.6 million New Anova Shares in total, as well as

the issuance of replacement Anova Options in consideration for cancellation of the Exterra Options outstanding as described in Sections 2.14 and 10.7;

- the inclusion of transaction costs totalling \$0.45 million associated with the Merger, thus reducing the overall cash balance of the Merged Group;
- an additional \$13.99m of exploration and evaluation expenditure, being the value of Anova Shares and Anova Options issued to Exterra Shareholders and Exterra Optionholders less the net assets of Exterra acquired; and
- the elimination of Exterra's contributed equity of \$19.8 million, reserves of \$0.79 million and accumulated losses of \$1.3 million.

Pro forma Merged Group statement of financial position – 31 May 2017

	Anova	Exterra	Pro forma adjustments	Pro forma Merged Group
	\$	\$	\$	\$
Current Assets				
Cash and cash equivalents	7,888,149	1,882,075	(450,000)	9,320,224
Trade and other receivables	13,403	58,668	-	72,071
Other assets	27,684	-	-	27,684
Total Current Assets	7,929,236	1,940,743	(450,000)	9,419,979
Non-Current Assets				
Exploration and evaluation expenditure	10,947,902	1,475,000	13,990,052	26,412,954
Mine Development	-	6,577,813	-	6,577,813
Property, plant and equipment	42,081	235,726	-	277,807
Other financial assets	434,885	-	-	434,885
Total Non-Current Assets	11,424,867	8,288,539	13,990,052	33,703,458
Total Assets	19,354,103	10,229,282	13,540,052	43,123,437
Current Liabilities				
Trade and other payables	161,892	591,805	-	753,697
Total Current Liabilities	161,892	591,805	-	753,697
Non-Current Liabilities				
Provisions	-	319,329	-	319,329
Total Non-Current Liabilities	-	319,329	-	319,329
Total Liabilities	161,892	911,134	-	1,073,026
Net Assets	19,192,211	9,318,148	13,540,052	42,050,411
Equity				
Contributed equity	44,747,741	19,789,684	1,784,610	66,322,035
Reserves	2,099,555	791,114	942,792	3,833,461
Accumulated losses	(27,655,085)	(11,262,649)	10,812,649	(28,105,085)
Total Equity	19,192,211	9,318,148	13,540,052	42,050,411

6.7 Capital structure and ownership

(a) Share capital

Exterra Shareholders will receive one New Anova Share for every two Exterra Shares they hold on the Record Date. Based on Exterra's current issued share capital, if the Scheme is implemented, Anova will issue 172,594,353 New Anova Shares to Exterra Shareholders. As a result, the number of Anova Shares on issue will increase from 453,400,292 (being the number currently on issue) to approximately 625,994,645 on an undiluted basis, as illustrated below:

	Anova Shares to be issued	Cumulative total Anova Shares on issue
As at the date of this Scheme Booklet	Not applicable	453,400,292
To be issued as Scheme Consideration*	172,594,353	625,994,645

* Based on Exterra's current issued share capital of 345,188,706 Exterra Shares.

If the Scheme is implemented, the Merged Group will also have 2,250,000 Anova Performance Rights on issue and up to 33,916,238 Anova Options on issue.

(b) Shareholding structure

If the Scheme is implemented, Exterra Shareholders will collectively hold approximately 27.6% of the shares in the merged company, with Anova's shareholders collectively holding the remaining 72.4%.

Based on the existing shareholders of Exterra and Anova as at the Last Practicable Date, it is expected there will be no substantial shareholders of the Merged Group.

6.8 Forecast financial information for the Merged Group

Exterra and Anova have given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information for the Merged Group. The Exterra Directors and Anova Directors have concluded that, as at the date of this Scheme Booklet, it would be misleading to provide forecast financial information, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

The financial performance of the Merged Group in any period will be influenced by various factors that are outside the control of the directors and that cannot, at this time, be predicted with a high level of confidence. In particular, the financial performance of the Merged Group will be materially affected by:

- any unexpected issues or delays encountered in the development of Second Fortune Gold Mine or the Big Springs Project;
- fluctuations in the gold price;
- fluctuations in exchange rates;
- mine operational performance;
- grades of recovered ore;
- recovery rates; and
- labour stability.

Exterra and Anova do not have an established practice of issuing financial forecasts given the potential impact of the considerations shown above, and the status of development of current and future projects.

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7 Risk factors

There are a number of factors, both specific to the Merged Group and of a general nature, which may, either individually or in combination, affect the future operating and financial performance and/or financial position of the Merged Group, its prospects, and/or the value of the shares in the Merged Group. A significant number of these operating risks are, or will be, matters that will be relevant to Exterra whether or not the Scheme is approved. Many of the circumstances giving rise to these risks are beyond the control of the Merged Group, the directors, and the Merged Group's management.

This section describes certain specific areas that are believed to be the major risks associated with an investment in the Merged Group. Exterra and Anova shareholders should note that this section does not contain an exhaustive list of the risks associated with the Merged Group and the information set out here should be considered in conjunction with other information disclosed in this Scheme Booklet. Exterra Shareholders should have regard to their own investment objectives and financial circumstances, and should consider seeking professional guidance from their accountant, stockbroker, lawyer or other independent professional adviser before deciding whether to vote in favour of the Scheme.

7.1 Operating risks for the Merged Group

(a) Development

The information provided in this Scheme Booklet in relation to the current estimate of Mineral Resources and Ore Reserves is determined from geological data obtained from drill holes and other exploration techniques and studies conducted to date. Further exploration may result in changes to estimates of the size and confidence levels of Mineral Resources or Ore Reserves and the estimated costs of recovering gold from the projects, affecting the economics of the Merged Group's Second Fortune Gold Mine and Big Springs Project.

There is a risk that circumstances (including unforeseen circumstances) may cause a delay to project development, exploration milestones or other operating factors, resulting in the receipt of revenue at a later date than expected or not at all. Additionally, the development of the Second Fortune Gold Mine and the Big Springs Project may exceed the currently envisaged timeframe or cost for a variety of reasons outside of the control of the Merged Group.

Although the rewards can be substantial, there is no guarantee that future exploration on tenements for which the Merged Group has exploration permits or licences will lead to a commercial discovery, or if there is such a discovery, that the Merged Group will be able to develop it economically. Future developments are dependent on whether mining leases can be obtained to recover gold from current or future development and exploration projects. Factors affecting the ability to obtain those mining leases include native title in Western Australia, impacts on the environment and objections from people and entities with interests located close to the proposed mining leases.

Development of any future Mineral Resources will also be dependent on the exploration and appraisal programs gaining all necessary approvals by government authorities.

(b) Operations

The operations of the Merged Group may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, access arrangements, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, problems with the road network and ore haulage operations, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, and plant and

equipment and contracting risk from third parties providing services essential to the production.

Specifically, in relation to production:

- the Merged Group's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents; and
- assumptions in the mining models may prove to be wrong including because of changes in economic circumstances or fluctuations in the unitary parameters referred to above.

Accordingly, for these and other reasons, no assurances can be given that the Merged Group will achieve commercial viability through the development and/or mining of its projects. Until the Merged Group can realise value from its projects, it is likely to incur on-going operating losses.

(c) Production and capital costs

The Merged Group's business operations and financial condition may vary with fluctuations in production and capital costs. The Merged Group's main production expenses are expected to be contractor costs, materials (including fuel, explosives and mining consumables), personnel costs and energy. The Merged Group will be incurring expenditures in both US and Australian dollars.

Changes in the costs of the Merged Group's mining and processing operations as well as its capital costs could occur as a result of unforeseen events, including international and local economic and political events (including movement in exchange rates), and could result in changes in Ore Reserve estimates. Many of these factors may be beyond the Merged Group's control. In addition, some of the capital cost estimates are based on conceptual engineering design and there may be a material change to the estimates once final engineering has been completed. In past resource cycles, operating and capital costs have tended to increase as commodity prices have increased. Thus, the Merged Group may be faced with higher than currently expected operating and capital costs in the future.

(d) Financing risks

Existing funds will not be sufficient for expenditure that might be required for the development of the Second Fortune Gold Mine and the Big Springs Project.

The Merged Group will require additional funds in addition to current cash reserves to fund exploration and mine development activities, which it intends to partially source from operating revenue. The Merged Group will need to raise debt or equity funds in the future. There is no assurance that the Merged Group will be able to obtain additional debt or equity funding when required, or that the terms associated with that funding will be acceptable to the Merged Group and this may have a material adverse effect on the Merged Group.

In general, the Merged Group's funding requirements depend on numerous factors including the Merged Group's ability to generate income from its mine development project, future exploration and work programs, meeting its future obligations and the acquisition of new projects.

The Merged Group's ability to raise further capital, either equity or debt, within an acceptable time, of sufficient quantum and on terms acceptable to the Merged Group will vary according to a number of factors, including:

- prospectivity of projects (existing and/or future);
- the results of exploration, development and mining;

- stock market and industry conditions; and
- the price of relevant commodities and exchange rates.

Additional equity financing, if available, may be dilutive to shareholders and at lower prices than the current market price. Debt financing, if available, may involve restrictions on financing and operating activities. If the Merged Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its proposed operations or anticipated expansion.

(e) Geology and estimation of Mineral Resources and Ore Reserves

The quantity of gold (in terms of both ore tonnages and gold grade) that the Merged Group recovers may be less than the estimates included in this Scheme Booklet. Mineral Resource and Ore Reserve estimates (including those contained in this Scheme Booklet) are stated in accordance with the JORC Code 2012, or where indicated the JORC Code 2004, and are expressions of judgement based on knowledge, experience and industry practice. There are risks associated with such estimates. Mineral Resource and Ore Reserve estimates are necessarily imprecise and depend to some extent on interpretations and geological assumptions, gold prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable.

Consequently, Ore Reserve and Mineral Resource estimates are often regularly revised based on actual production experience or new information and could therefore be expected to change. Furthermore, should the Merged Group encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, Ore Reserve and Mineral Resource estimates may have to be adjusted and mining plans may have to be altered in a way that might adversely affect the Merged Group's operations. Moreover, a decline in the price of gold, stabilisation at a price lower than recent levels, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including environment, permitting, title or tax regulations, that are adverse to the Merged Group, may mean the quantity of gold that the Merged Group can feasibly extract may be significantly lower than the Ore Reserve and Mineral Resource estimates indicated in this Scheme Booklet. If it is determined that mining of certain of the Merged Group's Ore Reserves has become uneconomic, this may ultimately lead to a reduction in the Merged Group's aggregate Ore Reserves.

If the Merged Group's actual Mineral Resources and Ore Reserves are less than current estimates, the Merged Group's prospects, value, business, results of operations and financial condition may be materially adversely affected.

(f) Licences, permits and environment

Mining companies must obtain numerous permits issued by various governmental agencies and regulatory bodies that impose strict regulations on various environmental and safety matters in connection with gold mining. The permitting rules are complex and may change over time, making the Merged Group's ability to comply with the applicable requirements more difficult or even impossible, thereby precluding continuing or future mining operations. Private individuals and the public have certain rights to comment upon and otherwise engage in the permitting process, including through court intervention. Accordingly, the permits the Merged Group needs may not be issued, maintained or renewed, may not be issued or renewed in a timely fashion, or may involve requirements that restrict the Merged Group's ability to conduct its mining operations. Another factor affecting future developments is successfully obtaining the grant of mining leases to recover gold from current or future exploration projects. No assurance can be given that current or future development and exploration will lead to mining operations.

Environmental regulation of mining activities imposes significant obligations on mining companies in relation to pollution control during mining operations and rehabilitation on completion of them. Further, whilst the Merged Group has provided or will provide environmental bonds to the relevant regulatory bodies in respect of the anticipated cost of rehabilitation, actual rehabilitation costs may exceed the amount of the bonds provided and

the Merged Group may be required to expend more money than anticipated to complete rehabilitation of its projects.

Changes to environmental regulation or circumstances beyond the control of the Merged Group, such as drought or flood, may impact on the cost of meeting the Merged Group's environmental obligations. Environmental and safety legislation may change in a manner that may require standards in addition to those now in effect, and a heightened degree of responsibility for companies and their directors and employees. There may also be unforeseen environmental liabilities resulting from gold production related activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential abandonment costs and obligations for which the Merged Group may become liable as a result of its activities may be impossible to assess against the current legal framework.

(g) Shortage of skilled labour and industrial action

A shortage of skilled labour in the mining industry in Australia or the USA could result in the Merged Group having insufficient employees or contractors to operate its business, which could adversely affect the Merged Group's business, results of operations and financial condition. Similarly, industrial action by the Merged Group's (future) employees or mining contractors' employees could disrupt operations (e.g. employees covered by industrial agreements may take protected industrial action (e.g. strike) once these agreements pass their nominal expiry date).

The Merged Group will depend on a large number of contracted personnel, including those supplied by the Mitchell River Group. There is a risk that contracted personnel fail to perform their contractual obligations and that the Merged Group is unable to find suitable replacement contractors. While the situation is normal for the mining and exploration industry, problems caused by third parties may arise which have the potential to impact on the performance of the Merged Group.

(h) Dependence on key personnel supplied by the Mitchell River Group

The loss of key personnel and the failure to recruit sufficiently qualified staff could affect the Merged Group's future performance. Both Exterra and Anova have entered into contracts with the Mitchell River Group for the supply of key personnel whose expertise and experience in the mining industry are important to the continued development and operation of its mining interests.

Due to the personnel of the Mitchell River Group having intimate knowledge of the Merged Group's mineral assets, their industry specific experience and the important role they have taken in developing the Merged Group's mining, business and financial plans, the Merged Group could be adversely affected if any of them ceased to actively participate in the management of the Merged Group, left the Merged Group entirely or ceased employment with the Mitchell River Group. There may be a limited number of persons with the requisite experience and skills to serve in the Merged Group's senior management positions if existing management leave the Merged Group or the Mitchell River Group.

If the Merged Group cannot attract, train and retain qualified managers, the Merged Group may be unable to successfully manage its growth or otherwise compete effectively in the Australian gold industry.

(i) Reliance on third parties

In addition to the 'Dependence on key personnel risk' in Section 7.1(h) above, through the Merged Group's use of contractors and other third parties for exploration, mining and other activities, it is reliant on others for the success of its current operations, development projects and exploration assets. While the situation is normal for the mining and exploration industry, problems caused by third parties may arise which have the potential to impact on the performance of the Merged Group.

(j) Potential for director conflict

Insofar as certain directors of the Merged Group hold similar positions with other mineral resource companies, conflicts may arise between the obligations of these directors to the Merged Group and to such other mineral resource companies.

The proposed directors and officers of the Merged Group are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Merged Group. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Merged Group. Directors and officers of the Merged Group with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

(k) Hazardous materials

The Merged Group's operations may substantially impact the environment or cause exposure to hazardous materials. The Merged Group will use hazardous materials and will generate hazardous waste.

The Merged Group may be subject to common law claims, natural resource damages and other damages as well as the investigation and clean-up of soil, surface water, groundwater, and other media. Such claims may arise, for example, out of current or former activities at sites that the Merged Group owns or will operate. Mining operations can also impact flows and water quality in surface water bodies and remedial measures may be required, such as lining of stream beds, to prevent or minimise such impacts.

These and other impacts that the Merged Group's operations may have on the environment, as well as exposures to hazardous substances or wastes associated with the Merged Group's operations and environmental conditions at the Merged Group's properties, could result in costs and liabilities that would have a material adverse impact on the financial position and operating results of the Merged Group.

(l) Title

The Merged Group's properties and mineral claims may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Accordingly, other parties could possibly dispute the Merged Group's title to its mining rights and other interests, which if successful may have a material adverse impact on the financial position and operating results of the Merged Group.

Mining tenements in Western Australia are subject to periodic renewal. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Merged Group's projects located in Western Australia. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Each licence or lease in Western Australia carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Merged Group could lose title to or its interest in its Western Australian tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

The Big Springs Project consists of a number of mining claims in Nevada, USA. The mining claims are subject to Nevada legislative conditions that must be satisfied to maintain their good standing. If good title to a mining claim is lost, the Merged Group may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that mining claim.

(m) Potential costs of reclamation are uncertain

The Merged Group's operations are subject to reclamation plans that oblige the Merged Group to reclaim properties after a site has been mined. These obligations may represent significant future costs for the Merged Group and will be evaluated by the Merged Group Board on a regular basis.

The costs of reclamation set out in mine plans are estimates only and may not specify the actual costs of required to complete reclamation activity. If these costs are significantly higher than estimates, it could have a material adverse effect on the Merged Group's results.

(n) Third party land access

The Merged Group's properties and mineral claims are affected by competing overlapping land interests and the Merged Group will need to enter into land access arrangements with such overlapping landholders in order to conduct its operations. Any refusal to grant such access, or delay in obtaining such access, may adversely affect the planned operations of the Merged Group.

(o) Toll milling risks

The Second Fortune Gold Mine and the Big Springs Project contemplate processing of mined ore through third party toll milling arrangements. Exterra has received a proposal for toll treatment but has not yet entered into an agreement to process ore from the Second Fortune Gold Mine. While Anova has identified parties who may be able to toll mill mined ore from the Big Springs Project it does not presently have an agreement to do so. The success of operations of the Merged Group (in the event of commencement of mining at the Second Fortune Gold Mine and the Big Springs Project) will be reliant in part on entering into toll treatment agreements on terms favourable to the Merged Group and upon maintaining effective relationships with the parties providing the toll treatment services.

(p) Taxation risks

The Merged Group may be exposed to greater than expected tax liabilities. The Merged Group will be subject to taxes in Australia and the USA and may be subject to review by USA and foreign tax authorities. There can be no assurance that taxation authorities will not seek to challenge the Merged Group's tax structure in the future.

7.2 Market and investment risks

(a) Gold prices and demand

The Merged Group's profits are expected to be derived from the production and sale of gold. In developing its mine plans, the Merged Group has made certain assumptions regarding gold prices and demand for gold. The price which the Merged Group will receive for its gold depends on numerous factors and accordingly, some or all of the Merged Group's underlying assumptions may materially change and actual gold prices and demand may differ materially to those expected by the Merged Group. Many of these factors are out of the control of the Merged Group and may have a material adverse impact on gold prices and demand. There may be limited scope for the Merged Group to limit gold price risk in its gold sales contracts.

A substantial and prolonged fall in the gold price realised by the Merged Group could result in a material deterioration in the financial performance and position of the Merged Group and may have a significant adverse effect on the price of shares in the Merged Group.

(b) Exchange rate fluctuations

Fluctuations in foreign currency exchange rates could significantly affect the Merged Group's business, financial condition, results of operations and liquidity.

The price of gold is set in international markets and is generally denominated in US dollars. The Merged Group's operating costs will be denominated in a mix of currencies, predominantly US and Australian dollars.

If the Australian dollar strengthens in value relative to the value of the US dollar, then, all other factors being equal, the Merged Group's financial results will be adversely affected due to the resultant lower Australian dollar receipts.

The Merged Group Board will consider whether to manage exchange rate and gold price fluctuation risk through hedging arrangements. Additionally, the Merged Group may be required under the terms of any financing to enter into hedging arrangements in respect of gold price and exchange rate fluctuations.

However, there can be no assurance that the Merged Group will hedge its gold price and exchange rate exposure, that it will be able to hedge such exposure on acceptable terms in the future or that any gold price or exchange rate hedging conducted by the Merged Group will be effective or will not result in an adverse financial impact arising from an inability to benefit from a favourable movement in gold prices or exchange rates.

(c) Stock market fluctuations and economic conditions

The New Anova Shares issued under this Scheme carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on ASX. The value of the New Anova Shares will be determined by the stock market and will be subject to a range of factors beyond the control of Exterra and the Exterra Directors.

Such factors include, but are not limited to, the demand for and availability of Anova Shares, movements in domestic interest rates, exchange rates, fluctuations in the Australian and international stock markets and general domestic and economic activity. Returns from an investment in the New Anova Shares may also depend on general stock market conditions as well as the performance of the Merged Group.

Changes in economic and business conditions or government policies in Australia, the USA or internationally may affect the fundamentals which underpin the projected growth of the Merged Group's target markets or its cost structure and profitability. Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending and employment rates, among others, are out of the control of the Merged Group, the directors, and the Merged Group's management and may result in material adverse impacts on the business or its operating results.

(d) Repatriation of earnings

Changes in legislation regarding repatriation of earnings may adversely affect the Merged Group's operations. The Merged Group will conduct a part of its operations through a foreign subsidiary and holds its non-Australian assets in that subsidiary. Accordingly, any limitation on the transfer of cash or other assets between the Merged Group and its subsidiaries could restrict the Merged Group's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Merged Group's valuation and stock price. Moreover, there is no assurance that USA or any other foreign country in which the Company may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

(e) Wars, terrorism, political and environmental events

Events may occur within or outside Australia and/or the USA that could impact upon the world economy, the market for gold, the operations of the Merged Group, and the price of Anova Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods, fires and poor weather affecting roadways, mining and transport. The Merged Group has only a limited ability to insure against some of these risks.

7.3 Legal risks

(a) Potential losses and insurance

The Merged Group's insurance will not cover all potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable.

The Merged Group's business will be subject to a number of risks and hazards generally, including adverse environmental conditions and pollution, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the political or regulatory environment and natural phenomena such as inclement weather conditions, floods, earthquakes and dust storms. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Merged Group's properties or others, delays in mining, monetary losses and possible legal liability.

Although the Merged Group will maintain insurance to protect against certain risks in such amounts as the Merged Group considers to be reasonable, the insurance may not cover all the potential risks associated with the Merged Group's operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Merged Group may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to us or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Merged Group to incur significant costs that could have a material adverse effect upon the Merged Group's financial performance and results of operations or otherwise affect the Merged Group's insurability and reputation in the market.

If the Merged Group incurs losses not covered or not fully covered by its insurance policies, such losses may adversely affect the Merged Group's business, operating results and financial condition.

(b) Native title

It is possible that, in relation to tenements in which the Merged Group has an interest or may acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Merged Group to obtain the consent of any relevant land owner, or to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected. It is possible that there will exist on the Merged Group's Australian mining assets, areas containing sacred sites or sites of significance to Aboriginal people subject to the provisions of Australian cultural heritage legislation. As a result land within the tenements may be subject to exploration, mining or other restrictions as a result of claims of Aboriginal heritage sites or native title.

(c) Litigation

Like any business, the Merged Group is exposed to risks that litigation could have a material adverse effect on the Merged Group. As at the date of this Scheme Booklet, neither Exterra nor Anova are aware of any current litigation matters that are considered material to the Merged Group's business.

7.4 Scheme and Merger implementation specific risks

The following risks have been identified as being key risks specific to an investment in the Merged Group. These risks have the potential to have a significant adverse impact on the Merged Group and may affect the Merged Group's financial position, prospects and price of its listed securities.

(a) Integration risk

The long term success of the Merged Group will depend, amongst other things, on the success of management in integrating the respective businesses and the strength of management of the Merged Group. There is no guarantee that the businesses of the Merged Group will be able to be integrated successfully within a reasonable period of time. There are risks that any integration of the businesses of Exterra and Anova may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel.

Any failure by the Merged Group to ensure implementation costs remain below those anticipated may have a material adverse effect on the financial performance and position, and prospects, of the Merged Group.

(b) Change in risk profile and risks of investment in the Merged Group

If the Merger is implemented, there will be a change in the risk profile to which Exterra Shareholders are exposed. Exterra Shareholders are currently exposed to various risks as a result of their investment in Exterra. If the Scheme is approved, Exterra will merge its businesses with those of Anova and Exterra Shareholders will receive New Anova Shares. As a consequence, Exterra Shareholders will be exposed to risk factors relating to Anova, and to certain additional risks relating to the Merged Group and the integration of the two companies. In many cases, those risks are different from or additional to those currently faced by Exterra Shareholders. The change in risk profile may be seen to be a disadvantage by some Exterra Shareholders.

(c) Satisfaction or waiver of Conditions Precedent

Completion of the Scheme is subject to a number of Conditions Precedent. There can be no certainty, nor can Exterra provide any assurance, that these conditions will be satisfied or waived (where applicable), or if satisfied or waived (where applicable), when that will occur. In addition, there are a number of Conditions Precedent to the Scheme which are outside the control of Exterra, including, but not limited to, approval of the Scheme by the requisite majority of Exterra Shareholders and required regulatory and third party approvals and consents (see Sections 2.6 and 9.2).

If for any reason the conditions to the Scheme are not satisfied or waived (where applicable) and the Scheme is not completed, the market price of Exterra Shares may be adversely affected.

(d) Termination rights

Exterra and Anova each have the right to terminate the Merger Implementation Agreement in the circumstances described in Section 9.6 of this Scheme Booklet. As such, there is no certainty that the Merger Implementation Agreement will not be terminated before the Scheme is implemented.

If the Merger Implementation Agreement is terminated, Exterra can provide no assurances that another party would be willing to offer the same or greater price for Exterra Shares than that which is offered under the Merger Implementation Agreement and the Scheme.

(e) Issue of New Anova Shares

If the Scheme is implemented, a significant number of New Anova Shares will be available for trading in the public market. The increase in the number of Anova Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market price of Anova Shares.

(f) The exact value of the Scheme Consideration is not certain

Under the terms of the Merger, Exterra Shareholders will receive one New Anova Share for every two Exterra Shares they hold at the Record Date. The exact value of this Scheme Consideration that would be realised by individual Exterra Shareholders will be dependent on the price at which the New Anova Shares trade on ASX after the Implementation Date.

In addition, the Sale Agent (and/or a nominee of the Sale Agent) will be issued New Anova Shares attributable to certain Ineligible Foreign Shareholders and Small Shareholders and will sell them on market as soon as reasonably practicable after the Implementation Date. It is possible that such sales may exert downward pressure on the Merged Group's share price during the applicable period.

In any event, there is no guarantee regarding the prices that will be realised by the Sale Agent or the future market price of the New Anova Shares. Future market prices may be either above or below current or historical market prices.

(g) Risks of trading during deferred settlement trading period

Scheme Shareholders will not necessarily know the exact number of New Anova Shares (due to rounding) that they will receive (if any) as Scheme Consideration until a number of days after those shares can be traded on the ASX on a deferred settlement basis. Exterra Shareholders who trade New Anova Shares on a deferred settlement basis, without knowing the number of New Anova Shares they will receive as Scheme Consideration may risk adverse financial consequences if they purport to sell more New Anova Shares than they receive.

(h) Transaction and other costs

Transaction and other costs incurred (or which are expected to be incurred) by Exterra in relation to the successful implementation of the Merger are currently estimated at approximately \$450,000, comprising adviser, legal, accounting, expert fees and various other costs. This amount does not include transaction costs that may be incurred in relation to the Merger by Anova.

(i) Contract risk

The Scheme may be deemed under contracts to which Exterra or Anova or their subsidiaries are a party, to result in a change of share ownership event in respect of Exterra or Anova that allows the counterparty to review or terminate the contract as a result of the change, or the issue of shares by Anova, upon implementation of the Scheme. If the counterparty to any such contract were to validly seek to renegotiate or terminate the contract on that basis, this may have a material adverse effect on the financial performance of the Merged Group, depending on the relevant contracts.

(j) Joint venture risks

If Exterra acquires a 75% interest in the Bar Twenty Project, that project will be conducted under a joint venture with Bar Twenty Pty Ltd. Such joint venture arrangements may result in the approval of all parties to the joint venture being required for certain operational and governance decisions. This may mean that a party may have veto rights, or similar rights, which could negatively affect the Merged Group's operations or financial position in the future.

(k) Accounting risk

In accounting for the Merger, the Merged Group will need to perform a fair value assessment of all Exterra's assets, liabilities and contingent liabilities, which will include the identification and valuation of mineral rights and intangible assets.

To the extent intangible assets are recognised in respect of accounting for the acquisition of Exterra by Anova, they will be subject to annual impairment testing. If the recoverable amount of intangible assets is impaired, this will result in a charge against future earnings.

The Merged Group will be subject to the usual business risk that there may be changes in accounting policies which have an adverse impact on the Merged Group.

(l) A Superior Proposal for Exterra may yet emerge

It is possible that a Superior Proposal for Exterra, which is more attractive for Exterra Shareholders than the Merger, may materialise in the future. The implementation of the Merger would mean that Exterra Shareholders would not obtain the benefit of any such proposal.

The Exterra Board is not currently aware of any such proposal and notes that since Exterra and Anova announced the Merger, there has been a significant period of time and ample opportunity for an alternative proposal for Exterra which provides a different outcome for Exterra Shareholders to emerge.

Since the Announcement Date, no alternative proposal has emerged and the Exterra Directors have decided that the Merger is the best option available at the date of this Scheme Booklet. In addition, shareholders in the Merged Group will still have an opportunity to realise a full premium in the event of any future change of control transaction for the Merged Group.

(m) Risks to Exterra Shareholders if the Merger does not proceed

Exterra Shareholders will also face risks if the Merger is not implemented. If the Merger does not proceed, and no Superior Proposal for Exterra is received, the Exterra Directors will consider a number of alternative strategies for the operation and ownership of Exterra's assets, as well as other growth initiatives. These alternatives would take time to implement.

More importantly, if the Merger does not proceed, Exterra would be required to raise additional working capital in the short term, in addition to the capital required to fund the development of the Second Fortune Gold Mine. Exterra would also need to repay any amounts loaned by Anova for the purpose of developing the Second Fortune Gold Mine. There is no guarantee that Exterra will be able to raise the full amount of any additional capital required on terms acceptable to Exterra. The implications of Exterra being unable to raise additional capital may be significant.

If the Merger is not implemented, Exterra will continue to operate its current businesses as a stand-alone entity. Each Exterra Shareholder will retain their Exterra Shares and will not receive any New Anova Shares. Exterra will still incur a relative proportion of the transaction and other costs of the Merger. In those circumstances, it is likely that Exterra management would seek to continue to develop the Second Fortune Gold Mine and continue to maximize value for Exterra Shareholders.

Exterra Shares may trade below their current market price (or the value attributed by the Independent Expert) if the Merger is not implemented. This may occur if, for example, investors consider that Exterra's growth prospects are lower in the absence of the Merger.

(n) Tax consequences for Scheme Shareholders

If the Merger proceeds, there may be tax consequences for Exterra Shareholders which may include tax payable on any gain on the disposal of Scheme Shares. However, Exterra Shareholders should seek their own professional advice regarding the individual tax consequences applicable to them. See Section 8 for a summary of potential taxation implications.

(o) Rights, obligations and break fee under Merger Implementation Agreement

Under the Merger Implementation Agreement entered into between Exterra and Anova, a liquidated amount (or break fee) of \$250,000 may become payable by one party to the other in certain circumstances (see Section 9.5(a) for further details). The Merger Implementation Agreement also sets out various other rights and obligations of Exterra and Anova in relation to the Merger.

(p) Other risks

Additional risks and uncertainties not currently known to Exterra or Anova may also have a material adverse effect on Exterra or Anova's business and that of the Merged Group and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Exterra, Anova or the Merged Group.

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8 Taxation implications

8.1 About this section

This section provides a general summary of the Australian tax consequences of the Scheme for certain Exterra Shareholders.

The summary is based upon Australian taxation law and administrative practice in effect as at the date of this Scheme Booklet. It does not anticipate changes in the taxation law after this time, or take into account the taxation law of countries other than Australia. Exterra Shareholders that are residents in a country other than Australia for tax purposes or are otherwise subject to tax in a country other than Australia (whether or not they are also residents of Australia for tax purposes) should consider the tax consequences of the Scheme under the laws of that country as well as under Australian law.

This summary is not intended as an authoritative or comprehensive analysis of the taxation laws of Australia and does not consider any specific facts or circumstances that may apply to a particular Exterra Shareholder and does not purport to be a complete analysis of all the potential Australian tax consequences of the Scheme.

Exterra Shareholders are urged to consult their own tax advisers regarding the Australian tax consequences for them of the Scheme in light of their personal circumstances.

The Australian tax consequences of the transfer of Scheme Shares to Anova will depend on a number of factors. The discussion in this section only addresses the Australian tax consequences for those Exterra Shareholders that:

- are residents of Australia for Australian income tax purposes;
- hold their Exterra Shares on capital account (or are taken, under Australian tax law, to hold their Exterra Shares on capital account), and not as revenue assets or trading stock for Australian tax purposes;
- acquired their Exterra Shares post capital gains tax;
- are not subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Exterra Shares;
- are not Ineligible Foreign Shareholders;
- are not employees of any Exterra Group entity for Australian tax purposes;
- are not “life insurance companies”;
- are not “temporary residents” for Australian tax purposes; and
- are not “significant stakeholders” or “common stakeholders”.

However, the comments in this section may nonetheless be relevant to Exterra Shareholders who do not meet the above conditions.

8.2 Australian Income Tax

(a) Disposal of Scheme Shares held on capital account

A capital gain or capital loss will arise for Scheme Shareholders, on the transfer of their Scheme Shares to Anova on the Scheme Implementation Date, depending on the difference between:

- the value of the capital proceeds received for the transfer (being the total market value of the New Anova Shares issued to each Scheme Shareholder; and

- the cost base or reduced cost base of the Scheme Shareholder's Scheme Shares (which would generally include the amount paid to acquire the Scheme Shares and the market value of any property given to acquire the Scheme Shares, plus any incidental costs of acquisition, e.g. brokerage fees and stamp duty).
- A Scheme Shareholder will make a capital gain if the capital proceeds from the transfer of their Scheme Shares to Anova exceed the cost base of those shares, or a capital loss if the value of the capital proceeds is less than the reduced cost base of their Scheme Shares. Where the capital proceeds are less than the cost base of those shares but more than the reduced cost base of those shares, no capital gain or loss will arise.
- In calculating the capital proceeds for the transfer of Scheme Shares, the market value of the New Anova Shares provided as consideration for the transfer should be the market value of the Anova Shares worked out as at the time that the Scheme is implemented and New Anova Shares are issued to Scheme Shareholders (i.e. the Implementation Date).

(b) Scrip for scrip roll-over relief

Capital gain disregarded

Scrip for scrip roll-over relief enables a shareholder to choose to disregard any capital gain they would have made from exchanging shares in one company for shares in another company (for example, as part of a takeover or merger). Scrip for scrip roll-over relief is not available where a shareholder makes a capital loss.

Whether scrip for scrip roll-over relief is available in a particular case will depend on whether the relevant arrangement satisfies certain requirements and also whether the particular shareholder satisfies certain requirements.

A Scheme Shareholder may, to the extent to which it receives New Anova Shares in consideration for the transfer of its Scheme Shares to Anova, be entitled to scrip for scrip roll-over relief if the following relevant conditions are satisfied:

- the Scheme Shares are exchanged for replacement shares in Anova pursuant to the Scheme and, having regard to the other transactions contemplated in the Merger Implementation Agreement, that exchange is considered to be in consequence of a "single arrangement";
- the arrangement under which the Scheme Shares are exchanged for replacement shares in Anova is, or is part of, a compromise or arrangement entered into by Exterra under Part 5.1 of the Corporations Act, approved by order of a court made for the purposes of paragraph 411(4)(b) of the Corporations Act;
- Anova and members of Anova's wholly owned group obtain a holding of at least 80% of the voting shares in Exterra as a result of the Scheme Anova is the ultimate holding company of Anova's wholly owned group;
- the Scheme Shareholder would otherwise make a capital gain on the transfer of its Scheme Shares to Anova;
- the Scheme Shareholder is not eligible for roll-over under Division 122 or Subdivision 124-G of the *Income Tax Assessment Act 1997* (Cth);
- Anova does not breach the regulations regarding the issue of new debt and equity;
- Anova or Exterra have not advised the Scheme Shareholder in writing before the Implementation Date of Anova making a choice to prevent the Scheme Shareholder from obtaining the roll-over; and
- the Scheme Shareholder chooses to obtain the roll-over.

If the Scheme is approved by the Court and implemented, the first three conditions referred to above should be satisfied so that Scheme Shareholders who satisfy the other relevant conditions should be eligible to choose roll-over.

Scheme Shareholders should obtain independent advice on whether choosing scrip for scrip roll-over is appropriate in their circumstances. By choosing roll-over any capital gain is effectively deferred until a disposal of the New Anova Shares received in exchange. This is done by transferring the Scheme Shareholder's cost base in their parcel of Scheme Shares to the corresponding parcel of New Anova Shares received in exchange (see below).

A Scheme Shareholder does not need to document its choice to claim scrip for scrip roll-over relief for Australian income tax purposes, other than to complete its income tax return in a manner that is consistent with that choice.

New Anova Shares received

The cost base and reduced cost base of the New Anova Shares received by Scheme Shareholders as consideration for the transfer of Scheme Shares to Anova is worked out by attributing, on a reasonable basis, the cost base and reduced cost base of the original Scheme Shares that were exchanged for New Anova Shares under the Scheme.

The acquisition date of the New Anova Shares received in exchange for the Scheme Shares is the date that the shares were issued pursuant to the Scheme Shareholders, being the Implementation Date. However, for the purposes of determining whether a capital gain made from any later disposal of New Anova Shares is eligible to be treated as a discount capital gain, Scheme Shareholders who choose scrip for scrip roll-over are taken to have acquired their New Anova Shares when they acquired the corresponding Scheme Shares.

(c) No scrip for scrip roll-over relief

Where scrip for scrip roll-over does not apply (e.g. where a Scheme Shareholder does not choose to obtain roll-over or where a Scheme Shareholder makes a capital loss), the following treatment should apply.

Capital gain

Capital gains discount

If a Scheme Shareholder is an individual or trustee (including of a complying superannuation fund) and has held its Scheme Shares for at least 12 months, the discount capital gain provisions may apply. This means that:

- if the holder is an individual or trustee, any capital gain made in relation to its Scheme Shares is reduced by 50%; or
- if the holder is a trustee of a complying superannuation entity, any capital gain made in relation to its Scheme Shares is reduced by 33.3%.

The discount capital gain provisions do not apply to shareholders and trust beneficiaries that are companies.

Calculation of net capital gain or net capital loss

A capital gain is aggregated with other capital gains made by the Scheme Shareholder during the same tax year and then reduced by capital losses made during the tax year and then by any unutilised net capital losses carried forward from previous tax years. Any remaining capital gain that is a discount capital gain will then be reduced by either 50% or 33.3% (as applicable).

If the Scheme Shareholder has a net capital gain for the tax year in which the Scheme Implementation Date occurs, the Scheme Shareholder includes the net capital gain in their assessable income which is subject to tax at the Scheme Shareholder's relevant tax rate.

If the Scheme Shareholder has a net capital loss, this may be carried forward to offset capital gains made in future tax years, but cannot be used to offset other types of income. Scheme Shareholders that are companies are subject to special rules in relation to carrying forward net capital losses.

Capital loss

If a Scheme Shareholder makes a capital loss, this is taken into account in working out whether the Scheme Shareholder has a net capital gain or net capital loss for the tax year in which the Scheme Implementation Date occurs (as described above). A capital loss cannot be used to offset income other than capital gains.

New Anova Shares received

The cost base and reduced cost base of the New Anova Shares received by a Scheme Shareholder should include the market value of the Scheme Shares for which it receives New Anova Shares pursuant to the Scheme.

The Scheme Shareholder will be treated as acquiring the replacement New Anova Shares at the time the replacement New Anova Shares are issued to it on the Scheme Implementation Date.

(d) Holding and disposal of New Anova Shares

The Australian tax consequences of holding New Anova Shares will be similar to those that applied when holding Scheme Shares. In particular, any dividends paid by Anova should be included in assessable income (together with any franking credits which would entitle the Scheme Shareholder to a tax offset).

On the disposal of the New Anova Shares it will be necessary to calculate a capital gain or capital loss having regard to the capital proceeds received and the cost base or reduced cost base of the New Anova Shares (the cost base and reduced cost base will be calculated differently depending on whether or not roll-over was chosen).

If a capital gain is made from the disposal of New Anova Shares, the Scheme Shareholder may be entitled to discount the capital gain. In determining when the New Anova Shares were acquired for capital gains discount purposes, it will be necessary to have regard to whether roll-over applied to the acquisition of the New Anova Shares.

(e) Tax implications for Electing Small Shareholders

Small Shareholders who validly elect to receive cash proceeds instead of New Anova Shares as their Scheme Consideration:

- will be eligible to choose rollover with respect to the issue of New Anova Shares, however, such shareholders will be subject to CGT upon the subsequent sale of those shares for cash proceeds by the Sale Agent;
- who do not choose rollover will be subject to CGT upon both the issue of New Anova Shares and the subsequent sale of those shares by the Sale Agent, the difference being the general CGT discount is not likely to be available in relation to the subsequent sale of the New Anova Shares by the Sale Agent.

8.3 GST

The transfer of Scheme Shares to Anova under the Scheme should not give rise to any GST liability. In addition, Scheme Shareholders who are registered or required to be registered for GST should not have any GST obligations in relation to the Scheme. However, for those Scheme Shareholders who are registered for GST, there may be consequences in relation to claiming input tax credits on any GST included on costs (such as legal and adviser costs) associated with the Scheme.

8.4 Tax file number or ABN

An Australian resident Scheme Shareholder may choose to provide details of their tax file number (or, if the Scheme Shareholder will hold the New Anova Shares as part of an enterprise carried on, their Australian Business Number) to Anova. If a tax file number or ABN is not provided, Anova will be required to deduct withholding tax at the top marginal rate for individuals plus Medicare levy (currently 46.5%) from the unfranked component of any dividends paid to the Scheme Shareholder by Anova. If such tax is withheld, it can be claimed as a credit in the Scheme Shareholder's tax return.

8.5 Stamp Duty

No Australian stamp duty will be payable by Scheme Shareholders on the transfer of their Scheme Shares to Anova or the issue of New Anova Shares. Any applicable stamp duty will be payable by Anova.

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9 Implementation of the Scheme

9.1 Merger Implementation Agreement

On 8 June 2017, Exterra and Anova announced that they had entered into the Merger Implementation Agreement in relation to the Scheme under which Exterra agreed to propose the Scheme. The Merger Implementation Agreement sets out Exterra's and Anova's obligations in connection with the implementation of the Scheme. A summary of the key elements of the Merger Implementation Agreement is set out in Sections 9.2 to 9.15 below and a full copy is available on Exterra's website www.terraresources.com.au.

9.2 Conditions Precedent

Implementation of the Scheme is subject to the following Conditions Precedent:

- **(Exterra Board recommendation)** The Exterra Directors must not change or withdraw their recommendation to the Exterra Shareholders in favour of the Share Scheme between the date of the Merger Implementation Agreement and the date the Scheme is approved by Exterra Shareholders.
- **(Court orders Scheme Meeting)** The Court orders the convening of the Scheme Meeting.
- **(Independent Expert's Report)** The Independent Expert Report concludes that the Scheme is in the best interests of Exterra Shareholders and the Independent Expert does not change that conclusion or withdraw its report prior to 8.00am on the Second Court Date.
- **(Exterra Shareholder approval)** Exterra Shareholders approve the Scheme by the required majorities.
- **(Court approval of Scheme)** The Court approves the Scheme under section 411(4)(b) of the Corporations Act and an office copy of the Court orders approving the Scheme is lodged with ASIC under section 411(10) of the Corporations Act.
- **(orders and injunctions)** No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition being in effect at 8.00am (Perth time) on the Second Court Date which prevents the implementation of the Scheme.
- **(no material adverse change)** No Exterra Material Adverse Change or Anova Material Adverse Change occurs between the date of the Merger Implementation Agreement and 8.00am on the Second Court Date.
- **(Exterra representations and warranties)** The representations and warranties given by Exterra under the Merger Implementation Agreement are true and correct.
- **(no Exterra Prescribed Event)** No Exterra Prescribed Event occurs between the date of the Merger Implementation Agreement and 8.00am on the Second Court Date.
- **(Anova representations and warranties)** The representations and warranties given by Anova under the Merger Implementation Agreement are true and correct.
- **(no Anova Prescribed Event)** No Anova Prescribed Event occurs between the date of the Merger Implementation Agreement and 8.00am on the Second Court Date.
- **(Third Party Consents)** All Third Party Consents are granted or obtained in respect of implementation of the Scheme and those consents, agreements, waivers, licenses or approvals cannot be withdrawn, cancelled or revoked.

- **(ASX quotation)** The New Anova Shares to be issued as the Scheme Consideration are approved for official quotation by ASX (conditional only on the issue of those shares and on Anova providing ASX with a completed Appendix 3B as required by the Listing Rules) prior to 5.00pm on the day before the Second Court Date.
- **(no prohibitive action)** No Government Agency, judicial entity or authority may take any action or make any decrees or orders which restrains or prohibits the Implementation of the Share Scheme or any transaction contemplated by the Merger Implementation Agreement.
- **(Exterra Options)** Before 8.00am on the Second Court Date, binding agreements have been entered into in relation to a sufficient number of Exterra Options to permit Anova to compulsorily acquire any remaining Exterra Options in accordance with Part 6A.2, Division 1 of the Corporations Act.
- **(Anova cash balance)** Anova's aggregate cash assets and receivables, less any trade creditors, is above \$5,500,000 as at 8.00am on the Second Court Date.

9.3 No-talk and no-shop obligations

Exterra and Anova have agreed to enter into exclusivity arrangements which apply from the date of the Merger Implementation Agreement until the earlier of the termination of the Merger Implementation Agreement, the Effective Date and the Sunset Date (**Exclusivity Period**).

During the Exclusivity Period, Exterra must not, and must use its reasonable endeavours to ensure that none of its directors, officers or employees or (to the extent Exterra is able to influence them) its associates, agents or advisers does not:

- directly or indirectly solicit, invite, facilitate, encourage or initiate any enquiries, negotiation or discussions, or communicate any intention to do any of these things, with a view to obtaining any expression of interest, offer or proposal from any other person in relation to an Alternative Proposal;
- negotiate or enter into, continue or participate in negotiations or discussions regarding an Alternative Proposal even if:
 - the Alternative Proposal was not directly or indirectly solicited, initiated or encouraged by Exterra; or
 - the other person has publically announced its Alternative Proposal.

However, the above restrictions do not apply to the extent that they restrict Exterra from taking or refusing to take any action in regards to a bona fide proposal in relation to an Alternative Proposal (that was not encouraged, solicited or invited, facilitated or initiated by Exterra) provided that the Exterra Board has determined, after receiving written legal advice from its external legal advisers, that failing to respond would in Exterra's reasonable opinion, acting in good faith, likely constitute a breach of the Exterra Directors' fiduciary or statutory duties or could reasonably lead to a contravention of law.

Exterra has also agreed that during the Exclusivity Period it will notify Anova in writing of:

- any approach, inquiry or proposal or attempt made to initiate negotiations or discussions with Exterra or any of its representatives regarding a bona fide Alternative Proposal; and
- any request for information relating to Exterra or its business or operations, or any request for access to Exterra's books or records which Exterra has reasonable grounds to suspect is likely to relate to an Alternative Proposal,

unless to do so would, or would be reasonably likely to, constitute, in the reasonable opinion of the Exterra Board (after having received written legal advice from its external advisers), a breach of the Exterra Directors' legal and fiduciary obligations or could reasonably lead to a contravention of law.

9.4 Matching right

During the Exclusivity Period, Exterra must immediately notify Anova if it receives a Superior Proposal and must provide all material details of the Superior Proposal.

Following receipt of notice of a Superior Proposal, Anova has three Business Days to make a counterproposal which the Exterra Board must review in good faith.

If the Exterra Board determines that Anova's counterproposal is more favourable to Exterra Shareholders than the Superior Proposal, then:

- if the Superior Proposal proposes an amendment to the Transaction, the parties must enter into a document amending the Merger Implementation Agreement;
- Exterra must make an announcement as soon as practicable recommending the counterproposal; and
- the parties must pursue implementation of the counterproposal in good faith.

The matching right does not prevent the Exterra Directors from observing their fiduciary or statutory duties by releasing a public announcement acknowledging the receipt of an Alternative Proposal, recommending that Exterra Shareholders take no action in relation to an Alternative Proposal and reserving its position in relation to its recommendation of the Alternative Proposal and Scheme. Exterra is also not prevented from making an announcement in relation to a Superior Proposal provided it complies with the terms of the matching right.

9.5 Payment of Break Fee

(a) Payment of Break Fee by Exterra

Exterra has agreed to pay a Break Fee of \$250,000 to Anova as compensation for costs and expenses incurred by Anova if:

- an Exterra Prescribed Event occurs and Anova terminates the Agreement;
- a majority of the Exterra Directors fail to recommend the Scheme, or make a public statement to that effect, or a majority of the Exterra Directors withdraw a recommendation except where an Anova Material Adverse Change has occurred or the Independent Expert concludes that the Scheme or Transaction is not in the best interests of Exterra Shareholders;
- an Exterra Director disposes of any interest in any Exterra Share which he owns or controls, other than in circumstances disclosed in writing to Anova prior to the date of the Merger Implementation Agreement; or
- Anova terminates the Merger Implementation Agreement for a material breach by Exterra.

No Break Fee is payable, and any amount paid by Exterra becomes immediately repayable, if:

- the Scheme becomes Effective or Anova proceeds with the Transaction by alternative means; or

- the Independent Expert concludes, or changes its original conclusion to conclude, that the Scheme is not in the best interests of Exterra Shareholders because of an Anova Material Adverse Change.

(b) Payment of Break Fee by Anova

Anova has agreed to pay a Break Fee of \$250,000 if an Anova Prescribed Event occurs and Exterra exercises its right to terminate the agreement or Exterra terminates the Merger Implementation Agreement for a material breach of that agreement by Anova.

9.6 Termination

Either Exterra or Anova may terminate the Merger Implementation Agreement with immediate effect:

- if a Condition Precedent solely or jointly for its benefit cannot be satisfied and is not waived;
- if the Effective Date has not occurred by the Sunset Date; or
- before the Second Court Date, if the other party is in material breach of any clause of the Merger Implementation Agreement and that breach is not remedied within five Business Days of receiving notice of the breach and the other party's intention to terminate.

9.7 Representations and warranties

Each of Exterra and Anova has given representations and warranties to the other which are considered to be normal for an agreement governing each party's obligations in respect to the implementation of a scheme of arrangement.

9.8 Deed Poll

On 4 August 2017, Anova executed the Deed Poll pursuant to which Anova agreed, subject to the Scheme becoming Effective, to issue the number of New Anova Shares equal to the Scheme Consideration due to all Scheme Shareholders.

A copy of the Deed Poll is attached as Annexure C to this Scheme Booklet.

9.9 Scheme Meeting

On or about the date of this Scheme Booklet, the Court ordered that the Scheme Meeting be convened in accordance with the Notice of Scheme Meeting and appointed Mr John Davis to chair the Scheme Meeting. The Notice of Scheme Meeting is set out as Annexure D to this Scheme Booklet.

Each Exterra Shareholder who is registered on the Register at 5.00 pm (Perth time) on 13 September 2017 is entitled to attend and vote at the Scheme Meeting, either in person or by proxy or attorney or, in the case of a body corporate, by its corporate representative appointed in accordance with section 250D of the Corporations Act. Voting at the Scheme Meeting will be by way of a poll.

Instructions on how to attend and vote at the Scheme Meeting (in person or by proxy), are set out on pages 6 and 7 "Action required by Exterra Shareholders" and in the notes for the Notice of Scheme Meeting in Annexure D to this Scheme Booklet.

9.10 Court approval of the Scheme

In the event that:

- the Scheme is agreed to by the requisite majorities of Exterra Shareholders at the Scheme Meeting; and
- all Conditions Precedent have been satisfied or waived (if they are capable of being waived) (see Section 9.2),

Exterra will apply to the Court for orders approving the Scheme.

Each Exterra Shareholder has the right to appear at the Second Court Hearing.

9.11 Effective Date

The Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. Exterra will give notice to ASX upon the Scheme becoming Effective.

Exterra intends to apply to ASX for Exterra Shares to be suspended from official quotation on ASX from close of trading on the Effective Date.

9.12 Record Date

Those Exterra Shareholders on the Register on the Record Date (i.e. at 5.00pm (Perth time) on the fifth Business Day after the Effective Date), other than Ineligible Foreign Shareholders and Electing Small Shareholders, will become entitled to the Scheme Consideration in respect of the Exterra Shares they hold at that time (in this Scheme Booklet, those Exterra Shareholders and the Exterra Shares that they hold are referred to as '**Scheme Shareholders**' and '**Scheme Shares**' respectively).

9.13 Determination of persons entitled to Scheme Consideration

(a) Dealings on or prior to the Record Date

For the purposes of determining Scheme Shareholders, dealings in Exterra Shares will only be recognised if:

- in the case of dealings of the type to be effected by CHESS, the transferee is registered in the Register as the holder of the relevant Exterra Shares at the Record Date; and
- in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Exterra Registry at or before the Record Date.

Subject to the Corporations Act, ASX Listing Rules and the Exterra Constitution, Exterra must register registrable transmission applications or transfers which it receives on or before the Record Date. Exterra will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Exterra Shares received after the Record Date.

(b) Dealings after the Record Date

For the purposes of determining entitlements to Scheme Consideration, Exterra will, until the Scheme Consideration has been provided, maintain the Register, subject to the comments in Section 9.13(a), in its form as at the Record Date. The Register in this form will solely determine entitlements to Scheme Consideration.

From the Record Date:

- all statements of holding in respect of Scheme Shares cease to have effect as documents of title in respect of such Scheme Shares; and
- each entry on the Register will cease to be of any effect except as evidence of entitlement to the Scheme Consideration.

9.14 Implementation Date

The Implementation Date is the fifth Business Day after the Record Date or such other date as Exterra and Anova agree in writing.

Once the Scheme Consideration has been paid, the Scheme Shares will be transferred to Anova without the need for further acts by Scheme Shareholders.

In the case of Scheme Shares held in joint names, the Scheme Consideration will be made payable to the joint holders and sent to the holder whose name appears first in the Register as at the Record Date.

9.15 Delisting Exterra

On a date after the Implementation Date to be determined by Anova, Exterra will apply:

- for termination of the official quotation of Exterra Shares on the ASX; and
- to have itself removed from the official list of the ASX.

9.16 Trading in New Anova Shares

Anova intends to apply for quotation of the New Anova Shares to be issued as Scheme Consideration within seven days after the date of this Scheme Booklet.

Trading on ASX of New Anova Shares to be issued as Scheme Consideration is expected to commence on a deferred settlement basis on the Business Day after the Effective Date. Exterra and Anova disclaim all liability to any Scheme Shareholder who trades New Anova Shares before receiving their holding statement. Refer to Section 7.4(g) for a description of risks associated with trading during this period.

Trading on ASX of the New Anova Shares issued as part of the Scheme Consideration is expected to commence on an ordinary settlement (T+2) basis on the Business Day after the Implementation Date.

Anova will issue a certificate or uncertificated holding statement to Scheme Shareholders with respect to their holding of New Anova Shares within five Business Days of the Implementation Date.

10 Additional information

10.1 Interests of Exterra Directors

(a) Shares

As at the date of this Scheme Booklet, only the Exterra Directors below had Relevant Interests in Exterra Shares:

Director	Number of Exterra Shares (direct and indirect interests)
John Davis	500,000
Geoff Laing	375,000
Justin Brown	5,500,002

No director of Exterra has acquired or disposed of a Relevant Interest in any Exterra Shares in the 4 month period ending on the date immediately before the date of this Scheme Booklet.

(b) Options

As at the date of this Scheme Booklet, the Exterra Directors held the following Exterra Options:

Director	Number of Exterra Options (direct and indirect interests)
John Davis	6,500,000
Geoff Laing	10,805,994
Justin Brown	3,750,000

In accordance with the Merger Implementation Agreement, Exterra and Anova propose to enter into arrangements with the holders of Exterra Options to cancel those options in return for Anova agreeing to issue replacement Anova Options (see Sections 2.14 and 10.7 for further information).

10.2 Interests and dealings in Anova Shares

(a) Interests of Exterra Directors

As at the date immediately before the date of this Scheme Booklet, no Exterra Director had a Relevant Interest in any Anova Shares.

No Exterra Director acquired or disposed of a Relevant Interest in any Anova Shares in the 4 month period ending on the date immediately before the date of this Scheme Booklet.

(b) Interests of Anova Directors

As at the date of this Scheme Booklet, only the Anova Directors below had Relevant Interests in Anova securities:

Director	Number of Anova Shares (direct and indirect interests)	Number of Anova Performance Rights (direct and indirect interests)
Malcolm James	558,191	-

Director	Number of Anova Shares (direct and indirect interests)	Anova Performance Rights (direct and indirect interests)
Gregory (Bill) Fry	5,600,000	-
Alasdair Cooke	24,889,299 ⁸	-

10.3 Interests of Anova and Anova Directors in Exterra securities

As at the date of this Scheme Booklet, Anova does not have a Relevant Interest in any Exterra securities. Further, as at the date of this Scheme Booklet, only the Anova Directors below had Relevant Interests in Exterra securities:

Director	Number of Exterra Shares (direct and indirect interests)	Exterra Options (direct and indirect interests)
Malcolm James	-	-
Gregory (Bill) Fry	-	390,625
Alasdair Cooke	7,789,385	7,853,583

10.4 Summary of the Anova Constitution

(a) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Anova shares, at a general meeting of members every member has one vote on a show of hands and one vote per share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid (not credited) on the relevant share is of the total amounts paid and payable in respect of those shares (excluding amounts credited). Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the rights of holders of shares issued with any special rights to dividends (at present there are none) and the Corporations Act, the profits of Anova which the Anova Board may from time to time determine to distribute by way of dividend are to be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

(c) Future issues of securities

Subject to the Corporations Act and the ASX Listing Rules, the Anova Directors may issue unissued shares in Anova, grant to any person options or other securities with rights of conversion to shares or preemptive rights to any shares, at the times and on the terms that the Anova Directors think proper, and a share may be issued with preferential or special rights.

(d) Transfer of Shares

Subject to the Anova Constitution, the Corporations Act, the ASX Listing Rules and any other applicable law of Australia, shares are freely transferable.

⁸ Of these Anova Shares, Mitchell River Group is the registered holder of 7,500,000 Anova Shares which it holds on behalf of Alasdair Cooke.

(e) Meetings and Notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for Anova and to receive all notices, accounts and other documents required to be sent to shareholders under the Anova Constitution, the Corporations Act or the ASX Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Election of Anova Directors

There must be a minimum of three Anova Directors. One third of Anova Directors (or the number nearest one third) must retire at each annual general meeting and any Anova Director must retire from office at the third annual general meeting after the Anova Director was elected or most recently re-elected. These retirement rules do not apply to certain appointments including the managing director. Anova Directors appointed by the Anova Board as additional Directors hold office until the next following annual general meeting and are then eligible for re-election.

(g) Alteration to the Anova Constitution

The Anova Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(h) Listing Rules

Despite anything in the Anova Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Anova Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the Anova Constitution to contain a provision and it does not contain such a provision, the Anova Constitution is deemed to contain that provision. If the ASX Listing Rules require the Anova Constitution not to contain a provision and it contains such a provision, the Anova Constitution is deemed not to contain that provision. If a provision of the Anova Constitution is inconsistent with the ASX Listing Rules, the Anova Constitution is deemed not to contain that provision to the extent of the inconsistency.

10.5 Benefits and agreements

(a) Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of Exterra (or its Related Bodies Corporate) as compensation for the loss of or consideration for or in connection with his or her retirement from office in Exterra or any of its Related Bodies Corporate in connection with the Scheme.

(b) Agreements connected with or conditional on the Scheme

Under the Merger Implementation Agreement, if the Scheme becomes Effective, Anova has agreed to appoint John Davis as a non-executive director and Geoff Laing as an executive director of Anova.

As at the date of this Scheme Booklet, no specific arrangements have been agreed between Anova and Mr Davis. Mr Davis may be entitled to receive director fees, travel allowances and reimbursement of incidental expenses from Anova in connection with his appointment.

Anova proposes to engage Geoff Laing as an executive director of Anova. The key terms of the proposed agreement between Anova and Geoff Laing in respect of Mr Laing's role with the Merged Group are:

- 12 month term from the Effective Date.
- Consulting fees of \$10,200 per month for a two day per week time commitment, plus \$1,200 per day for days worked in excess of two days per week, to be paid to Nexus Bonum Pty Ltd, a company controlled by Mr Laing, on the condition that Mr Laing act as an executive director of Anova.
- The agreement may be terminated by either party giving one month's notice in writing to the other party.
- Anova may provide written notice of immediate termination for cause, including misconduct, breach of confidentiality or inability to perform duties.

Mr Laing is currently engaged by Exterra on substantially the same terms as outlined above.

Other than as set out in this section, there are no agreements made between any director of Exterra and any other person in connection with, or conditional on, the outcome of the Scheme other than in their capacity as a holder of Exterra Shares or Exterra Options.

(c) Benefits under the Scheme

None of the directors of Exterra has agreed to receive, or is entitled to receive, any benefit from Anova which is conditional on, or is related to, the Scheme, other than in their capacity as a holder of Exterra Shares or as set out in Sections 10.5(a) and 10.5(b).

(d) Interests of Exterra Directors in Anova's contracts

None of the Exterra Directors has any interest in any contract entered into by Anova.

(e) Payments to non-executive Anova Directors

The Anova Constitution provides that non-executive directors of Anova may be paid, as remuneration for their services as directors of Anova, a sum determined from time to time by Anova's shareholders in general meeting, with that sum to be divided amongst the non-executive directors in such manner and proportion as they agree.

As at the date of this Scheme Booklet, the aggregate maximum remuneration for non-executive Anova Directors is \$300,000 per annum.

10.6 Material contracts

(a) Anova Loan Facility

The key terms of the Anova Loan Facility are as follows:

- The maximum aggregate amount available to be drawn down under the Anova Loan Facility is \$2,000,000 (excluding any interest capitalised and added to amounts outstanding under the Anova Loan Facility).
- Interest is payable on any outstanding principal at a rate of 8%. Interest will accrue daily and be calculated daily on a 365 day basis. Interest will be capitalised and added to the outstanding principal at the end of each month until the earlier of the date of repayment or conversion under the Anova Loan Facility.
- Subject to satisfaction of the conditions precedent to draw down, the Anova Loan Facility is available to be drawn down on from 5 June 2017 until the earlier of the Scheme taking effect and the date of termination of the Merger Implementation Agreement. Any undrawn principal will be cancelled on the last day of the availability period.
- Anova and Exterra have satisfied all of the material conditions precedent to be able to draw down on the Anova Loan Facility (other than those conditions which by

their nature are typically only satisfied at the time of requesting any initial draw down).

- The initial drawdown under the Anova Loan Facility must be not less than \$100,000. Any subsequent drawdowns must be not less than \$50,000.
- Any outstanding amounts under the Anova Loan Facility must be repaid by Exterra on the date that is 18 months after the first drawdown under the Anova Loan Facility, or any earlier date on which the outstanding moneys become due and payable. Importantly, amounts drawn down under the Anova Loan Facility are not required to be repaid or converted into Exterra Shares merely because the Scheme does not proceed.
- Exterra may prepay all or part of the outstanding principal (in multiples of \$50,000) at any time provided it gives Anova five Business Days' notice of such prepayment. Any prepaid amounts may not be re-drawn.
- If amounts drawn down under the Anova Loan Facility have not been repaid by the repayment date or the occurrence of an event of default under the Anova Loan Facility, then any outstanding amounts under the Anova Loan Facility are to be converted into Exterra Shares. The number of Exterra Shares to be issued on conversion is based on a deemed issue price of the lower of \$0.07 and a 20% discount to the 30 day VWAP up to the last trading day immediately prior to the repayment date, subject always to a maximum cap, being the lower of that number which:
 - would result in Anova acquiring voting power in Exterra of not more than 19.99%; and
 - Exterra is able to issue under ASX Listing Rule 7.1 and, if applicable, ASX Listing Rule 7.1A.

Any amounts not able to be converted into Exterra Shares because of these caps must be repaid in cash.

- The Anova Loan Facility contains events of default which are customary for this type of loan, including:
 - Exterra failing to pay amounts owing under or otherwise breaching any obligation under the Anova Loan Facility or Mining Mortgage and that failure or breach is not remedied within agreed timeframes;
 - any debt or other monetary liability owed by Exterra in excess of \$350,000 is not paid or becomes due and payable before the scheduled payment date, except where the obligation to pay is being disputed in good faith; and
 - any encumbrance, other than permitted encumbrances, is enforced against an asset of Exterra,

provided that nothing which is required, consented to, permitted, not prohibited or not restricted under the Merger Implementation Agreement will constitute an event of default.

Amounts outstanding under the Anova Loan Facility are secured by the Mining Mortgage. The key terms of the Mining Mortgage are summarised in Section 10.6(b).

(b) Mining Mortgage

To secure payment of money made available under the Anova Loan Facility, Exterra has agreed to grant a mining mortgage over the Mining Tenements comprising Exterra's Second Fortune Gold Mine.

The Mining Mortgage contains customary terms for a security of that nature including representations, warranties and undertakings given by Exterra, events of default and powers of Anova on default. These terms include:

- Exterra must not deal with the Mining Tenements and must ensure they are not encumbered (other than by permitted encumbrances). Exterra has also undertaken to do certain things to preserve and maintain the Mining Tenements, including ensuring their renewal and complying with all conditions and requirements relating to the secured property.
- It being a default event if Exterra fails to comply with its repayment and conversion obligations under the Anova Loan Facility. If a default occurs, Anova has certain rights, including selling the Mining Tenements.

Exterra has obtained the consent of the Minister of Mining and Petroleum under section 82(1)(d) of the Mining Act 1978 (WA) and regulation 41(c) of the Mining Regulations 1981 (WA) to the grant of the security interest over the Mining Tenements.

(c) Arrangements with Mitchell River Group

Mitchell River Group Pty Ltd (**MRG**) is an independent mining investment and technical services business in the minerals and energy sectors. MRG's executives have a broad range of industry experience working with various commodities in the areas of resource evaluation, permitting, feasibility studies, project management and exploration for both MRG's external clients and for MRG on its own behalf.

A related party of MRG sold the Big Springs Project to Anova in 2013 (see Anova ASX Announcement 14 December 2012) and MRG executives, Mr Alasdair Cooke and Mr Gregory (Bill) Fry, have been directors of Anova since 2013. The share consideration relating to Anova's acquisition of the Big Springs Project was distributed to the shareholders of the vendor of that project, some of which are or were MRG employees or consultants (see Anova ASX Announcement 14 December 2012 Schedule 2).

MRG existing executives Mr Bill Fry, Mr Alasdair Cooke, Mr Lauritz Barnes, Mr Bruce McLarty and Mr Steven Jackson are also members of Anova's executive management team (see Section 6.5 of this Scheme Booklet). Employees of and consultants to MRG have provided technical, management and administration services to Anova since 2013 including under a Facilities and Services Agreement dated 6 October 2014, as amended, providing the following services:

- financial control and company secretarial;
- database management and drafting; and
- provision of serviced office and administration.

In July 2016, Exterra entered into a services agreement with MRG in respect to the provision of management and administrative services by MRG in relation to the development of the Second Fortune Gold Mine. Under these arrangements, MRG agreed to take responsibility for:

- commercial management of the mining contract and processing agreements;
- technical supervision of the mining contractor and management of the mine plan;
- supervision of mine geology, grade control and database management;
- managing financing of capital requirements and working capital; and
- management of gold hedging programmes and agreements.

Following execution of the services agreement, MRG nominated Mr Geoff Laing be appointed as an executive director of Exterra with special responsibilities for project

management of the Second Fortune Gold Mine development. Mr Laing manages an independent mining consultancy that provides specialist consultancy services to a variety of mining companies. He is not an MRG employee.

Under the services agreement entered into between MRG and Exterra, MRG existing executives Mr Alasdair Cooke and Mr Lauritz Barnes have provided services to Exterra in regards to the Second Fortune Gold Mine as that project moved into a development phase. Specifically:

- the services provided by Mr Cooke to Exterra primarily consisted of his role on the management committee to the Second Fortune Gold Mine. That committee was comprised of the three Exterra directors (being Messrs Davis, Brown and Laing) and Mr Cooke, with Exterra appointing the Chairman of that committee who would have a casting vote in the event of a deadlock. The role of the committee was to approve the work programme and budget (subject to ratification by the Exterra board) and manage the project's expenses and commitments. Mr Cooke had access to the necessary information to complete his role on the management committee, which included access to geological information, project financial models and feasibility studies. The results of the Second Fortune Gold Mine feasibility study were released by Exterra to the ASX in an announcement dated 25 May 2017.
- the services provided by Mr Barnes to Exterra primarily related to resource modelling, geology, drill program planning and supervision of activities. Mr Barnes had access to the necessary information to complete a role of this nature including access to the drilling database and other geological information that would be required to complete this work.

Whilst these MRG executives are also executives of Anova, the terms of the services agreement ensures that each of them are under an express obligation to maintain the confidentiality of Exterra information obtained in the performance of those services. Neither Messrs Barnes nor Cooke provided any advice or information to the Exterra Board in regards to their decision to enter into the Merger Implementation Agreement with Anova.

From the point in time Anova first raised the possible Merger with Exterra:

- no MRG (or Anova) director or employee was involved in Exterra's decision-making or negotiation of the proposed Merger;
- MRG affiliates Geoff Laing and Daniel Davis (who is the Company Secretary of MRG and provides management accounting reporting services in relation to Exterra's Second Fortune Gold Mine) were not involved in or privy to Anova's discussion and negotiation on the proposed Merger;
- all other MRG affiliates (being Messrs Lauritz Barnes, Frazer Tabeart and Bruce McLarty) were excluded from the discussion and negotiation on the proposed Merger from the point in time Anova first raised the possibility with Exterra.

The interests of each of those MRG executives that are directors of either Exterra or Anova in Exterra Shares and Anova Shares is set out in Sections 10.2 and 10.3 respectively. As noted in Sections 5.5(c) and 10.2(b), MRG is the registered holder of 7,500,000 Anova Shares which it holds on behalf of Alasdair Cooke.

10.7 Cancellation of Exterra Options

Exterra has a total of 67,832,474 Exterra Options on issue.

Under the Merger Implementation Agreement, Exterra and Anova have agreed to use their reasonable endeavours to procure the agreement of each Exterra Optionholder to the cancellation of their Exterra Options in exchange for Anova granting Anova Options to Exterra Optionholders at a ratio of one Anova Option for every two Exterra Options held. The

cancellation of the Exterra Options is subject to the Scheme becoming Effective and will take effect on the Implementation Date.

Accordingly, Exterra and Anova will seek to procure the agreement of Exterra Optionholders to the cancellation of all of their Exterra Options on issue immediately prior to the Implementation Date in exchange for the grant of Anova Options on the following terms:

Exterra Options				Anova Options		
Tranche	Number	Exercise price	Expiry date	Number	Exercise price	Expiry date
1	9,000,000	\$0.0215	19 June 2020	4,500,000	\$0.043	19 June 2020
2	9,375,000	\$0.06	1 July 2019	4,687,500	\$0.12	1 July 2019
3	5,000,000	\$0.06	4 July 2018	2,500,000	\$0.12	4 July 2018
4	2,500,000	\$0.10	26 August 2019	1,250,000	\$0.20	26 August 2019
5	2,500,000	\$0.125	26 August 2019	1,250,000	\$0.25	26 August 2019
6	17,853,737	\$0.06	29 July 2019	8,926,869	\$0.12	29 July 2019
7	17,853,737	\$0.08	29 July 2019	8,926,869	\$0.16	29 July 2019
8	1,000,000	\$0.10	1 December 2019	500,000	\$0.20	1 December 2019
9	2,750,000	\$0.10	28 November 2021	1,375,000	\$0.20	28 November 2021
Total	67,832,474			33,916,238		

Exterra has obtained a waiver from ASX to permit the Exterra Options to be cancelled for consideration without requiring Exterra Shareholder approval to be obtained.

10.8 Summary of the Anova Employee Incentive Plan

The purpose of the Anova Employee Incentive Plan is to provide an incentive for eligible participants to participate in the future growth of Anova and to offer any of Anova Options, Anova Performance Rights or Anova Shares to assist with reward, retention, motivation and recruitment of eligible participants.

Eligible participants are a full or part-time employee, or a director of Anova or a subsidiary and relevant contractors and casual employees ("**Eligible Participants**").

Subject to any necessary Anova Shareholder approval, the Anova Board may offer Anova Options, Anova Performance Rights or Anova Shares to Eligible Participants for nil consideration.

The expiry date of any Anova Options or Anova Performance Rights will be determined by the Anova Board.

An Anova Option or Anova Performance Right may only be exercised after it has vested and before its expiry date. The Anova Board may determine the conditions upon the vesting of the Anova Options or Anova Performance Rights at its discretion. By way of example, the Anova Board may impose share price and/or continuous service vesting hurdles.

An Anova Option or Anova Performance Right lapses upon various events including a vesting condition not being satisfied, a participant ceasing to be an Eligible Participant (except for certain matters such as death or retirement) and upon misconduct by a participant.

Each Anova Option or Anova Performance Right entitles the holder to one Anova Share on exercise or vesting.

An Anova Option or Anova Performance Right may not be transferred without the prior written approval of the Anova Board or by force of law. Quotation of the Anova Options or Anova Performance Rights on the ASX will not be sought. However, Anova will apply for official quotation of Anova Shares issued on exercise of the Anova Options or vesting of the Anova Performance Rights.

The Anova Options or Anova Performance Rights are personal and do not confer any entitlement to attend or vote at meetings, any entitlement to dividends or any entitlement to participate in any return of capital unless the Anova Options or Anova Performance Rights are vested and the underlying Anova Shares have been issued.

The Anova Options or Anova Performance Rights do not entitle the holder to participate in the issue of securities unless the Anova Options or Anova Performance Rights are exercised or vested and Anova Shares have been issued before the record date for determining entitlements.

Securities to be issued under the Anova Employee Incentive Plan when aggregated with the number of Anova Shares issued during the previous 5 years under any employee incentive scheme of Anova must not exceed 5% of the total number of Anova Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit.

The Anova Employee Incentive Plan will be administered under the directions of the Anova Board and the Anova Board may determine procedures for the administration of the Anova Employee Incentive Plan as it considers appropriate.

The operation of the Anova Employee Incentive Plan is subject to the ASX Listing Rules and the Corporations Act.

Subdivision 83A-C (deferred inclusion of gain in assessable income) of the *Income Tax Assessment Act 1997* (Cth) applies to the Anova Employee Incentive Plan and holders of securities issued under the Anova Employee Incentive Plan may agree to a restriction period for the disposal or transfer of the securities including any underlying securities.

10.9 Regulatory relief

(a) ASX relief

Exterra has been granted a waiver of ASX Listing Rule 6.23.2 to permit the cancellation of Exterra Options for consideration under the Scheme without the requirement for Exterra Shareholder approval. The waiver application was made on the basis that Exterra Shareholders are provided with information about the proposed treatment of Exterra Options in this Scheme Booklet and are therefore able to consider this information when determining whether to vote in favour of the Scheme. Please refer to Sections 2.14 and 10.7 for further information on the proposed treatment of Exterra Options.

(b) ASIC relief

Regulation 8302(h) of Schedule 8 of the *Corporations Regulations 2001* (Cth) requires this Scheme Booklet to disclose the extent to which, within the knowledge of the Exterra Board, the financial position of Exterra has materially changed since the date of the last balance sheet laid before Exterra Shareholders in general meeting (being its financial statements for the financial year ending on 30 June 2016).

ASIC has given formal relief to Exterra to confine its disclosure to all material changes to Exterra's financial position between 31 December 2016 and the date of lodgement of this Scheme Booklet for registration by ASIC.

Exterra will give a copy of the financial statements for the half-year ended 31 December 2016 free of charge to anyone who asks for them before the Scheme is approved by the Court. Copies can be requested by contacting the Company Secretary.

10.10 Formal disclosures and consents

(a) Consents

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- Anova;
- BDO Corporate Finance (WA) Pty Ltd;
- Jewell Dunbar Pty Ltd trading as Dunbar Resource Management; and
- Paula Miller Dodds (in respect of statements contained in the independent technical report attached as Appendix 4 to the Independent Expert's Report).

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Scheme Booklet.

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Corrs Chambers Westgarth as legal adviser to Exterra;
- Taylor Collison Limited as corporate adviser to Exterra;
- Rothsay Chartered Accounts as the auditor of Exterra;
- HLB Mann Judd Chartered Accounts (WA Partnership) as the auditor of Anova;
- Security Transfer Australia Pty Limited as the Exterra Registry;
- Mitchell River Group;
- Jackson Macdonald, as legal adviser to Anova; and
- Link Market Services Limited as the Anova share registry.

(b) Disclosures and responsibility

Further each person named in Section 10.10(a):

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
 - BDO Corporate Finance (WA) Pty Ltd, in relation to its Independent Expert's Report;
 - Anova in respect of the Anova Information only,

and to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme

Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this Section 10.10.

(c) Fees

Each of the persons named in Section 10.10(a) as performing a function in a professional, advisory or other capacity in connection with the Scheme or the preparation of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

The fees for professional services paid or payable by Exterra to:

- BDO Corporate Finance (WA) Pty Ltd (in respect of the Independent Expert's Report) is \$50,000;
- Jewell Dunbar Pty Ltd trading as Dunbar Resource Management (in respect of the independent technical report attached as Appendix 4 to the Independent Expert's Report) is \$25,000;
- Corrs Chambers Westgarth (as legal adviser to Exterra) is approximately \$300,000;
- Security Transfer Australia Pty Limited (as the Exterra Registry) is approximately \$10,000; and
- Taylor Collison Limited, is \$40,000 in respect of corporate advisory services and approximately \$1,000 in respect of its services in connection with the sale facility described in Section 2.13.

The fees for professional services paid or payable by Anova to:

- Jackson McDonald (as legal adviser to Anova) is approximately \$106,000; and
- Link Market Services Limited (as the Anova Register) in an amount not exceeding \$3,000.

10.11 Information relating to Ore Reserves and Mineral Resources

(a) Exterra

The information in this Scheme Booklet relating to:

- Second Fortune Main Lode Ore Reserves in respect of Exterra's Feasibility Study is extracted from Exterra's announcement made to ASX on 25 May 2017 entitled "Feasibility Study Confirms Robust High Grade Gold Mine";
- Second Fortune Main Lode Mineral Resource is extracted from Exterra's announcements made to ASX on 25 May 2017 entitled "Feasibility Study Confirms Robust High Grade Gold Mine" and "Addendum Section 1 – 3 of JORC Table 1";
- Second Fortune Minor Lodes Mineral Resource (which includes, Hangingwall, Footwall and West) is extracted from Exterra's announcement made to ASX on 6 August 2012 entitled "151% Increase in Second Fortune High Grade Resource";
- Zelica Mineral Resource is extracted from Exterra's announcement made to ASX on 30 July 2012 entitled "Quarterly Activities and Cashflow Report"; and
- Malcolm Mineral Resource is extracted from Exterra's announcement made to ASX on 29 August 2012 entitled "Increased Gold Resources through Acquisition of High Grade Malcolm Project",

and are available to view on Exterra's website.

Exterra confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of Mineral Resources and Ore Reserves (as applicable), all the material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. Exterra confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcements.

Information in this Scheme Booklet that relates to database compilation, sampling processes, geological interpretation and mineralisation, project parameters and costs, and overall supervision of the Second Fortune Main Lode Mineral Resources is based on and fairly represents information and supporting documentation compiled under the supervision of Mr John Davis. Mr Davis is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists, and a "Competent Person" as defined in the JORC Code 2012, having sufficient experience relevant to the style of mineralisation and types of deposits and to the activities for which he is accepting responsibility. Mr Davis is Executive Chairman and a shareholder of Exterra. Mr Davis has reviewed the content of this Scheme Booklet and consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

Information in this Scheme Booklet that relates to the estimation, depletion and reporting of the Second Fortune Main Lode Mineral Resources is based on and fairly represents information and supporting documentation compiled by Mr Mike Job. Mr Job is a member of the Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of QG Consulting Pty Ltd. Mr Job is a "Competent Person" as defined in the JORC Code 2012, having sufficient experience relevant to the style of mineralisation and types of deposits and to the activities for which he is accepting responsibility. Mr Job consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

Information in this Scheme Booklet that relates to the Second Fortune Main Lode Ore Reserves is based on and fairly represents information compiled by Mr Andrew Gasmier. Mr Gasmier is a member of the Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Mining Plus Pty Ltd. Mr Gasmier is a "Competent Person" as defined in the JORC Code 2012, having sufficient experience relevant to the style of mineralisation and types of deposits at Second Fortune Gold Mine and to the activities for which he is accepting responsibility. Mr Gasmier consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

Information in this Scheme Booklet that relates to the Second Fortune Minor Lode Mineral Resources (which includes, Hangingwall, Footwall and West) is based on and fairly represents information and supporting documentation compiled under the overall supervision and direction of Mr John Davis. As outlined above, Mr Davis is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Davis is a "Competent Person" as defined in the JORC Code 2012, having sufficient experience relevant to the style of mineralisation and types of deposits and to the activities for which he is accepting responsibility. Mr Davis is Executive Chairman and a shareholder of Exterra. The information was prepared and first disclosed under JORC Code 2004. It has not been updated to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Davis has reviewed the content of this Scheme Booklet and consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

Information in this Scheme Booklet which relates to the Zelica Mineral Resource information is based on information compiled by Mr Don Maclean who is a member of the Australian Institute of Geoscientists and a former employee of Ravensgate Mining Industry Consultants. Mr Maclean is a "Competent Person" as defined in the JORC Code 2012, having sufficient experience which is relevant to the style of mineralisation and type of deposits and to the activities undertaken for which he is accepting responsibility. The information was prepared and first disclosed under JORC Code 2004 and has not been updated to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last

reported. Mr Maclean consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

Information in this Scheme Booklet relating to the Malcolm Mineral Resource is based on and fairly represents information and supporting documentation compiled under the overall supervision and direction of Mr John Davis. As outlined above, Mr Davis is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Davis is a "Competent Person" as defined in the JORC Code 2012, having sufficient experience relevant to the style of mineralisation and types of deposits and to the activities for which he is accepting responsibility. Mr Davis is Executive Chairman and a shareholder of Exterra. The information was prepared and first disclosed under JORC Code 2004. It has not been updated to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Davis has reviewed the content of this Scheme Booklet and consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

(b) Anova

The information in this Scheme Booklet that relates to Exploration Results and Mineral Resources at Anova's Big Springs Project is extracted from the following announcements made by Anova to ASX and which are available to view on Anova's website:

- (i) *1 Million Oz Measured, Indicated and Inferred Resource* – 26 June 2014;
- (ii) *High-grade Results Extend Mineralisation at Big Springs* – 3 November 2016;
- (iii) *High-grade Shallow Intersections at Beadles Creek* – 30 November 2016;
- (iv) *Big Springs Delivers Excellent Result – 10.7m at 30.9g/t Au* – 7 December 2016; and
- (v) *Quarterly Activities Report & Quarterly Cashflow Report* – 31 January 2017.

Anova confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resources, all the material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. Anova confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcements.

The information in this Scheme Booklet that relates to Anova's Big Springs Project Exploration Results and Mineral Resources is based on and fairly represents information compiled by Mr Lauritz Barnes (Principal Consultant Geologist, Trepanier Pty Ltd). Mr Barnes is a shareholder of Anova Metals. Mr Barnes is a member of both the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Mr Barnes has given his prior written consent, where required, to the inclusion in this Scheme Booklet of the matters based on his information, where applicable, in the form and context in which it appears.

10.12 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Exterra Director, at the time of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to Exterra Shareholders.

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, Exterra becomes aware that:

- For personal use only
- a material statement in this Scheme Booklet is false or misleading;
 - there is a material omission from this Scheme Booklet;
 - a significant change affecting a matter in this Scheme Booklet has occurred; or
 - a significant new matter has arisen which would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

Exterra will prepare a supplementary document to this Scheme Booklet. The form which the supplementary document may take, and whether a copy will be sent to each shareholder, will depend on the nature and timing of the new or changed circumstances.

In all cases, the supplementary document will be available from Exterra's website at www.exterraresources.com.au and from the ASX website at www.asx.com.au.

11 Glossary, definitions and interpretation

11.1 Glossary

The meanings of the terms used in this Scheme Booklet are set out below.

Term	Meaning
AASB	Australian Accounting Standards Board.
Alternative Proposal	see Section 11.2.
Announcement Date	8 June 2017.
Anova	Anova Mining Limited ACN 147 678 779.
Anova Board	the board of directors of Anova.
Anova Constitution	the constitution of Anova.
Anova Director	each member of the Anova Board.
Anova Employee Incentive Plan	the Anova employee incentive plan approved by Anova's shareholders on 22 November 2016.
Anova Information	<p>the information contained in:</p> <ul style="list-style-type: none">• the subsections headed 'Responsibility for information', 'Disclaimer as to forward looking statements', 'Estimates, targets and forecasts', 'Hong Kong Exterra Shareholders' and 'China Exterra Shareholders' in the Important Notices as they relate to Anova;• the Letter from the Non-Executive Chairman of Anova;• Section 1 as it relates to Anova;• Sections 2.11, 2.12 and 2.13 as they relate to Anova;• the answer to the question "Who is Anova?" in Section 3;• the answers to the questions relating to the Merged Group in Section 3;• Section 5;• Section 6 as it relates to Anova's contribution to the Merged Group;• the risks in Section 7 applicable to Anova;• Section 10.2(b);• Section 10.3;• Section 10.4;• Section 10.5(e);• Section 10.6 as it relates to Anova;• Section 10.7 as it relates to Anova;• Section 10.8; and• Section 10.11(b).

Term	Meaning
Anova Loan Facility	the convertible loan facility agreement between Anova and Exterra dated 5 June 2017 under which Anova has agreed to provide Exterra with a \$2 million loan facility.
Anova Material Adverse Change	see Section 11.2.
Anova Option	an unlisted option to subscribe for an Anova Share.
Anova Performance Right	a performance right issued under the Anova Employee Incentive Plan for eligible employees which is exercisable into an Anova Share subject to certain vesting conditions.
Anova Shares	fully paid ordinary shares in the capital of Anova.
ASIC	Australian Securities and Investment Commission.
ASX	ASX Limited ACN 008 624 691, or, as the context requires, the financial market operated by it.
ASX Listing Rules	the official listing rules of the ASX.
ATO	Australian Taxation Office.
Big Springs Project	Anova's Big Springs Project, a Carlin-style gold deposit located north of Elko in northeastern Nevada, USA.
Break Fee	\$250,000.
Business Day	a day that is a Business Day within the meaning given in the ASX Listing Rules; (other than any day that banks are not open for business in Perth, Western Australia).
CGT	capital gains tax.
CHESS	the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Ltd ACN 008 504 532.
Conditions Precedent	the conditions precedent to the Scheme. A summary is set out in Section 9.2 of this Scheme Booklet and which are fully set out in clause 3.2 of the Merger Implementation Agreement.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed in writing by Exterra and Anova.
Deed Poll	the deed poll executed by Anova on 4 August 2017 pursuant to which Anova acknowledges and confirms its obligations under the Scheme. A copy of the executed Deed Poll is contained in Annexure C to this Scheme Booklet.

Term	Meaning
Effective	when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.
Effective Date	the date on which the Scheme becomes Effective.
Electing Small Shareholder	a Small Shareholder that has validly elected to receive cash proceeds instead of being issued the New Anova Shares to which it is entitled.
Election Form	an election form for Small Shareholders which either accompanies this Scheme Booklet or is sent to a Small Shareholder by the Exterra Registry.
Exclusivity Period	the period commencing on 5 June 2017 (being the date of execution of the Merger Implementation Agreement) and ending on the earlier of: <ul style="list-style-type: none"> the date the Merger Implementation Agreement is terminated in accordance with its terms; the Effective Date; and the Sunset Date.
Exterra	Exterra Resources Limited ACN 138 222 705.
Exterra Board	the board of directors of Exterra.
Exterra Constitution	the constitution of Exterra.
Exterra Director	each member of the Exterra Board.
Exterra Group	Exterra and each of its Related Bodies Corporate.
Exterra Information	the information contained in this Scheme Booklet other than the Anova Information and the Independent Expert's Report.
Exterra Material Adverse Change	see Section 11.2.
Exterra Material Permit	see Section 11.2.
Exterra Material Transaction	see Section 11.2.
Exterra Prescribed Event	see Section 11.2.
Exterra Option	an unlisted option to subscribe for an Exterra Share.
Exterra	a holder of Exterra Options.

Term	Meaning
Optionholder	
Exterra Registry	Security Transfer Australia Pty Ltd ACN 008 894 488.
Exterra Share	a fully paid ordinary share of Exterra.
Exterra Shareholders	each person who is registered as the holder of Exterra Shares.
Feasibility Study	the feasibility study completed by Exterra in relation to the Second Fortune Gold Mine the results of which are set out in the announcements entitled 'Second Fortune Feasibility Study Confirms a Robust High Grade Underground mine with First Production Late 2017' dated 25 May 2017 and the announcement entitled 'Addendum Sections 1 – 3 of JORC Table 1' dated 25 May 2017.
Government Agency	a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, environmental agency or regulatory body, tribunal, or person charged with the administration of a law or agency, whether in Australia, the United States of America or elsewhere, including ASIC, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.
Implementation Date	the fifth Business Day following the Record Date or such other date after the Record Date agreed to in writing between the parties.
Independent Expert	BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045.
Independent Expert's Report	the report prepared by the Independent Expert dated 10 August 2017 set out in Annexure A.
Ineligible Foreign Shareholder	a Scheme Shareholder whose registered address (as shown in the Register as at the Record Date) is in a jurisdiction other than Australia and its external territories, New Zealand or Hong Kong, except where Anova and Exterra are reasonably satisfied that the issue of New Anova Shares in that jurisdiction under the Share Scheme would neither be prohibition by law nor unduly onerous.
Insolvency Event	see Section 11.2.
JORC Code 2004	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition.
JORC Code 2012	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition.
Last Practicable Date	9 August 2017, being the last practicable date before the finalisation of this Scheme Booklet.
Linden Gold Project	Exterra's Linden gold project in the North Eastern Goldfields region of Western Australia, which includes the Exterra Material Permits and the Second Fortune Gold Mine.

Term	Meaning
Merged Group	the combined entity consisting of Exterra and Anova.
Merged Group Board	the proposed board of directors of the Merged Group, being Mr Malcolm James, Mr Gregory (Bill) Fry, Mr Alasdair Cooke, Mr Geoff Laing and Mr John Davis.
Merger	the proposed merger between Exterra and Anova via the Scheme.
Merger Implementation Agreement	the Merger Implementation Agreement between Exterra and Anova dated 5 June 2017. A summary is set out in Sections 9.1 to 9.7, and a full copy can be obtained from Exterra's website at www.terreresources.com.au .
Mineral Resource	has the meaning given to that term in the JORC Code 2004 or JORC Code 2012 (as applicable).
Mining Mortgage	the registered mining mortgage granted over the Mining Tenements in favour of Anova to secure amounts owing to Anova under the Anova Loan Facility.
Mining Tenements	the mining tenements comprising Exterra's Second Fortune Gold Mine, including: <ul style="list-style-type: none"> • M 39/255; • M 39/649; • M 39/650; • L 39/12; and • L 39/230.
Mitchell River Group or MRG	Mitchell River Group Pty Ltd ACN 098 458 809.
New Anova Shares	the Anova Shares to be issued as Scheme Consideration.
Notice of Scheme Meeting	the notice of meeting relating to the Scheme Meeting which is contained in Annexure D.
Officer	in relation to any entities, any of its directors and officers.
Ore Reserve	has the meaning given to that term in the JORC Code 2004 or JORC Code 2012 (as applicable).
Perth time	the local time in Perth, Western Australia.
Pre Announcement Date	5 June 2017, being the day before a trading halt was implemented prior to the announcement of the Merger.
Proxy Form	the proxy form which accompanies this Scheme Booklet.
Record Date	5.00pm (Perth time) on the fifth Business Day following the Effective Date, or any other date agreed by the parties in writing.
Register	the share register of Exterra.

Term	Meaning
Regulatory Approvals	<ul style="list-style-type: none"> any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority or exemption from, by or with a Government Agency; or in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.
Relevant Interest	has the same meaning as given by sections 608 and 609 of the Corporations Act.
Sale Agent	means the person approved by Exterra, Anova and, if necessary, ASIC to sell the New Anova Shares attributable to Ineligible Foreign Shareholders and Electing Small Shareholders.
Scheme or Scheme of Arrangement	the proposed scheme of arrangement between Exterra and the Scheme Shareholders under Part 5.1 of the Corporations Act in the form set out at Annexure B which if implemented will give effect to the Merger between Anova and Exterra, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Anova and Exterra.
Scheme Booklet	this document.
Scheme Consideration	one New Anova Share for every two Scheme Shares.
Scheme Meeting	the meeting of Exterra Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.
Scheme Shareholder	each person who is an Exterra Shareholder at the Record Date.
Scheme Resolution	the resolution to agree to the terms of the Scheme.
Scheme Share	an Exterra Share held by a Scheme Shareholder as at the Record Date.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
Second Fortune Gold Mine	Exterra's Second Fortune Gold Mine (part of the Linden Gold Project) which is comprised of the Mining Tenements and located in Linden, Western Australia.
Small Shareholder	means Scheme Shareholders who are entitled to receive 4,000 or less New Anova Shares under the Share Scheme.

Term	Meaning
Subsidiary	has the meaning given to that term in the Corporations Act.
Sunset Date	5 December 2017, being the date that is six months after the date of the Merger Implementation Agreement (subject to any extension under clause 3.6 of the Merger Implementation Agreement).
Superior Proposal	see Section 11.2.
Third Party	any of the following: <ul style="list-style-type: none"> • a person other than Anova, Exterra, and any of their Related Bodies Corporate; or • a consortium, partnership, limited partnership, syndicate or other group in which neither Anova nor any of its related bodies corporate has agreed in writing to be a participant.
Third Party Consents	any consent, agreement, waiver, licence or approval from or by a party in respect of a contract involving Exterra or Anova or a Subsidiary of Anova, which the parties have agreed in writing is required for the Implementation of the Scheme.
VWAP	volume weighted average price of a share on the ASX.
Transaction	see Section 11.2.

11.2 Definitions from the Merger Implementation Agreement

The definitions of the following terms that have been used in this Scheme Booklet have been taken from the Merger Implementation Agreement:

Term	Meaning
Alternative Proposal	<p>In relation to Exterra:</p> <p>a) any bona fide, proposal, offer or transaction made by any person (other than Anova) made in writing to Exterra to evaluate or enter into any transaction similar to the Transaction (whether a scheme of arrangement, a takeover bid or otherwise), or under which other than as required or contemplated by the Scheme:</p> <ul style="list-style-type: none"> (i) that person (together with its associates) may acquire a relevant interest in 10% or more of the Exterra Shares; (ii) that person (together with its associates) may acquire Exterra Options which, if exercised, would result in the holder acquiring 10% or more of Exterra's issued share capital; (iii) that person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure, strategic alliance or otherwise), all or a substantial part of the business carried on by Exterra or the assets of Exterra; or (iv) that person may otherwise acquire control of or merge with Exterra; or <p>b) any acquisition of, or agreement to acquire, an interest referred to in paragraphs (a)(i) and (a)(ii) above.</p>
Anova Material	A Material Adverse Change in relation to Anova and its Subsidiaries.

Term	Meaning
Adverse Change	
Anova Material Permits	Anova's mining permits listed in schedule 5 of the Merger Implementation Agreement and any and all other mining permits applied for or granted in renewal, substitution, variation or extension, in whole or in part, of those permits.
Anova Material Transaction	<p>Any of the following transactions concerning Anova or its Subsidiaries:</p> <ul style="list-style-type: none"> (a) (acquisition of an asset) an acquisition, offer to acquire or agreement to acquire any asset or interest in an asset; (b) (disposal of asset) a disposal, offer to dispose or agreement to dispose of any asset or interest in an asset; (c) (joint venture) a joint venture, partnership or off-take agreement in respect of any asset or undertaking; (d) (contractual or other commitment) a new, renewed, or any variation of, any contractual or other commitment (including any undertaking to a Government Agency); or (e) (exercise of a contractual right) an exercise of a contractual right or other option to renew or extend an existing agreement (including under any lease), <p>that:</p> <ul style="list-style-type: none"> (f) is not in the ordinary course of its business; or (g) individually or when aggregated with related transactions has a value or involves a liability (whether actual, contingent or prospective) or expenditure, as the case may be, of \$500,000 or more, <p>but does not include any such transaction:</p> <ul style="list-style-type: none"> (a) to the extent it is fairly disclosed in writing to Exterra prior to the date of the Merger Implementation Agreement; (b) as expressly contemplated by this document or the Transaction; or (c) with the prior consent of Exterra.
Anova Prescribed Event	<p>Except as required by the Merger Implementation Agreement or by the Scheme (or with the prior written consent of Exterra), the occurrence of any of the following:</p> <ul style="list-style-type: none"> (a) (convert shares) Anova or a Subsidiary of Anova converts all or any of its shares into a larger or smaller number of shares; (b) (reduce share capital) Anova or a Subsidiary of Anova resolves to reduce its share capital in any way or reclassify, combine, split, redeem or repurchase directly or indirectly any of its shares; (c) (buy-back) Anova or a Subsidiary of Anova: <ul style="list-style-type: none"> (i) enters into a buy-back agreement; or (ii) resolves to approve the repurchase of any of its issued capital; (d) (issue shares or options) Anova or a Subsidiary of Anova issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option or right to a share, excluding any shares issued by Anova as a result of the exercise of existing options over unissued Anova Shares or the vesting of existing performance rights to acquire Anova Shares; (e) (change to terms of options) Anova (or the board of directors of Anova) makes any amendment to the terms of issue of any option over unissued Anova Shares, where, as a consequence, any one or more of the following occurs: <ul style="list-style-type: none"> (i) the period for exercise of any such option is extended; (ii) the number of such options that are exercisable at any time is increased; (iii) the earliest date for exercise of any such option is brought

Term	Meaning
	forward;
	(iv) the exercise price of any such option is reduced; or
	(v) the number of shares in Anova to be issued on exercise of any such option is increased;
(f)	(issue convertible securities) Anova or a Subsidiary of Anova issues, or agrees to issue, securities or other instruments convertible into shares;
(g)	(declare dividend) other than any dividend paid, declared or announced by Anova on or before the date of the Merger Implementation Agreement in accordance with its ordinary dividend policy, Anova declares any dividend or pays, makes or incurs any liability to pay or make any distribution whether by way of dividend, capital distribution, bonus or other share of its profits or assets;
(h)	(Insolvency Event) an Insolvency Event occurring in relation to Anova;
(i)	(change to constitution) Anova makes any change or amendment to its constitution;
(j)	(change to accounting practice or policies) Anova making any change to its accounting practices or policies, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the Income Tax Assessment Act 1997 (Cth);
(k)	(debentures) Anova or a Subsidiary of Anova issues, agrees to issue or grants an option to subscribe for debentures (as defined in section 9 of the Corporations Act);
(l)	(disposal) Anova or a Subsidiary of Anova disposes, or agrees to dispose, of the whole, or a substantial part, of its Business or property;
(m)	(security) Anova or a Subsidiary of Anova charges, or agrees to charge, the whole or a substantial part, of its Business or property, or creates or alters, or agrees to create or alter, any mortgage, charge lien, security interest or other encumbrance over the whole or a substantial part of its Business or property;
(n)	(share disposal) Anova or a Subsidiary of Anova disposes, or agrees to dispose, of shares in a Subsidiary of that party;
(o)	(litigation) Anova or a Subsidiary of Anova commences any material litigation;
(p)	(financial indebtedness) except in the ordinary course of Business, Anova or a Subsidiary of Anova incurs any financial indebtedness or issues any debt securities;
(q)	(benefits to officers and employees) other than in accordance with an existing contract in place at the date of the Merger Implementation Agreement or with the consent of Exterra (such consent not to be unreasonably withheld), Anova: <ul style="list-style-type: none"> (i) increases the remuneration of, or otherwise varies, the employment arrangements with any of its directors or employees; (ii) accelerates the rights of any of its directors or employees to compensation or benefits of any kind (including under any executive or employee share plans); or (iii) pays any of its directors or officers a termination or retention payment;
(r)	(Material Contracts) Anova or a Subsidiary of Anova: <ul style="list-style-type: none"> (i) changes the terms of any Material Contract to the material detriment of Anova or a Subsidiary of Anova; (ii) terminates any Material Contract; (iii) pays, discharges or satisfies any claims, liabilities or obligations under any Material Contract other than in accordance with past

Term	Meaning
	<p>practice and consistent with the contract terms; or</p> <p>(iv) waives any material claims or rights under or waives the benefit of any provisions of any Material Contract;</p> <p>(s) (Anova Material Transaction) Anova or a Subsidiary of Anova or enters into or undertakes an Anova Material Transaction; or</p> <p>(t) (Anova Material Permits) Anova or a Subsidiary of Anova disposes of, relinquishes or surrenders all or part of any of the Anova Material Permits or any interest in the Anova Material Permits,</p> <p>provided that (if otherwise caught by the terms of this definition) an acquisition of any business, assets (or interest in such assets), entity or undertaking by Anova or a Subsidiary of Anova, or a contract or commitment of the kind referred to in clause (q) above, will not be an Anova Prescribed Event if the terms of that acquisition, or potential contract or commitment, as the case may be, have been fairly disclosed either to the market generally or to Exterra in writing prior to the execution of the Merger Implementation Agreement and the acquisition, contract or commitment as the case may be, proceeds substantially in accordance with those terms.</p>
Exterra Material Adverse Change	A Material Adverse Change in relation to Exterra.
Exterra Material Permits	<p>Exterra's mining tenements comprising:</p> <p>(a) Mining Leases M39/0255, M39/0649, M39/0650, M39/0386, M39/0387, M39/0500, M39/0629, M39/0780, M39/0781 and M39/0794;</p> <p>(b) Miscellaneous Licences L39/0012, L39/0230, L39/0013 and L39/0014;</p> <p>(c) Exploration Licences E39/1232, E39/1539, E39/1754, E39/1977 and E39/1972 (when granted); and</p> <p>(d) Prospecting Licence P39/5599,</p> <p>and all other mining tenements applied for or granted in renewal, substitution, variation or extension, in whole or in part, of those tenements.</p>
Exterra Material Transaction	<p>Any of the following transactions concerning Exterra:</p> <p>(a) (acquisition of an asset) an acquisition, offer to acquire or agreement to acquire any asset or interest in an asset;</p> <p>(b) (disposal of asset) a disposal, offer to dispose or agreement to dispose of any asset or interest in an asset;</p> <p>(c) (joint venture) a joint venture, partnership or off-take agreement in respect of any asset or undertaking;</p> <p>(d) (contractual or other commitment) a new, renewed, or any variation of, any contractual or other commitment (including any undertaking to a Government Agency); or</p> <p>(e) (exercise of a contractual right) an exercise of a contractual right or other option to renew or extend an existing agreement (including under any lease),</p> <p>that is not in the ordinary course of its business, but does not include any such transaction:</p> <p>(a) comprising a contract entered into for the development or operation of the Linden Gold Project which has a value or involves a liability (whether actual, contingent or prospective) or expenditure, as the case may be, of an amount not exceeding \$500,000;</p> <p>(b) to the extent it is fairly disclosed in writing to Anova prior to the date of the Merger Implementation Agreement;</p> <p>(c) as expressly contemplated by the Merger Implementation Agreement or the Scheme and the cancellation of the Exterra Options; or</p> <p>(d) with the prior consent of Anova.</p>

Term	Meaning
Exterra Prescribed Event	<p>Except as required by the Merger Implementation Agreement or the Scheme (or with the prior written consent of Anova), the occurrence of any of the following:</p> <ul style="list-style-type: none"> (a) (convert shares) Exterra converts all or any of its shares into a larger or smaller number of shares; (b) (reduce share capital) Exterra resolves to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; (c) (buy-back) Exterra: <ul style="list-style-type: none"> (i) enters into a buy-back agreement; or (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act; (d) (issue shares or options) Exterra issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option or right to an Exterra Share, excluding: <ul style="list-style-type: none"> (i) any issue or grant contemplated by the Share Scheme; and (ii) any Exterra Shares issued by Exterra as a result of the exercise of existing Exterra Options; (e) (change to terms of Exterra Options) Exterra (or the Exterra Board) makes any amendment to the terms of issue of any Exterra Option, where, as a consequence, any one or more of the following occurs: <ul style="list-style-type: none"> (i) the period for exercise of any Exterra Option is extended; (ii) the number of Exterra Options that are exercisable at any time is increased; (iii) the earliest date for exercise of any Exterra Option is brought forward; (iv) the exercise price of any Exterra Option is reduced; or (v) the number of Exterra Shares to be issued on exercise of any Exterra Option is increased; (f) (issue convertible securities) Exterra issues, or agrees to issue, securities or other instruments convertible into shares, other than pursuant to the Anova Loan Facility; (g) (declare dividend) other than any dividend paid, declared or announced by Exterra on or before the date of the Merger Implementation Agreement in accordance with its ordinary dividend policy, Exterra declares any dividend or pays, makes or incurs any liability to pay or make any distribution whether by way of dividend, capital distribution, bonus or other share of its profits or assets; (h) (Insolvency Event) an Insolvency Event occurring in relation to Exterra; (i) (change to constitution) Exterra makes any change or amendment to its constitution; (j) (change to accounting practice or policies) Exterra making any change to its accounting practices or policies, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the Income Tax Assessment Act 1997 (Cth); (k) (debentures) Exterra issues, agrees to issue or grants an option to subscribe for debentures (as defined in section 9 of the Corporations Act); (l) (disposal) Exterra disposes, or agrees to dispose, of the whole, or a substantial part, of its Business or property; (m) (security) Exterra charges, or agrees to charge, the whole or a substantial part, of its Business or property, or creates or alters, or agrees to create or alter, any mortgage, charge lien, security interest or other encumbrance over the whole or a substantial part of its Business or property, other than pursuant to the Anova Loan Facility;

Term	Meaning
	<p>(n) (litigation) Exterra commences any material litigation;</p> <p>(o) (financial indebtedness) Other than in the ordinary course of Business, Exterra incurs any financial indebtedness or issues any debt securities other than advances under the Anova Loan Facility;</p> <p>(p) (benefits to officers and employees) other than in accordance with an existing contract in place at the date of the Merger Implementation Agreement or with the consent of Anova (such consent not to be unreasonably withheld), Exterra:</p> <p>(i) increases the remuneration of, or otherwise varies, the employment arrangements with any of its directors or employees;</p> <p>(ii) accelerates the rights of any of its directors or employees to compensation or benefits of any kind (including under any executive or employee share plans); or</p> <p>(iii) pays any of its directors or officers a termination or retention payment;</p> <p>(q) (Material Contracts) Exterra:</p> <p>(i) changes the terms of any Material Contract to the material detriment of Exterra;</p> <p>(ii) terminates any Material Contract;</p> <p>(iii) pays, discharges or satisfies any claims, liabilities or obligations under any Material Contract other than in accordance with past practice and consistent with the contract terms; or</p> <p>(iv) waives any material claims or rights under, or waives the benefit of, any provisions of any Material Contract;</p> <p>(r) (Exterra Material Transaction) Exterra enters into or undertakes an Exterra Material Transaction; or</p> <p>(s) (Exterra Material Permit) Exterra disposes of, relinquishes or surrenders all or part of any of the Exterra Material Permits or any interest in the Exterra Material Permits,</p> <p>provided that (if otherwise caught by the terms of this definition) an acquisition of any business, assets (or interest in such assets), entity or undertaking by Exterra, or a contract or commitment of the kind referred to in clause (r) above, will not be an Exterra Prescribed Event if the terms of that acquisition, or potential contract or commitment, as the case may be, have been fairly disclosed either to the market generally or to Anova in writing prior to the execution of the Merger Implementation Agreement and the acquisition, contract or commitment as the case may be, proceeds substantially in accordance with those terms.</p>
Insolvency Event	<p>In relation to an entity:</p> <p>(a) the entity resolving to be wound up or liquidated;</p> <p>(b) the appointment of a liquidator, provisional liquidator or administrator of the entity;</p> <p>(c) the making of an order by a court for the winding up of the entity;</p> <p>(d) the entity executing a deed of company arrangement; or</p> <p>(e) the appointment of a receiver or a receiver and manager, in relation to the whole, or a substantial part, of the property of the entity.</p>
Material Adverse Change	<p>In relation to a party, any matter, event or circumstance that occurs, is announced or becomes known to that party (whether or not it becomes public) where that matter, event or circumstance is, or could reasonably be expected to be, individually or when aggregated with all such matters, events or circumstances, materially adverse to the business, financial condition, results, material licences, operations or prospects of that party, provided that:</p> <p>(a) any change required to be done or procured by a party pursuant to the Merger Implementation Agreement and the Scheme and cancellation of</p>

Term	Meaning
	<p>the Exterra Options;</p> <p>(b) any change to interest rates, gold price or currency exchange rates;</p> <p>(c) any change which is, and to the extent that it is, a consequence of Losses covered by insurance which that party's insurers have agreed to pay;</p> <p>(d) any change in the market price or trading volume of shares of that party after the date of the Merger Implementation Agreement; and</p> <p>(e) any change as regards to one party (the first party) (which change is otherwise caught by the terms of this definition) that has been fairly disclosed either to the market generally or otherwise to the other party (the second party) in writing immediately prior to the execution of the Merger Implementation Agreement and the change occurs as regards the first party substantially in accordance with those terms,</p> <p>will not be taken into account in determining whether there has been a Material Adverse Change.</p>
Material Contract	Any contract which is or may reasonably be expected to be material to the assets, liabilities, financial position, profits, losses or operation of the entity which is party to it.
Superior Proposal	<p>An Alternative Proposal in relation to Exterra that:</p> <p>(a) in the determination of a majority of the Exterra Board acting in good faith (having taken advice from Exterra's legal advisers), is reasonably capable of being valued and completed, taking into account both the nature of the Alternative Proposal and the person or persons making it; and</p> <p>(b) in the determination of a majority of the Exterra Board acting in good faith and in order to satisfy what that board considers to be its fiduciary or statutory duties (having taken advice from Exterra's legal advisers), would, if completed substantially in accordance with its terms, result in a transaction more favourable to Exterra Shareholders than the Transaction.</p>
Transaction	<p>Means:</p> <p>(a) the proposed acquisition of all the issued Exterra Shares by Anova; and</p> <p>(b) the proposed cancellation of all of the issued Exterra Options.</p>

11.3 Interpretation

In this Scheme Booklet:

- other words and phrases have the same meaning (if any) given to them in the Corporations Act;
- words of any gender include all genders;
- words importing the singular include the plural and vice versa;
- an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- a reference to a Section or Annexure, is a reference to a Section of or Annexure of, this Scheme Booklet as relevant;
- a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;

- headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- a reference to time is a reference to Perth time;
- a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia;
- a reference to US or USA is a reference to the United States of America;
- a reference to 'km' is a reference to a kilometre;
- an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and
- the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

Annexure A – Independent Expert's Report

For personal use only

For personal use only

EXTERRA RESOURCES LIMITED Independent Expert's Report

10 August 2017

Financial Services Guide

10 August 2017

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Exterra Resources Limited ('Exterra' or 'the Company') to provide an independent expert's report on the proposed acquisition of all the ordinary outstanding shares of Exterra by Anova Metals Limited ('Anova') through a scheme of arrangement under the Australian Corporations Act ('the Scheme'). You will be provided with a copy of our report as a retail client because you are a shareholder of Exterra.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ♦ Who we are and how we can be contacted;
- ♦ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ♦ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ♦ Any relevant associations or relationships we have; and
- ♦ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$50,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Exterra for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution*Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1800 367 287
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.

TABLE OF CONTENTS

1.	Introduction	1
2.	Summary and Opinion	1
3.	Scope of the Report	4
4.	Outline of the Scheme	6
5.	Profile of Exterra	7
6.	Profile of Anova	12
7.	Proposed Merged Entity	16
8.	Economic analysis	17
9.	Industry analysis	19
10.	Valuation approach adopted	22
11.	Valuation of Exterra	25
12.	Valuation of Proposed Merged Entity	47
13.	Is the Scheme fair?	55
14.	Is the Scheme reasonable	56
15.	Conclusion	62
16.	Sources of information	63
17.	Independence	63
18.	Qualifications	64
19.	Disclaimers and consents	64

Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Discount rate assessment

Appendix 4 - Independent Valuation Report prepared by Dunbar Resource Management

© 2017 BDO Corporate Finance (WA) Pty Ltd

10 August 2017

The Directors
Exterra Resources Limited
Suite 3, Churchill Court
331-335 Hay Street
Subiaco, WA 6008

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 8 June 2017, Exterra Resources Limited ('**Exterra**' or '**the Company**') announced that it had entered into a Merger Implementation Agreement ('**MIA**') with Anova Metals Limited ('**Anova**') pursuant to which Anova will, if implemented, acquire all of the ordinary outstanding shares of Exterra which it does not already own, by way of a scheme of arrangement under the Australian Corporations Act 2001 (Cth) ('**the Scheme**').

Under the Scheme, Exterra shareholders will receive one Anova share for every two Exterra shares held. All currencies are quoted in Australian dollars ('**A\$**') unless otherwise stated.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Exterra have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not the Scheme is in the best interests of the shareholders of Exterra ('**Shareholders**').

Our Report is prepared pursuant to section 411 of the Corporations Act 2001 Cth ('**Corporations Act**' or '**the Act**') and is to be included in the scheme booklet for Exterra in order to assist the Shareholders in their decision whether to approve the Scheme.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('**ASIC**') Regulatory Guide 60 'Schemes of Arrangements' ('**RG 60**'), Regulatory Guide 111 'Content of Expert's Reports' ('**RG 111**') and Regulatory Guide 112 'Independence of Experts' ('**RG 112**').

In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this report. We have considered:

- a post-merger analysis;
- how the value of two Exterra shares on a control basis prior to the Scheme compares to the value of one share in the combined entity of Exterra and Anova on a minority basis following the implementation of the Scheme;
- the likelihood of an alternative offer being made to Exterra;
- other factors which we consider to be relevant to the Shareholders in their assessment of the Scheme; and
- the position of Shareholders should the Scheme not proceed.

2.3 Opinion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Scheme is fair and reasonable to Shareholders. Therefore, in the absence of a superior proposal, we conclude that the Scheme is in the best interests of Shareholders.

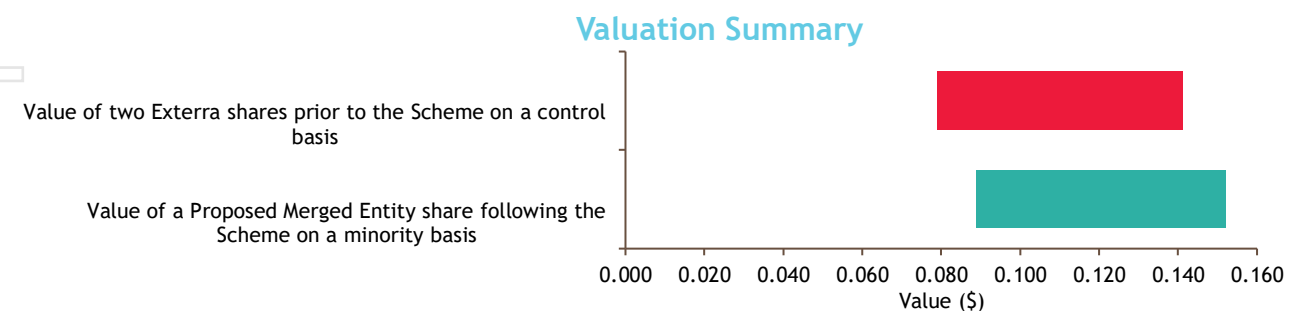
2.4 Fairness

In section 13 we determined that the value of one share in the combined entity of Exterra and Anova following the implementation of the Scheme ('**Proposed Merged Entity**') on a minority basis, received as consideration under the Scheme to Shareholders compares to the value of two Exterra shares on a control basis prior to the implementation of the Scheme as detailed below:

	Ref	Low \$	Mid \$	High \$
Value of two Exterra shares prior to the Scheme (control basis)	11.3	0.078	0.106	0.142
Value of a Proposed Merged Entity share (minority basis)	12.1	0.089	0.116	0.152

Source: BDO analysis

The range of values is represented in graphically below:



The above pricing indicates that, in the absence of any other relevant information, the Scheme is fair for shareholders.

2.5 Reasonableness

We have considered the analysis in section 14 of this report, in terms of both:

- advantages and disadvantages of the Scheme; and
- other considerations, including the position of Shareholders if the Scheme does not proceed.

In our opinion, the position of Shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Scheme is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
14.1.1	The Scheme is fair	14.2.1	Shareholders' interest will be diluted
14.1.2	Provides opportunity of funding for Second Fortune	14.2.2	Anova's Big Springs Project is at a different stage of development compared to Exterra's Second Fortune Project
14.1.3	Greater potential to generate return for Shareholders		
14.1.4	Creation of a combined group with a stronger position		
14.1.5	Creation of a company with greater growth potential		
14.1.6	Creation of a company with a larger and more diversified portfolio of assets		
14.1.7	Increased ability to obtain debt funding		
14.1.8	Potential for the Proposed Merged Entity to attract new investors		

Other key matters we have considered include:

Section	Description
14.3	Other considerations
14.4	Alternative proposal

3. Scope of the Report

3.1 Purpose of the Report

The Scheme is to be implemented pursuant to section 411 of the Corporations Act. Part 3 of Schedule 8 to the Corporations Act Regulations 2001 (Cth) (**'Regulations'**) prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to section 411 of the Act (**'Section 411'**).

An independent expert's report must be obtained by a scheme company if:

- the corporation that is the other party to the scheme has a common director or directors with the company which is the subject of the scheme; or
- the corporation that is the other party is entitled to more than 30% of the voting shares in the subject company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interests of the members of the company the subject of the scheme and setting out his or her reasons for that opinion.

Anova does not hold any shares in Exterra and there are no common directors. Accordingly, there is no statutory requirement for this report pursuant to section 411. Notwithstanding this fact, the directors of Exterra have requested that BDO prepare this report as if it were an independent expert's report pursuant to section 411, and to provide an opinion as to whether the directors of Exterra are justified in recommending the Scheme in the absence of a superior proposal.

The requirement for an independent expert's report is also a precondition to the MIA, which states that for the Scheme to proceed, the independent expert's report must conclude that the Scheme is in the best interests of Shareholders.

3.2 Regulatory guidance

Neither the Act nor the Regulations defines the term 'in the best interests of'. In determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of 'control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, 'in the best interests' must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available.

The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable', if it was in the form of a takeover bid, the expert will also be able to conclude that the Scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Following the implementation of the Scheme, Exterra shareholders collectively will hold approximately 28% of the Proposed Merged Entity's issued capital with Anova shareholders retaining approximately 72%. In addition, Anova will control the majority of the board in the Proposed Merged Entity with three of the five director positions. Accordingly, we have treated the Scheme as a control transaction.

Having regard to the above, BDO has completed this comparison in three parts:

- a comparison between the value of two Exterra shares including a premium for control prior to the Scheme and the value of one share in the combined entities of Exterra and Anova following the implementation of the Scheme on a minority interest basis (fairness - see section 13 'Is the Scheme Fair?');
- an investigation into other significant factors to which Shareholders might give consideration, prior to approving the Scheme, after reference to the value derived above (reasonableness - see section 14 'Is the Scheme Reasonable?'); and
- a consideration of whether the Scheme is in the best interests of Shareholders.

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

‘an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.’

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Scheme

On 8 June 2017, Exterra announced that it had entered into a MIA with Anova, pursuant to which Anova will, if implemented, acquire all of the ordinary outstanding shares of Exterra which it does not already own by way of a scheme of arrangement under the Corporations Act.

Under the proposed Scheme, Exterra Shareholders will receive one Anova share for every two Exterra shares held. This will result in Anova issuing approximately 172,594,353 Anova Shares in order to acquire all Exterra shares. Upon completion of the Scheme, Anova shareholders and Exterra shareholders will own approximately 72.4% and 27.6% respectively, of the issued common shares of the Proposed Merged Entity on an undiluted basis.

Under the MIA, Exterra and Anova agreed to procure that each holder of Exterra options enter into an agreement for the cancellation of their Exterra options in exchange for the grant of two new Anova options for every Exterra option they hold.

The Scheme and the various obligations of Exterra and Anova, are conditional upon, but not limited to the following:

- regulatory approvals of ASIC and the Australian Securities Exchange (‘ASX’);
- approval of the Scheme by the requisite majority of Shareholders, in accordance with the Act, at the Scheme meeting;
- binding agreements have been entered into for a sufficient number of unexpired Exterra options to permit Anova to compulsorily acquire the remaining unexpired Exterra options;
- Court approval of the Scheme in accordance with section 411(4)(b) of the Act;
- the aggregate of Anova’s cash assets and receivables, less any trade creditors, is above \$5.5 million as at the Second Court Date; and
- the independent expert’s report concluding that the Scheme is in the best interests of Shareholders.

Further disclosure of the conditions precedent to the Scheme is included in the Scheme Booklet.

A summary of the Scheme is set out in the table below:

Share structure following the Scheme	Shares (no.)	Percentage holding
Number of Exterra shares on issue prior to the Scheme	345,188,706	
Number of Anova shares on issue prior to the Scheme	453,400,292	72.4%
Number of shares to be issued to Exterra shareholders based on 1 Anova share for every 2 Exterra shares held	172,594,353	27.6%
Total number of shares on issue following the implementation of the Scheme	625,994,645	100%

Source: BDO analysis

5. Profile of Exterra

5.1 History

Exterra is an ASX listed company primarily involved in the exploration, development and acquisition of gold mineral projects. Currently, the Company is focussed on progressing its Second Fortune gold mine ('Second Fortune' or 'Second Fortune Project') at the Linden Gold Project ('Linden Project') in Western Australia into gold production. The Company has its head office located in Perth, Western Australia.

Exterra's current board members and senior management are:

- Mr John Davis, Executive Chairman;
- Mr Justin Brown, Non-Executive Director;
- Mr Geoff Laing, Executive Director; and
- Mr Dennis Wilkins, Company Secretary.

The Company's latest capital raising was completed on 13 October 2016, under which Exterra raised approximately \$4.03 million at 7 cents per share in order to enable the Company to progress the Second Fortune Project into production. In addition, on 16 June 2017 6,001,190 3.5 cent options were exercised which raised an additional \$0.11 million.

On 4 July 2017, the Company announced that it had executed a farm-in and joint venture agreement with Bar Twenty Pty Ltd ('Bar Twenty JV'), over the Bar Twenty Gold Project ('Bar Twenty') which is located approximately 20 kilometres ('km') from Second Fortune. Under the agreement, Exterra:

- has the right to explore and develop Bar Twenty;
- can earn a 75% joint venture interest in Bar Twenty by producing 5,000 ounces ('oz') of gold from Bar Twenty;
- Bar Twenty Pty Ltd must contribute to all ongoing expenditure on a 75/25 pro rata basis on commencement of the joint venture subject to Bar Twenty Pty Ltd's right to receive a 2.5% net smelter return royalty; and
- Exterra has a right of first refusal to enter into an agreement with Bar Twenty Pty Ltd over a further seven gold prospects.

5.2 Projects

5.2.1. Linden Project

The Linden Project is located in the southern end of the Laverton Tectonic Zone, in the Archean Yilgarn Craton in Western Australia. The Linden Project currently consists of Second Fortune and numerous other prospects such as Hill East, Golden Orb and Alawa.

Set out below is a brief description of Second Fortune and a summary of the prospects contained at the Linden Project. Further and more detailed information on the Company's projects may be found in Appendix 4.

5.2.1.1. Second Fortune

Second Fortune is an underground mine located at the south west end of the Linden Project, approximately 220 kilometres km northeast of Kalgoorlie. The mine consists of four interpreted lodes, being the main lode, hanging wall lode, foot wall lode and west lode.

On 20 January 2017, Exterra provided an update relating to development milestones for Second Fortune. The announcement stated that the Company had received approval from the Department of Mines and Petroleum ('DMP') for underground mining activities under the Project Management Plan. Further, the announcement also stated that the camp and associated infrastructure had been completed.

On 8 March 2017, the Company provided an update relating to development milestones for Second Fortune. The announcement stated various deliveries had been made to site, including mine offices and mobile screening plant.

On 27 April 2017, the Company provided an update of development milestones for Second Fortune. The announcement detailed mullock processing had commenced at Second Fortune, and all permitting was in place for sorting operations.

On 2 May 2017, Exterra announced that it had commenced scale sorting operations at Second Fortune. The announcement explained that the sorting operation had returned grading between 5.5 grams per tonne and 10 grams per tonne from feed stocks grading approximately 3 grams per tonne.

On 25 May 2017, Exterra announced the successful completion of the feasibility study on Second Fortune. The feasibility study indicated, amongst other things, a gold reserve increase of 15% from 56,000 oz to 65,000 oz.

5.2.2. Other prospects

There are numerous prospects located throughout the Linden Project. Prospects include the Linden West, Cuckoo Hawk, Marloo and Devon South prospects.

Drilling at the Linden Star, Pipeline, Second Fortune Extended, Mt Linden, Hill East, Golden Orb and Alawa prospects occurred during the financial year ended 30 June 2017. The findings of these operations confirmed the potential for additional significant gold resources at the Linden project, particularly in the Linden Star, Hill East and Golden Orb Prospects.

5.3 Historical Statement of Financial Position

Historical Statement of Financial Position	Reviewed as at 31-Dec-16 \$	Audited as at 30-Jun-16 \$	Audited as at 30-Jun-15 \$	Audited as at 30-Jun-14 \$
CURRENT ASSETS				
Cash and cash equivalents	4,313,130	1,574,517	405,220	502,456
Trade and other receivables	66,323	25,808	106,339	36,461
Financial assets at fair value through profit or loss	-	-	162,000	-
TOTAL CURRENT ASSETS	4,379,453	1,600,325	673,559	538,917
NON CURRENT ASSETS				
Property, plant and equipment	218,335	226,924	244,181	266,627
Capitalised exploration and evaluation expenditure	1,475,000	3,785,000	3,785,000	4,984,350
Capitalised mine development	4,383,322	-	-	-
TOTAL NON CURRENT ASSETS	6,076,657	4,011,924	4,029,181	5,250,977
TOTAL ASSETS	10,456,110	5,612,249	4,702,740	5,789,894
CURRENT LIABILITIES				
Trade and other payables	666,075	311,618	57,860	151,612
TOTAL CURRENT LIABILITIES	666,075	311,618	57,860	151,612
NON CURRENT LIABILITIES				
Provisions	319,329	-	-	-
TOTAL LIABILITIES	985,404	311,618	57,860	151,612
NET ASSETS	9,470,706	5,300,631	4,644,880	5,638,282
EQUITY				
Contributed equity	19,579,654	15,065,529	13,317,529	13,317,529
Reserves	791,114	432,850	393,350	300,950
Accumulated losses	(10,900,062)	(10,197,748)	(9,065,999)	(7,980,197)
TOTAL EQUITY	9,470,706	5,300,631	4,644,880	5,638,282

Source: Exterra's audited financial statements for the years ended 30 June 2016, 30 June 2015 and 30 June 2014 and reviewed financial statements for the half year ended 31 December 2016

Commentary on Historical Statement of Financial Position

We note that for the year ended 30 June 2015, Exterra's auditor issued an emphasis of matter paragraph in the audit report. The auditor outlined the existence of a material uncertainty which may cast significant doubt about Exterra's ability to continue as a going concern, due to the Company incurring an operating loss of \$1,085,802 and experiencing a cash decrease of \$97,236 as at 30 June 2015. The ability of Exterra to continue as a going concern was therefore noted as being dependent on the Company raising additional funding by way of capital raisings and reducing operational and exploration expenditure. We note that subsequent reporting periods were clear of any going concern issues.

- Cash and cash equivalents increased from \$405,220 as at 30 June 2015 to \$1,574,517 as at 30 June 2016, primarily due to proceeds amounting to \$1,830,000 received from the issue of ordinary shares over the period.
- Trade and other receivables of \$25,808 as at 30 June 2016 comprised \$20,914 related to government taxes receivable and \$4,894 related to sundry receivables. Sundry receivables were not past due nor impaired, and were expected to be fully recoverable.

- Financial assets at fair value through profit or loss of \$162,000 at 30 June 2015 wholly related to investments in ASX listed equity securities.
- Capitalised exploration and evaluation expenditure decreased from \$3,785,000 as at 30 June 2016 to \$1,475,000 as at 31 December 2016. This decrease was the result of a reclassification of \$2,310,000 to capitalised mine development, which represented the costs incurred in preparing mines for production and includes plant and equipment under construction, stripping and waste removal costs incurred prior to the commencement of production. Amortisation of capitalised mine development commences at the point when production from a geological area of interest commences.
- Provisions amounting to \$319,329 as at 31 December 2016 related to the present value of the estimated costs associated with Second Fortune based on the estimated future costs assessed by the Government of Western Australia Department of Mines and Petroleum. The amount was determined on a discounted basis.

5.4 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Reviewed for the half year ended 31-Dec-16 A\$	Audited for the year ended 30-Jun-16 A\$	Audited for the year ended 30-Jun-15 A\$	Audited for the year ended 30-Jun-14 A\$
Revenue				
Revenue from continuing operations	18,370	9,511	12,329	210,535
Other income	20,000	84,096	319,474	50,000
Expenses				
Administrative expenses	(172,573)	(172,042)	(190,102)	(400,406)
Depreciation expenses	(8,588)	(17,257)	(22,446)	(25,241)
Employee benefits expense	(31,764)	(3,925)	(10,064)	(3,186)
Exploration expenses	(413,995)	(1,032,132)	(418,691)	(577,049)
Fair value losses on financial assets at fair value through profit or loss	-	-	(409,552)	-
Loss on sale of mining properties	-	-	(274,350)	-
Share-based payments expense	(113,764)	-	(92,400)	-
Loss before income tax expense	(702,314)	(1,131,749)	(1,085,802)	(745,347)
Income tax expense	-	-	-	-
Loss for the year from continuing operations	(702,314)	(1,131,749)	(1,085,802)	(745,347)
Total comprehensive profit/(loss) for the year	(702,314)	(1,131,749)	(1,085,802)	(745,347)

Source: Exterra's audited financial statements for the years ended 30 June 2016, 30 June 2015 and 30 June 2014 and reviewed financial statements for the half year ended 31 December 2016

Commentary on Historical Statement of Comprehensive Income

- Revenue from continuing operations for the years ended 30 June 2015, 30 June 2016 and the half year ended 31 December 2016 related entirely to interest income. Revenue from continuing operations of \$210,535 in the year ended 30 June 2014 comprised \$26,201 of interest revenue and \$184,334 of rental revenue.

- Other income of \$20,000 for the half-year ended 31 December 2016 related to proceeds on sale of property, plant and equipment. Other income of \$319,474 for the year ended 30 June 2015 related to research and development tax incentive grants. Other income of \$84,096 for the year ended 30 June 2016 comprised \$25,957 of research and development tax incentive grant and \$58,139 of net fair value gains on financial assets through profit or loss.
- Exploration expenses increased from \$418,691 for the year ended 30 June 2015 to \$1,032,132 for the year ended 30 June 2016. This increase was primarily due to the Company's accelerated exploration activities over the period, including the drilling and testing minerals of prospects within the Linden Project and the commencement of ore sorting trials at Second Fortune.
- Fair value losses on financial assets of \$409,552 for the year ended 30 June 2015 related to the completed sale of the Egerton Gold Project to Gascoyne Resources Limited.
- The share-based payments expense of \$113,764 for the half year ended 31 December 2016 and the \$92,400 for the year ended 30 June 2015 reflect the weighted average fair value of the options granted in each respective year.

5.5 Capital Structure

The share structure of Exterra as at 30 June 2017 is outlined below:

	Number
Total ordinary shares on issue	345,188,706
Top 20 shareholders	165,166,133
Top 20 shareholders - % of shares on issue	47.85%

Source: Exterra share registry information

The range of shares held in Exterra as at 30 June 2017 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	20	4,480	0.00%
1,001 - 5,000	8	22,943	0.01%
5,001 - 10,000	58	541,106	0.16%
10,001 - 100,000	365	17,588,298	5.10%
100,001 - and over	322	327,031,879	94.74%
TOTAL	773	345,188,706	100.00%

Source: Exterra share registry information

The ordinary shares held by the most significant shareholders as at 30 June 2017 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Bernard Stephens	36,977,060	10.71%
Ranguta Ltd	23,307,530	6.75%
Cornelius Seamus	14,700,000	4.26%
Montezuma Mining Co Ltd	14,000,000	4.06%
Browns Island Holdings Ltd	10,750,000	3.11%
Total	99,734,590	28.89%

Source: Exterra share registry information

The outstanding options on issue as at 15 June 2017 are detailed below:

Current Options on Issue	Number
Options exercisable at \$0.0215 on or before 19 June 2020	9,000,000
Options exercisable at \$0.060 on or before 1 July 2019	9,375,000
Options exercisable at \$0.060 on or before 4 July 2018	5,000,000
Options exercisable at \$0.100 on or before 26 August 2019	2,500,000
Options exercisable at \$0.125 on or before 26 August 2019	2,500,000
Options exercisable at \$0.060 on or before 29 July 2019	17,853,737
Options exercisable at \$0.080 on or before 29 July 2019	17,853,737
Options exercisable at \$0.100 on or before 1 December 2019	1,000,000
Options exercisable at \$0.100 on or before 28 November 2021	2,750,000

Source: Exterra share registry information

6. Profile of Anova

6.1 Company overview

Anova (formerly trading as Kimberley Rare Earths Limited) is a mineral exploration and evaluation company and listed on the ASX on 18 May 2011. Anova's primary focus is on the development of the Big Springs Gold Project ('**Big Springs Project**') in the United States of America ('USA').

Anova's current board members and senior management are:

- Mr Malcolm James, Non-Executive Chairman;
- Mr Bill Fry, Executive Director;
- Mr Alasdair Cooke, Non-Executive Director; and
- Mr Steven Jackson, Company Secretary.

6.2 Key Corporate Events

In February 2015, Anova announced a two tranche placement to sophisticated and professional investors, raising \$2.0 million through the issue of 50 million shares at \$0.04 per share.

In October 2015, Anova completed a capital raising of \$500,000 through the issue of 11.2 million shares at \$0.045 per share.

In March 2016, Anova completed a capital raising of \$1.50 million through the issue of 33.3 million shares at \$0.045 per share.

In August 2016 Anova conducted a share placement, raising \$7.10 million at an issue price of \$0.13 per share. Subsequent to this placement, in August and September a share purchase plan was conducted on the same terms and subsequently raised \$2.17 million from existing shareholders. Funds from both the placement and share purchase plan are being used to accelerate exploration programs at Big Springs.

6.3 Projects

6.3.1. Big Springs Project

Anova holds a 100% interest in the Big Springs Project, located in the Carlin District of Nevada, 90 kilometres north of the city of Elko, Nevada. The Big Springs Project is split into five separate zones; North Sammy, South Sammy, Beadles Creek, Beadles Link and Briens Fault.

On 1 February 2017, Anova announced progress on the permitting of its Big Springs Project. The announcement detailed that Anova had received the final Decision Notice from the United States Forest Service, and approved Anova's plan of operations and mining proposal.

On 26 April 2017, Anova announced plans for an initial 2017 exploration drilling program at its Big Springs Project. The announcement stated that Anova plans to conduct soil and stream sediment surveys in the area east of Beadles Creek.

On 5 July 2017, Anova announced that its Board had approved an initial exploration program for 2017 at its Big Springs Project. The announcement detailed that a drilling contract had been signed with Anova's preferred contractor and two drilling rigs would be mobilised to site during July 2017.

6.4 Historical Statement of Financial Position

Historical Statement of Financial Position	Reviewed as at 31-Dec-16 \$	Audited as at 30-Jun-16 \$	Audited as at 30-Jun-15 \$	Audited as at 30-Jun-14 \$
CURRENT ASSETS				
Cash and cash equivalents	8,876,966	1,287,493	1,473,092	1,480,590
Trade and other receivables	24,343	15,460	21,482	78,370
Prepayments	20,296	21,124	17,889	27,722
TOTAL CURRENT ASSETS	8,921,605	1,324,077	1,512,463	1,586,682
NON CURRENT ASSETS				
Property and equipment	44,328	2,849	5,331	8,255
Exploration and evaluation expenditure	11,162,734	10,974,219	10,752,627	10,615,174
Other assets	448,968	437,742	423,120	347,776
TOTAL NON CURRENT ASSETS	11,656,030	11,414,810	11,181,078	10,971,205
TOTAL ASSETS	20,577,635	12,738,887	12,693,541	12,557,887
CURRENT LIABILITIES				
Trade and other payables	345,624	347,469	396,086	463,238
TOTAL CURRENT LIABILITIES	345,624	347,469	396,086	463,238
TOTAL LIABILITIES	345,624	347,469	396,086	463,238
NET ASSETS	20,232,011	12,391,418	12,297,455	12,094,649
EQUITY				
Issued capital	44,701,891	34,947,123	32,895,624	29,315,219
Reserves	2,516,588	2,425,128	2,176,160	1,897,431
Accumulated losses	(26,986,468)	(24,980,833)	(22,774,329)	(19,118,001)
TOTAL EQUITY	20,232,011	12,391,418	12,297,455	12,094,649

Source: Anova's audited financial statements for the years ended 30 June 2016, 2015 and 2014 and reviewed financial statements for the half year ended 31 December 2016.

We note that Anova's auditor issued an Emphasis of Matter paragraph in the audited financial report for the year ended 30 June 2015. Anova had a working capital surplus of \$1,116,376 and incurred an operating loss of \$3,688,149 at 30 June 2015. The auditor outlined the existence of material uncertainty regarding Anova's ability to continue as a going concern, dependent on Anova securing additional funding to fund ongoing exploration commitments and working capital expenses. This was addressed with the capital raisings detailed below. As such, the subsequent reporting periods were clear of any going concern issues.

Commentary on Historical Statement of Financial Position

- Cash and cash equivalents increased from \$1.29 million as at 30 June 2016 to \$8.88 million as at 31 December 2016 as a result a share placement, raising \$7.1 million at an issue price of \$0.13 per share and a concurrent share purchase plan was conducted on the same terms which raised \$2.17 million. Funds from both the placement and share purchase plan are being used to accelerate exploration programs at the Big Springs Project.
- Trade and other receivables comprise GST receivables of \$12,985 and other debtors of \$2,475 as at 31 December 2016.
- Property, plant and equipment increased from \$2,849 as at 30 June 2016 to \$44,328 as at 31 December 2016 as a result of increased exploration activities.
- Other assets of \$448,968 at 31 December 2016 is largely attributable to security deposits, totalling \$405,913 as at 31 December 2016.
- Trade and other payables comprise trade creditors of \$319,714 and payroll liabilities of \$27,755 as at 30 June 2016.

6.5 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Reviewed for the half year ended 31-Dec-16 \$	Audited for the year ended 30-Jun-16 \$	Audited for the year ended 30-Jun-15 \$	Audited for the year ended 30-Jun-14 \$
Revenue				
Revenue from continuing operations	22,850	16,240	21,182	45,241
Expenses				
Consultant and employee benefits expenses	(409,938)	(805,472)	(931,425)	(1,104,289)
Exploration expensed as incurred	(1,596,785)	(990,006)	(2,308,576)	(1,245,013)
Administration expenses	(186,544)	(256,278)	(186,670)	(290,792)
Share-based payment expenses	23,595	(29,856)	(75,271)	(15,111)
Occupancy expenses	(84,944)	(141,175)	(207,389)	(226,534)
Net financial expense	131	43	-	(280)
Loss before income tax expense	(2,231,635)	(2,206,504)	(3,688,149)	(2,836,778)
Income tax expense	-	-	-	-
Profit/(loss) for the year	(2,231,635)	(2,206,504)	(3,688,149)	(2,836,778)
Other comprehensive income				
Foreign currency translation	341,055	235,112	1,390,278	(173,243)
Total comprehensive profit/(loss) for the period	(1,890,580)	(1,971,392)	(2,297,871)	(3,010,021)

Source: Anova's audited financial statements for the years ended 30 June 2016, 2015 and 2014 and reviewed financial statements for the period ended 31 December 2016.

Commentary on Historical Statement of Comprehensive Income

- Revenue comprises interest income.
- Exploration and evaluation expenses increased from \$990,006 for the year ended 30 June 2016 to \$1,596,785 for the six months 31 December 2016 due to intensified efforts to develop operations at its Big Springs Project.

6.6 Capital Structure

The share structure of Anova as at 5 July 2017 is outlined below:

	Number
Total ordinary shares on issue	453,400,292
Top 20 shareholders	247,374,050
Top 20 shareholders - % of shares on issue	54.56%

Source: Share registry information.

The range of shares held in Anova as at 5 July 2017 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	338	96,756	0.02%
1,001 - 5,000	269	860,181	0.19%
5,001 - 10,000	233	1,717,078	0.38%
10,001 - 100,000	621	23,166,156	5.11%
100,001 - and over	308	427,560,121	94.30%
TOTAL	1,769	453,400,292	100.00%

Source: Share registry information.

The ordinary shares held by the most significant shareholders as at 12 July 2017 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Phoenix Gold Fund	27,986,111	6.17%
Lujeta Pty Ltd	25,000,000	5.51%
Alasdair Campbell Cooke	24,889,299	5.49%
Total	77,875,410	17.17%

Source: Share registry information.

Anova has 2.25 million performance rights on issue at 5 July 2017. These performance rights were granted for nil consideration and nil consideration is required to convert the right into an ordinary share when vested. The 2.25 million performance rights will vest upon satisfaction of the following milestones:

- 1.5 million post approval of mining plan of operations for North Sammy and Beadles Creek; and
- 0.75 million upon commencement of mining at Big Springs Project.

7. Proposed Merged Entity

Upon completion of the Scheme, Anova will own 100% of Exterra. The Proposed Merged Entity will represent the combined assets of Exterra and Anova.

7.1 Key assets

The key combined assets of the Proposed Merged Entity will be as follows:

Assets	Ownership	Type of Asset	Project location
Big Springs	100%	Gold	Nevada, USA
Linden Project	100%	Gold	WA, Australia
Zelica	100%	Gold	WA, Australia
Malcolm Gold	100%	Gold	WA, Australia
Glass Flat	100%	Gold	WA, Australia
Bar Twenty	Up to 75%*	Gold	WA, Australia

*Under the terms of the Exterra announcement dated 4 July 2017

7.2 Head office operations

The registered office of the Proposed Merged Entity will be located in Perth, Western Australia. It is expected that there may be rationalisation of some roles that are duplicated e.g. Company Secretarial and accounting functions.

7.3 Board of the Proposed Merged Entity

The Board of Directors of the Proposed Merged Entity will comprise:

- Mr Malcolm James - Non Executive Chairman (Anova);
- Mr Bill Fry - Executive Director (Anova);
- Mr Geoff Laing - Executive Director (Exterra);
- Mr Alasdair Cooke - Non Executive Director (Anova); and
- Mr John Davis - Non Executive Director (Exterra)

7.4 Capital structure

Under the Scheme, Shareholders will receive one Anova share for every two Exterra shares held. We set out the potential position of the Proposed Merged Entity after the Scheme (on the assumption that the Scheme is approved). The capital structure of the Proposed Merged Entity on an undiluted basis, is set out below:

Share structure following the Scheme	Shares	Percentage holding
Number of Exterra shares on issue prior to the Scheme	345,188,706	
Number of Anova shares on issue prior to the Scheme	453,400,292	72.4%
Number of shares to be issued to Exterra shareholders based on 1 Anova share for every 2 Exterra shares held	172,594,353	27.6%
Total number of shares on issue following the implementation of the Scheme	625,994,645	100.0%

Source: BDO analysis

8. Economic analysis

8.1 Global

Overall, the global economy is continuing to grow at a moderate level, entering 2017 with more momentum than was originally anticipated. Labour market conditions in advanced economies have improved over the past year, with growth in global industrial production and trade also picking up.

In China, growth is being supported by factors such as increased spending on infrastructure and property construction. High levels of debt, combined with excess capacity in some sectors, are continuing to present a medium-term risk to the country.

Global financial markets have seen improved sentiment following a period of increased volatility. However, uncertainty regarding the global economic outlook and policy settings for major jurisdictions continues. Globally, monetary policy remains accommodative.

8.2 Australia

Commodity prices

Commodity prices are generally higher than they were twelve months ago, however prices of iron ore and coal have fallen in recent months (consistent with forecasts). Although the spot price of iron ore has fallen, it remains above the lows of late 2015. Iron ore prices in 2016 and early 2017 were largely supported by China's infrastructure spending and spending on property construction. Prices of bulk commodities are expected to decline further in coming months, as additional supply comes online and as demand from China is expected to wane, unwinding some of the earlier increases in Australia's terms of trade.

Domestic growth

In Australia, the available information suggests that the economy is growing moderately, and should continue to do so over the next couple of years. The Australian economy has experienced a decline in mining investment over recent years, but indicators suggest that the transition to lower levels of mining investment following the mining boom, is almost complete. The decline in mining investment has been offset by growth in other areas such as residential construction, government expenditure and exports.

Inflation is expected to increase as the effects of some factors that have been weighing on domestic cost pressure dissipate, including earlier declines in the terms of trade and falling employment in mining related industries. The increase in underlying inflation is likely to be gradual.

Recent data relating to the Australian labour market is mixed. Employment growth has picked up over recent months and is expected to continue in the short to medium term.

Credit growth

Business credit growth has slowed in recent months, partly as a result of deleveraging in the mining sector. Demand for credit has been uneven across sectors, with reported increases in demand from the tourism, agriculture, infrastructure and health sectors, and a decline in demand from the manufacturing sector.

Conditions in the housing markets around the country are mixed, with prices rising significantly in some markets and declining in others. There is some indication that conditions are starting to ease in the eastern capital cities, with additional apartment supply becoming available in the next couple of years. Growth in housing debt is outpacing growth in household incomes. Funding costs are starting to increase, with lenders increasing mortgage rates and rates paid on interest only loans.

Currency movements

The recent increase in the terms of trade have been associated with an appreciation of the Australian dollar. An overall depreciating Australian dollar since 2013 has assisted the ongoing adjustment of the economy towards non-resource sectors following the end of the mining boom, however an appreciating exchange rate could complicate that process.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 6 June 2017 and 2 May 2017

8.3 USA

Domestic growth

In the USA, the available information suggests that economic activity is continuing to grow at a moderate pace, despite recent economic activity slowdowns. Labour market growth has expanded, with the amount of new jobs gained being in high numbers since the start of the year, resulting in a decrease in the unemployment rate. Household spending has increased over recent months, and business fixed investment is continuing to rise, particularly in the energy industry. US corporate investment sentiment has increased since the end of 2016, primarily due to positive expectations of tax reforms and a roll-back of regulations, in addition to the expected recovery of the energy sector.

Labour market conditions are predicted to further strengthen looking forward. On a 12-month basis, Inflation has declined in recent times and is currently running at below 2%.

Currency movements

On a trade-weighted index ('TWI') basis, the USD has depreciated since the start of 2017, as the market lowered its expectations on the US administration being able to deliver on their announcement of their proposed fiscal stimulus in a timely manner. The USD is currently around the same price as it was prior to the US election, meanwhile the Mexican peso has appreciated by approximately 15% against the USD since mid-January, offsetting its previous depreciation after the US election. However, before its recent depreciation, the USD had appreciated significantly over recent years, and still remains around its highest level over the last decade on a TWI basis.

Credit growth

10-year Treasury yields have decreased slightly compared to early 2017 rates, due to fading expectations on the US administration's fiscal stimulus. However, they still remain close to the levels at post-US

election times. US premiums for long-term bonds have stayed at around zero this year, principally due to strong demand for US Treasuries from overseas, in particular Japan and Europe. In 2017, bond issuances by US Corporations have been the highest ever on record.

Source: www.federalreserve.gov Statement by the Federal Open Market Committee: Press Release 3 May 2017 and 14 June 2017

9. Industry analysis

9.1 Gold Ore Mining

Gold is a soft malleable metal which is highly desirable due to its rarity and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however in more recent history there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and provides a safe haven investment during periods of economic uncertainty.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the supply of gold for the seven years through 2016 is provided in the table below:

Gold supply (tonnes)	2010	2011	2012	2013	2014	2015	2016
Mine production	2,744	2,846	2,911	3,073	3,148	3,220	3,255
Net producer hedging	(109)	23	(45)	(28)	105	13	33
Recycled gold	1,683	1,666	1,692	1,262	1,189	1,120	1,296
Total supply	4,318	4,535	4,558	4,307	4,442	4,353	4,584

Source: World Gold Council and Independent Market Research

The gold ore mining industry (**'the Industry'**) has performed steadily in recent years, with growth driven by price increases and gold's status as a counter cyclical commodity. However, Industry revenue is projected to stagnate as the world economy stabilises following uncertainty surrounding the United States Presidential Election and the United Kingdom's exit from the European Union. According to IBIS World, Industry revenue is projected to increase at an annualized 2.6% over the five years through 2016-17 to reach \$15.5 billion.

9.2 Key External Drivers

Global gold prices have a significant impact on the revenue generated by Industry operators. When gold prices are low, gold miners are less likely to commit to projects with lower gold grades and higher production costs. Ultimately, a decline in gold prices reduces the viability of new and existing projects, which hinders Industry growth.

The global gold price is denominated in US dollars (**'USD'** or **'US\$'**). Therefore, the exchange rate directly affects the returns received by local Industry operators. A weaker domestic currency benefits the local Industry by reducing prices in export markets and providing opportunities for expansion.

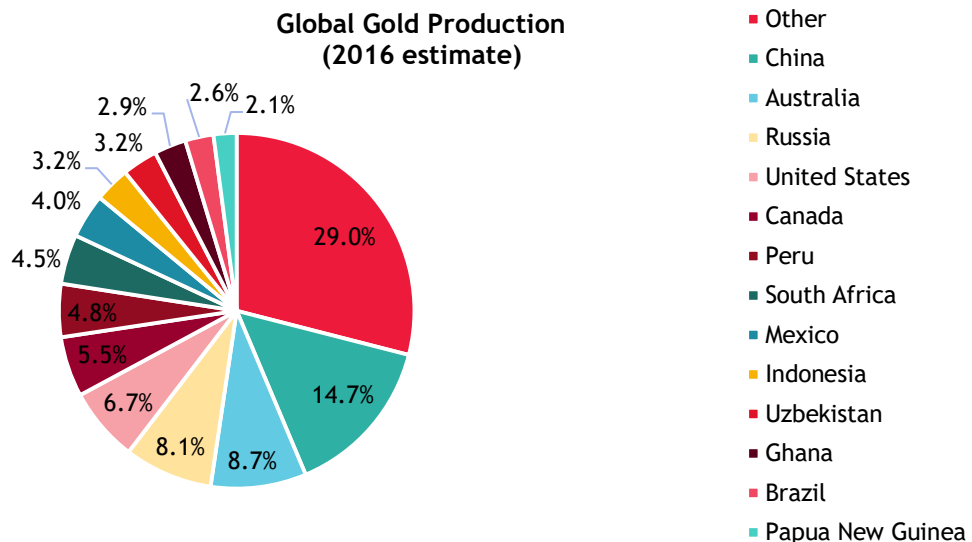
Global demand for gold is also influenced by global economic performance, which is inversely related due to the counter cyclical nature of gold. Stronger global gross domestic product (**'GDP'**) growth can

therefore negatively impact gold demand and the Industry. According to IBIS World, global economic performance is expected to improve, which will likely place downward pressure on demand for gold.

9.3 Gold Ore Mining Trends

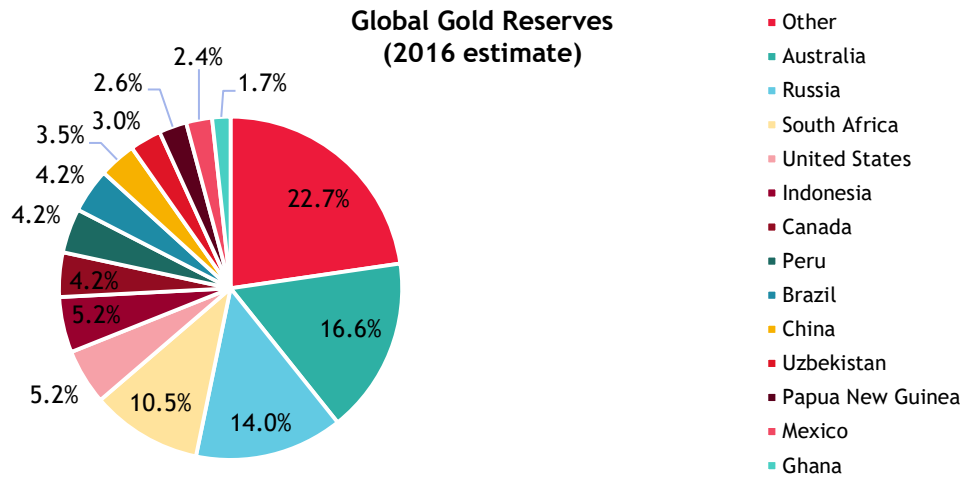
Gold ore mining is a capital intensive and high cost process, which is becoming increasingly difficult and more expensive as the quality of ore diminishes. The Industry also incurs many indirect costs related to exploration, royalties, overheads, marketing and native law title. Typically, many of these costs are fixed in the short term as a result of Industry operators' inability to significantly alter cost structures once a mine commences operation.

Until the late 1980s, South Africa produced approximately half of the total gold ore mined globally. More recently however, the Industry has diversified geographically, with China and Australia dominating global gold production. According to the United States Geological Survey for January 2017, total estimated global gold ore mined for 2016 was approximately 3,100 metric tonnes. The chart below illustrates the estimated global gold production by country for 2016.



Source: United States Geological Survey and BDO analysis

Global gold reserves are consistent with current production statistics, with China and Australia accounting for approximately 30% of the estimated total reserves of 57,000 metric tonnes. The chart below illustrates the estimated global gold reserves by country for 2016.



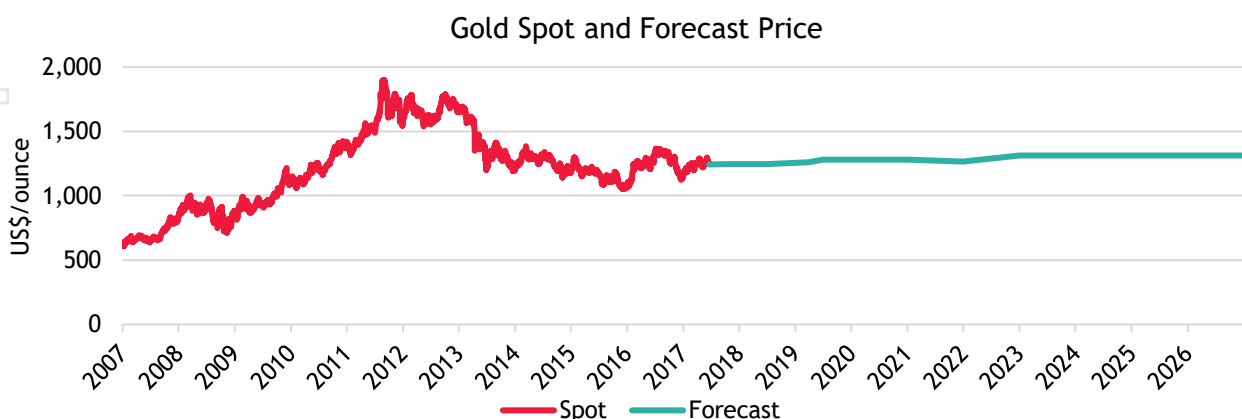
Source: United States Geological Survey and BDO analysis

9.4 Gold prices

The price of gold peaked at US\$1,900 on 5 September 2011, due largely to the debt market crisis in Europe and the Standard and Poor's downgrade of the US credit rating. Global stock markets subsequently went into turmoil, which saw a flood of investors towards safer havens such as gold.

The price of gold fluctuated around US\$1,700 during 2012 before entering a steep decline in 2013. The downturn represented the beginning of a technical correction in the price of gold, which had almost tripled in the two-year period prior to the European crisis in 2011. Improved market sentiment and increased risk appetite from investors saw gold prices continue to decline throughout 2014 and 2015 to US\$1,051 in December 2015.

During 2016, gold prices strengthened as a result of heightened uncertainty surrounding the US Presidential election and the United Kingdom's exit from the European Union. The price of gold reached US\$1,363 in late 2016 before stabilising around US\$1,200 for the first half of 2017. The gold spot price since 2007 and forecast prices through to 2025 are depicted in the graph below:



Source: Bloomberg, Consensus Economics and BDO analysis

According to Consensus Economics, gold prices are forecast to remain relatively stable with a long term nominal price forecast of approximately US\$1,313 per ounce.

10. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

10.1 Valuation of Exterra

In our assessment of the value of an Exterra share, we have chosen to employ the following methodologies:

- Sum-of-Parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods. The component parts of Exterra are valued using the NAV and DCF methods; and
- QMP approach as our secondary method as this represents the value that a Shareholder can receive for a share if it were sold on market.

Sum-of-Parts

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a Sum-of-Parts valuation.

The approach using the Sum-of-Parts involves separately valuing each component of the company, whether it be businesses or assets and liabilities. The value of each part may be determined using different methods as described above.

We have employed the sum-of-parts method in estimating the fair market value of Exterra by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- value of Exterra's 100% interest in the Second Fortune Project (applying the DCF methodology);
- value of Exterra's Linden Gold Project excluding the Second Fortune Project having reliance on an independent specialist valuation opinion;
- value of Exterra's non-Linden tenements (excluding Bar Twenty) having reliance on an independent specialist valuation opinion;

- value of Exterra's interest in the Bar Twenty Joint Venture Project having reliance on an independent specialist opinion;
- value of other assets and liabilities of Exterra (applying the cost approach under the NAV method).

Methodologies adopted

We have adopted the Sum-of-Parts methodology as we consider this to be the most appropriate method to value a company with different components that are most suitably valued on an individual component basis using the most appropriate methodology for that component.

In valuing each component for our Sum-of-Parts valuation, we have chosen these methodologies for the following reasons:

- we have used the DCF methodology to value the Second Fortune Project because the cash flows have a finite life and these cash flows may vary substantially from year to year, rendering it suitable for a DCF valuation. In addition, a Feasibility Study ('FS') has been completed for the Second Fortune Project and a reserve has been identified by Exterra. In our opinion, the Model provided by Exterra provides a sufficiently reasonable basis to apply the DCF methodology. In addition, we have engaged Dunbar Resource Management ('DRM') to provide an opinion on the reasonableness of the technical inputs underpinning the DCF model. We note that the ability to obtain funding for Second Fortune is assumed through a notional capital raising assumed to be undertaken by Exterra;
- Exterra's projects not included in the DCF valuation are valued by DRM separately using the Geoscientific (Kilburn) Valuation approach. DRM has cross-checked this valuation approach using comparable transactions and joint venture terms methodologies;
- Exterra's projects are not currently generating any income nor are there any historical profits that could be used to represent future earnings, therefore the FME approach is not appropriate; and
- other assets and liabilities of Exterra are valued using the NAV method.

Notional capital raising

In our Sum-of-Parts valuation approach we have assumed that Exterra will need to raise the capital required for the development of the Second Fortune Project through a notional capital raising.

We have considered the likely share price at which Exterra will have to issue shares to existing shareholders or a third party under a capital raising to raise the funds required.

Whilst we understand that it may not be likely for Exterra to raise capital in this manner, we are required by RG 111.15 to assess the funding requirements for a company that is not in financial distress when considering its value, especially when using the DCF methodology. Therefore, we have assumed a 'notional' capital raising that is likely to result in significant dilution for the Company in order to raise this capital.

To determine the likely issue price, we have considered the volume weighted average trading price ('VWAP') of Exterra's shares and the discount at which shares have been issued by ASX listed companies when compared with the companies' share prices prior to the date of the announcement of the capital raising.

Technical expert

In performing our valuation of Exterra's Second Fortune Mine using the DCF method, we have relied on the technical assessment and valuation report ('**Independent Technical Assessment and Valuation Report**') prepared by DRM based on DRM's review of the technical project assumptions contained in the cash flow model of the Second Fortune Project.

This report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition) ('**Valmin Code 2015**') and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) ('**JORC Code**').

A copy of DRM's Independent Technical Assessment and Valuation Report is attached in Appendix 4.

Independent specialist valuation

In valuing Exterra's Linden Gold Project (excluding the Second Fortune Project) and non-Linden tenements, being the Zelica, Malcolm and Grass Flat Projects, we have relied on the Independent Technical Assessment and Valuation Report prepared by DRM in accordance with the Valmin Code and the JORC Code. Specific valuation methodologies used by DRM are referred to in the respective sections of our Report and in further detail in their report contained in Appendix 4.

We are satisfied with the valuation methodologies adopted by DRM which we believe are in accordance with industry practices and compliant with the requirements of the Valmin Code. A copy of DRM's Independent Technical Assessment and Valuation Report is attached in Appendix 4.

QMP

We consider the QMP basis to be a relevant methodology because Exterra's shares are listed on the ASX. This means that there is a regulated and observable market where Exterra's shares can be traded. However, in order for the QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed on the Company's activities. Our analysis in section 11.2 indicates that there is a moderately liquid and active market for Exterra's shares, however the liquidity is more prevalent at the beginning of the assessed period prior to the announcement of the Scheme. Therefore, we have only relied on QMP as a cross check to our Sum-of-Parts valuation.

10.2 Valuation of the Proposed Merged Entity

In our assessment of the value of the Proposed Merged Entity, we have chosen to employ the following methodologies:

Sum-of-Parts

Sum-of-Parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods. The methodologies used in valuing each component of the Proposed Merged Entity are set out below:

- The value of Exterra prior to the Scheme using the methodologies detailed in section 10.1;
- Adjustments for any change in the value of the Second Fortune Project resulting from the implementation of the Scheme using a DCF valuation; and

- The value of Anova using the Sum-of-Parts method.

In performing our Sum-of-Parts valuation of Anova we have used the following methodologies in valuing each of Anova's assets and liabilities:

- DRM has been engaged to value Anova's 100% interest in the Big Springs Gold Project as a resource valuation. DRM valued the Big Springs Project using a combination of the comparable transactions method, yardstick valuation method and the Geoscientific (Kilburn) Valuation approach. Further information on the valuation methodologies employed by DRM can be found in their report in Appendix 4; and
- value of other assets and liabilities of Anova (applying the cost approach under the NAV method).

11. Valuation of Exterra

We have employed the Sum-of-Parts method in estimating the fair market value of an Exterra share on a control basis prior to the implementation of the Scheme by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- value of Exterra's interest in the Second Fortune Project;
- value of Exterra's interest in the Linden Gold Project (excluding the Second Fortune Project);
- value of Exterra's non-Linden tenements (excluding Bar Twenty);
- value of Exterra's interest in the Bar Twenty JV;
- amount of cash received from a notional capital raising;
- present value of Exterra's corporate costs; and
- value of other assets and liabilities of Exterra.

We used the QMP approach as our secondary valuation method. Exterra is listed on the ASX which provides an indication of the market value where an observable market for the securities exists and this reflects the minimum value that an Exterra shareholder will receive for the sale of their shares on market.

11.1 Sum-of-Parts valuation of Exterra

The value of Exterra's assets on a going concern basis is reflected in our valuation below:

Summary of Assessment	Ref	Low Value \$	Midpoint Value \$	High Value \$
DCF value of Second Fortune	11.1.1	13,000,000	15,000,000	17,000,000
Add: Linden Gold Project (excluding Second Fortune)	11.1.4	6,100,000	11,900,000	17,800,000
Add: Value of non-Linden tenements (excl Bar Twenty)	11.1.5	200,000	500,000	900,000
Add: Value of Bar Twenty JV (75% ownership)	11.1.6	-	375,000	525,000
Add: Cash received from notional capital raising	11.1.7	10,127,048	10,127,048	8,069,895
Add: Other assets and liabilities (net)	11.1.8	1,799,158	1,799,158	3,732,882
Less: Present value of corporate costs	11.1.9	(3,480,230)	(3,480,230)	(3,480,230)
Value of Exterra on a controlling interest basis		27,745,976	36,220,976	44,547,547
Number of Exterra shares on issue	11.1.10	703,397,258	680,867,674	630,959,716
Value per share (\$)		0.039	0.053	0.071

Source: BDO analysis

The table above indicates that the value of an Exterra share held prior to the implementation of the Scheme on a control basis is between \$0.039 and \$0.071, with a midpoint value of \$0.053.

11.1.1. Valuation of the Second Fortune Project

We elected the DCF approach in valuing Second Fortune. The DCF approach estimates the fair market value by discounting the future cash flows arising from the Second Fortune Project to their net present value. In performing a DCF valuation, a determination of the following is required:

- the expected future cash flows that Second Fortune is expected to generate; and
- an appropriate discount rate to apply to the cash flows of Second Fortune to convert them to present value equivalent.

11.1.1.1. Future Cash Flows

A detailed cash flow model for Second Fortune was prepared by Exterra with the assistance of advisors ('the Model'). The Model estimates the future cash flows expected from gold production at the Second Fortune Mine based on Joint Ore Reserve Committee ('JORC') compliant reserves for the mine life of 24 months. The Model depicts forecasts of real, pre-tax cash flows over the life of mine on a monthly basis.

BDO has made certain adjustments to the Model where it was considered appropriate to arrive at an adjusted model ('the Adjusted Model'). In particular, we have adjusted the Model to reflect any changes to technical assumptions as a result of DRM's review, in addition to any changes to the economic and other input assumptions which we consider appropriate as a result of our research. As commodity prices are quoted on a nominal basis, we have adjusted the Model to reflect cash flows in nominal terms. The Model was prepared based on estimates of production profile, operating costs and capital expenditure.

The main assumptions underlying the Model include:

- mining and production volumes;
- commodity prices;
- operating costs;
- capital expenditure;
- royalty payments; and
- discount rate.

We undertook the following analysis on the Model:

- appointed DRM as technical expert to review, and where required, provide changes to the technical assumptions underlying the Model;
- analysed the Model to confirm its integrity and mathematical accuracy;
- held discussions with Exterra's management regarding the Model and its views;
- conducted independent research on certain economic and other inputs such as commodity prices, inflation and discount rate applicable to the future cash flows of the Second Fortune Project;

- adjusted the Model to reflect any changes to the technical assumptions as a result of DRM's review, in addition to any changes to the economic and other input assumptions such as exchange rates, which we consider appropriate as a result of our research; and
- performed a sensitivity analysis on the value of the Second Fortune Project as a result of flexing selected assumptions and inputs.

We have not undertaken a review of the cash flow forecasts in accordance with the Standard on Assurance Engagements ASAE 3450 'Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information' and do not express an opinion on the reasonableness of the assumptions or their achievability. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted Model has been based have not been prepared on a reasonable basis.

Appointment of a technical expert

DRM was engaged to prepare an Independent Technical Assessment and Valuation Report. DRM's assessment involved the review and provision of input on the reasonableness of the assumptions adopted in the Model, including but not limited to:

- mining physicals (including tonnes of ore mined, ore processed, recoveries and forecast grades);
- processing assumptions (including products and recovery, scheduling considerations, mill production, refining recoveries and plant utilisations);
- operating costs (including, but not limited to, surface mining, underground mining, general site costs, haulage, processing, corporate office and royalties);
- non-operating and other costs (including, but not limited to, reclamation, surface mining pre-stripping, discretionary capital costs and deferred development costs);
- capital expenditure (including, but not limited to, sustaining capital); and
- other relevant assumptions.

A copy of DRM's Technical Assessment and Valuation Report is included in Appendix 4.

Limitations

Since the forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Model, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Economic assumptions

Inflation

We note all cash flows contained in the Model (which underpin the Second Fortune Feasibility Study) are calculated on a real basis. Gold prices obtained from our research sources are quoted in nominal terms. Therefore, we applied an inflation rate to convert costs into nominal terms in the Adjusted Model.

In our assessment of the inflation rate, we have considered forecasts prepared by economic analysts and other publicly available information including broker consensus to arrive at our inflation rate assumptions. Based on our analysis, inflation in Australia for the first quarter of 2017 was 2.1%. The RBA's target inflation rate is between 2% and 3%.

On this basis, and due to the relatively short mine life of Second Fortune, we have assumed the inflation rate in Australia to be 2% for the forecast period.

Foreign currency exchange rate

Gold prices obtained from our research sources are quoted in USD. We have converted these prices to AUD to remain consistent with the cash flows contained in the Model, which are denominated in AUD.

The conversion from USD to AUD was undertaken using the following foreign exchange rate assumptions:

Foreign Exchange Rate	Jun-17	Jul-17 to Sep-17	Oct-17 to Dec-17	Jan-17 to Mar-18	Apr-18 to Jun-18	Jul-18+
AUD/USD	0.76	0.74	0.75	0.75	0.75	0.76

Source: Bloomberg

Revenue assumptions

Second Fortune receives revenue from the sale of gold only.

Gold

Gold revenue has been estimated as the product of annual saleable provisional and final ounces of gold, and gold prices.

Exterra adopted a mid-spot gold price of US\$1,250 per ounce for the Model, which reflects the gold mid-spot price at the time of the Second Fortune FS. We have reviewed the most recent Consensus Economics price forecasts and most recent gold price forecasts from Bloomberg and have adopted these in our Adjusted Model. The gold prices are forecasted in nominal terms.

The gold prices forecasted in US\$ are set out below:

Gold Price	Jun-17 to Aug-17	Sep-17 to Nov-17	Dec-17 to Feb-18	Mar-18 to May-18	Jun-18 to Aug-18	Sep-18 to Nov-18	Dec-18 to Feb-19	Mar-19 to May-19
US\$ per ounce	1,243	1,247	1,245	1,244	1,247	1,251	1,254	1,263

Source: Consensus Economics

Revenue

The graph below shows the forecast revenues from the sale of gold to be received monthly over the life of mine for Second Fortune, excluding treatment and transport costs and the State Government Royalty of 2.5%. Treatment and transport costs as well as State Government Royalty are considered in the Adjusted Model to obtain net revenue.

Second Fortune - Gross Revenue (nominal terms)

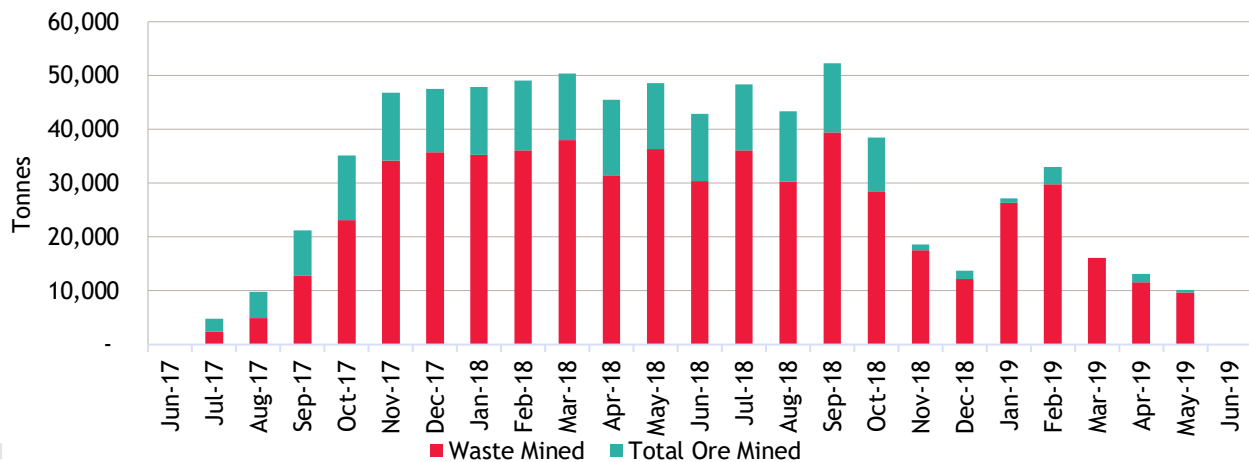


Source: Adjusted Model and BDO analysis

Mining physicals

The graph below outlines the forecast gold to be mined monthly over the Second Fortune Project's life of mine, as per the Adjusted Model.

Second Fortune - Total Ore Mined

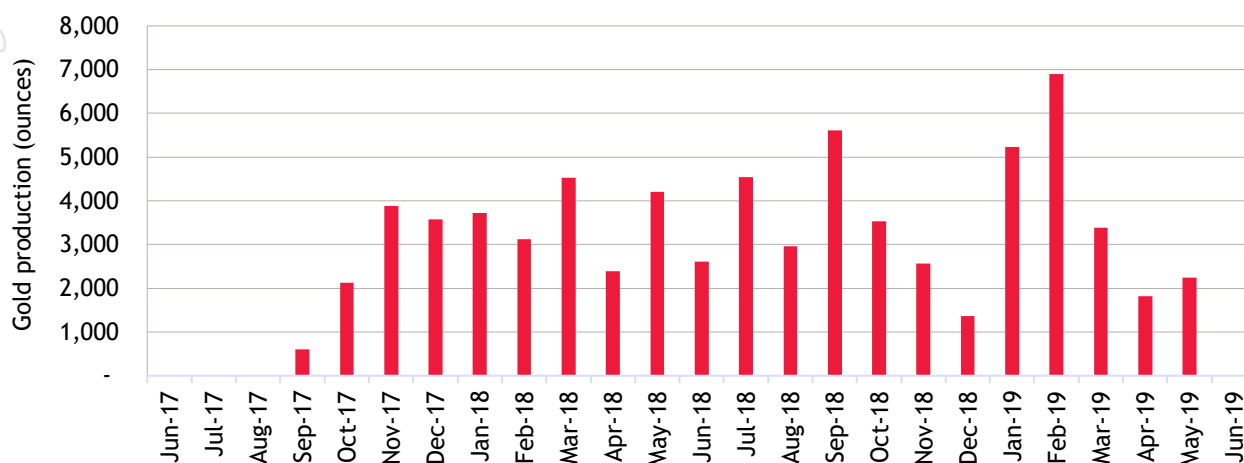


Source: Adjusted Model and BDO analysis

Processing assumptions

The graph below shows the forecast gold ounces to be produced over the life of mine of Second Fortune.

Second Fortune - Gold Production



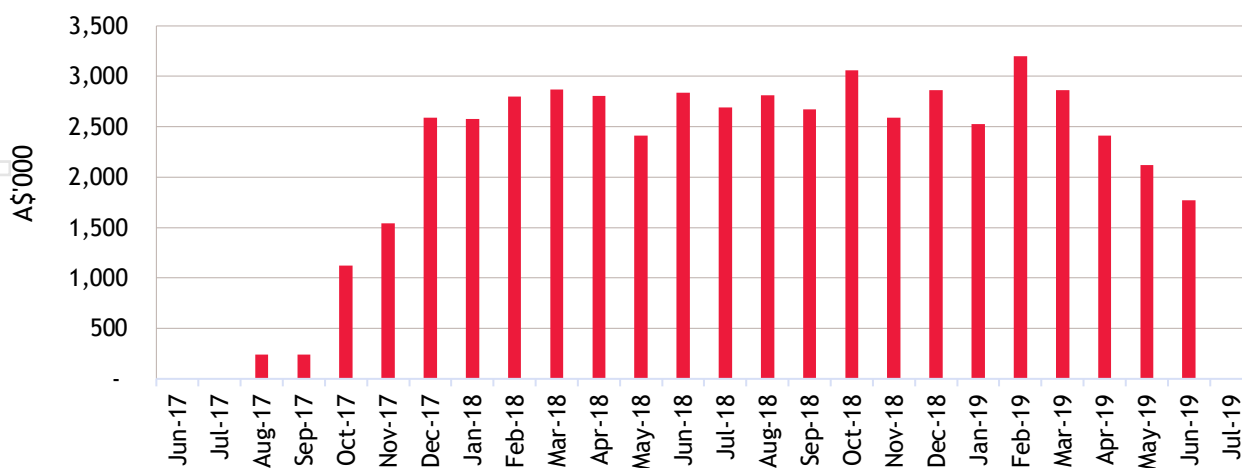
Operating expenditure

Operating costs included in the Adjusted Model comprise:

- mining costs;
- ore screening, crushing and sorting costs;
- dump treatment costs; and
- administration costs.

The graph below outlines the forecast operating costs per month for Second Fortune in nominal terms. DRM have confirmed the operating costs are based on reasonable grounds in their opinion.

Second Fortune - Operating Expenditure (nominal terms)



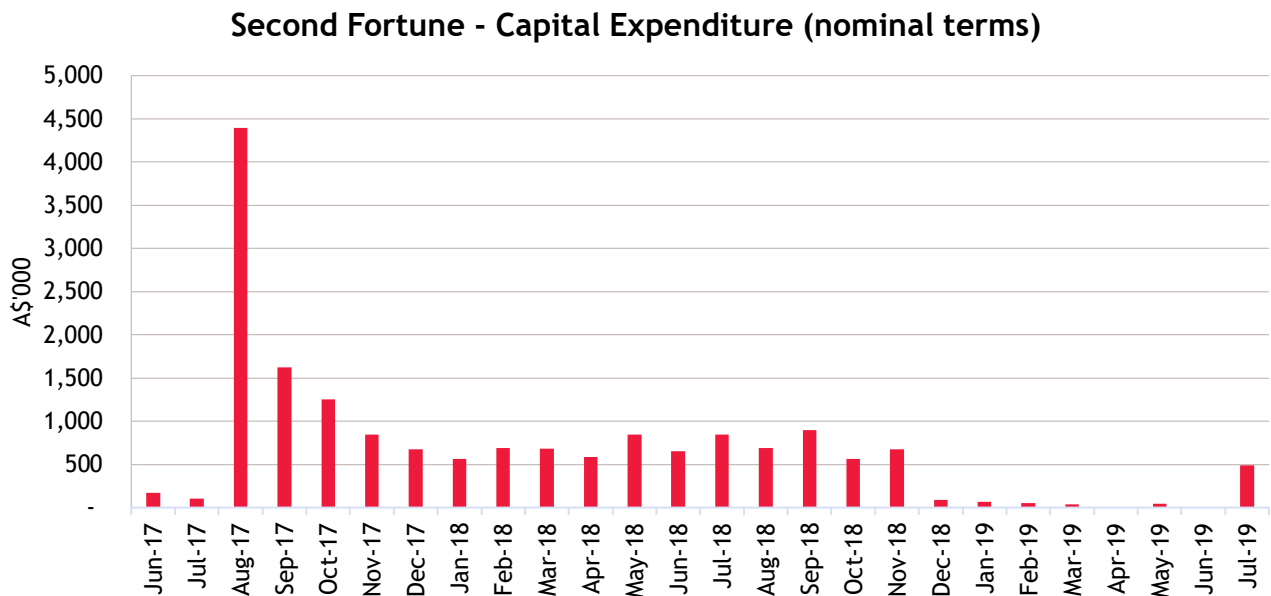
Source: Adjusted Model and BDO analysis

Capital expenditure

Second Fortune requires an upfront project investment of approximately \$4.6 million (in nominal terms), and approximately \$12.4 million of sustaining capital (in nominal terms). We note this differs from the capital expenditure contained in the Second Fortune FS as the capital expenditure in the Adjusted Model is based on nominal terms.

The Model does not account for contingencies on capital expenditure.

The graph below outlines the forecast capital costs per month for Second Fortune in nominal terms. DRM have confirmed the capital costs are based on reasonable grounds in their opinion.



Source: Adjusted Model and BDO analysis

Royalties

Exterra will be liable to pay a royalty to the WA State Government upon the commencement of operations at Second Fortune and under the Mining Regulations Act 1981. The Model assumes that royalties paid to the State Government are calculated as 2.50% of gross gold revenue.

The net royalty calculated, based on the Adjusted Model, totals approximately \$2.8 million over the life of mine of Second Fortune.

Rehabilitation costs and salvage value

Rehabilitation costs of the Second Fortune Project have been included in capital costs. A minimal amount is incurred in June 2018, and one-off rehabilitation costs are incurred at the end of the life of mine.

We have depreciated the assets of Second Fortune over the life of mine and minimal residual value is assumed in the Adjusted Model.

Taxation

The Model is based on pre-tax cash flows. Therefore, we have applied tax adjustments to the Adjusted Model in order to reflect the 30% corporate tax rate in Australia.

Exterra has tax losses of approximately \$12.5 million, which we have incorporated into the Adjusted Model. Based on high level consultation with tax specialists, it is expected that these tax losses are likely to be able to be utilised by the Company.

Funding

We have assumed a 100% equity structure to represent funding for Second Fortune in the Adjusted Model.

11.1.2. Discount rate

We have selected a nominal, post-tax discount rate in the range of 10.68% to 13.61% per annum to discount the cash flows from Second Fortune to their present value. We have used a discount rate of 12% in our base case.

In selecting this range of discount rates, we have considered the following:

- the rate of return for comparable ASX listed gold exploration and producing companies; and
- the risk profile of Exterra as compared to other gold exploration and producing companies.

A detailed consideration of how we arrived at our adopted discount rate range is shown in Appendix 3.

11.1.3. Sensitivity analysis

The estimated equity value of Second Fortune is derived under the DCF approach. Our valuation is highly sensitive to changes in the key assumptions underlying the Adjusted Model. We have therefore included a sensitivity analysis to consider the value of Second Fortune under various pricing scenarios and in applying:

- a change of +/- 20% to the A\$/US\$ exchange rate;
- a change of +/- 20% to the gold price;
- a change of +/- 20% to operating expenditure;
- a change of +/- 20% to capital expenditure; and
- a change of +/- 20% to the discount rate.

The following sensitivities have been prepared to assist Shareholders in considering the potential effects to the value of the Second Fortune Project should our base case assumptions change.

Percentage change	Sensitivity Analysis			
	NPV (A\$m)	NPV (A\$m)	NPV (A\$m)	NPV (A\$m)
	Exchange rate (A\$/US\$)	Gold price (US\$/oz)	Operating expenditure	Capital expenditure
-20%	31.1	(0.6)	22.9	17.3
-15%	26.4	4.0	20.9	16.7
-10%	22.2	8.4	18.9	16.1
-5%	18.4	11.7	17.0	15.5
0%	15.0	15.0	15.0	15.0
5%	11.8	18.2	13.0	14.4
10%	9.0	21.5	10.9	13.8
15%	5.8	24.7	8.9	13.2
20%	2.5	27.9	6.7	12.7

Source: BDO analysis

Discount rate sensitivity analysis									
Discount rate (%)	8%	9%	10%	11%	12%	13%	14%	15%	16%
NPV (A\$m)	16.5	16.1	15.7	15.3	15.0	14.6	14.2	13.9	13.5

Source: BDO analysis

Considering the valuation outcomes above, we estimate the fair value of Second Fortune to be in the range of \$13 million to \$17 million with a midpoint value of \$15 million.

11.1.4. Value of Linden Gold Project tenements not included in the Model

DRM has assessed the additional exploration tenements held by Exterra within the Linden Gold Project that are excluded from the Model. In assessing the market value of the Linden Project, DRM relied on the Geoscientific (Kilburn) Valuation approach.

The value of Exterra's 100% interest in the Linden Project tenements not included in the Model as determined by DRM is as follows:

	Low Value	Midpoint Value	High Value
	\$	\$	\$
Linden Project tenements not included in the Model (100%)	6,100,000	11,900,000	17,800,000

Source: DRM's Independent Technical Assessment and Valuation Report

11.1.5. Value of non-Linden tenements (excluding Bar Twenty)

Exterra holds three additional regional projects aside from the Second Fortune Project. These projects are:

- the Zelica Gold Project;
- the Malcolm Gold Project and;
- the Grass Flat Project

(together the 'Other Mineral Assets').

Accordingly, we engaged DRM to assess the market value of the Other Mineral Assets. In assessing the market value of the Other Mineral Assets, DRM relied on the Geoscientific (Kilburn) Valuation approach. DRM has cross-checked this valuation approach using comparable transactions and joint venture terms methodologies.

The value of Exterra's 100% interest in the Other Mineral Assets as determined by DRM is as follows:

	Low Value	Midpoint Value	High Value
	\$	\$	\$
Value of Other Mineral Assets (100%)	200,000	500,000	900,000

Source: DRM's Independent Technical Assessment and Valuation Report

11.1.6. Value of Bar Twenty JV

On 4 July 2017, Exterra announced it had signed a joint venture agreement with Bar Twenty Pty Ltd to acquire up to 75% of the Bar Twenty Gold Project. As this agreement has been authorised post the announcement of the Scheme, DRM has elected to report the value of the Bar Twenty project separately.

The Bar Twenty project consists of one mining lease and three prospecting licences. As such, DRM adopted the Geoscientific (Kilburn) Valuation approach to value this project.

The value of Exterra's 75% interest in the Bar Twenty Gold Project as determined by DRM is as follows:

	Low Value	Midpoint Value	High Value
	\$	\$	\$
Value of Bar Twenty Gold Project (100%)	200,000	500,000	700,000
Value of Exterra's 75% interest of Bar Twenty Gold Project	-	375,000	525,000

Source: DRM's Independent Technical Assessment and Valuation Report

We have reviewed the terms of the Bar Twenty joint venture agreement and acknowledge that Exterra's 75% interest is contingent on the production of 5,000 ounces of gold at the Bar Twenty Project. As such, we have valued the Bar Twenty Project at nil on a low value basis to reflect the possibility that no gold is produced at the Bar Twenty Project and therefore Exterra never earns an interest. Our midpoint and high values assume 5,000 ounces of gold is produced at the Bar Twenty Project so Exterra receives 75% of the current project value as determined by DRM.

11.1.7. Notional capital raising

We are required by RG 111.15 to assess the funding requirements for a company that is not in financial distress when considering its value, especially when using the DCF methodology. Therefore, we have included a notional capital raising in lieu of the Scheme, as if the Scheme is not implemented, and the Company will be required to fund the development of the Second Fortune Project.

The notional capital raising amount is based on the upfront construction capital expenditure of \$11.7 million (including working capital) less the existing cash balance of \$1.88 million at 31 May 2017 and the additional \$0.105 million raised on 15 June 2017 from the conversion of 3 million 3.5 cent options. We also adjusted for the cash raised from the exercise of in-the-money options as follows.

Cash raised from options	Low \$	Midpoint \$	High \$
Exercise of in the money 2.15 cent options	193,500	193,500	193,500
Exercise of in the money 6 cent options (exp. 1 July 2019)	-	-	562,500
Exercise of in the money 6 cent options (exp. 4 July 2018)	-	-	300,000
Exercise of in the money 6 cent options (exp. 29 July 2019)	-	-	1,071,224
Total cash raised from the exercise of options	193,500	193,500	2,127,224

In addition, we have taken into account the amount of capital raising costs likely to be incurred in conducting the capital raising. We have assessed the costs of a capital raising to be approximately 6% of the funds raised. Therefore, assuming the Second Fortune Project is 100% equity funded, Exterra will be required to raise an equivalent of between \$8.1 million to \$10.1 million through alternative methods in order to meet the funding requirements of the Second Fortune Project.

In order to determine the likely price at which Exterra would have to place its shares to a third party or to current shareholders under a notional capital raising to raise the funds required, we considered the VWAP of Exterra's shares and the discount at which shares have been issued by ASX listed companies when compared to the respective companies' 30 day VWAP prior to the announcement of the placement.

We considered the discount at which shares have been issued since January 2015 by ASX listed companies to raise capital. From our analysis, the average (mean) discount for ASX listed mining companies was 23.6%. Given that the placement discounts have ranged significantly; we have also considered the median of 15.9% as this represents a better measure of central tendency when outliers exist in a data series.

Due to the variability of the placement discounts, we also assessed the discounts adopted by companies since January 2015 with market capitalisations between nil and \$50 million (a band in which Exterra's market capitalisation falls in). The average (mean) discount was 22.6%, with the median being 16.0%.

Given the above analysis and the size of the notional capital raising, we consider a placement discount in the range of 15% to 20% will be required to provide a sufficient incentive for investors to participate in any raising that Exterra would conduct. We adopted 17.5% as the midpoint capital raising discount in our midpoint scenario.

In section 11.2 of our Report, we considered the QMP of Exterra's shares. From this analysis, we assessed that the value of an Exterra share, based on market pricing was between 3.6 cents and 3.9 cents. Applying a discount in the range of 15% to 20% to the assessed value of an Exterra share prior to the announcement of the Scheme results in an assumed notional capital raising price of between 2.9 cents and 3.3 cents per share.

As shown in the table below, in order to raise an equivalent of \$8.1 million to \$10.1 million to provide funding to develop the Second Fortune Project, between 244,542,273 and 349,208,552 new shares will need to be issued at between 2.9 cents and 3.3 cents per share.

Notional Capital Raising:	Low \$	Mid \$	High \$
Upfront construction capital expenditure	11,700,000	11,700,000	11,700,000
Less existing cash held at 31 May 2017	(1,882,075)	(1,882,075)	(1,882,075)
Less cash raised from exercise of options on 15 June 2017	(105,000)	(105,000)	(105,000)
Less cash raised from exercise of in the money options*	(193,500)	(193,500)	(2,127,224)
Amount to be raised	9,519,425	9,519,425	7,585,701
Underwriter's/Broker's fee (flat 6% of funds raised)	607,623	607,623	484,194
Amount to be raised, inclusive of costs of a capital raised	10,127,048	10,127,048	8,069,895
Share price (\$/share)	0.0360	0.0375	0.0390
Placement Discount (%)	20.0%	17.5%	15.0%
Share price: Applied (\$/share)	0.029	0.031	0.033
Number of Exterra shares to be issued under Notional Capital Raising	349,208,552	326,678,968	244,542,273

Source: BDO analysis

This will result in a total of 244,542,273 to 349,208,552 Exterra shares potentially being issued.

11.1.8. Valuation of Other Assets and Liabilities

Other assets and liabilities of Exterra represent the assets and liabilities that have not been specifically adjusted. From our review of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted below.

The table represents a summary of the assets and liabilities identified:

Exterra	Notes	Reviewed as at 31-Dec-16 \$	Adjusted value of other assets and liabilities		
			Low \$	Mid \$	High \$
CURRENT ASSETS					
Cash and cash equivalents	a	4,313,130	2,180,575	2,180,575	4,114,299
Trade and other receivables	b	66,323	66,323	66,323	66,323
TOTAL CURRENT ASSETS		4,379,453	2,246,898	2,246,898	4,180,622
NON CURRENT ASSETS					
Property, plant and equipment	c	218,335	218,335	218,335	218,335
Capitalised exploration and evaluation expenditure	d	1,475,000	-	-	-
Capitalised mine development	d	4,383,322	-	-	-
TOTAL NON CURRENT ASSETS		6,076,657	218,335	218,335	218,335
TOTAL ASSETS		10,456,110	2,465,233	2,465,233	4,398,957
CURRENT LIABILITIES					
Trade and other payables	e	666,075	666,075	666,075	666,075
TOTAL CURRENT LIABILITIES		666,075	666,075	666,075	666,075
NON CURRENT LIABILITIES					
Provisions	f	319,329	-	-	-
TOTAL NON CURRENT LIABILITIES		319,329	-	-	-
TOTAL LIABILITIES		985,404	666,075	666,075	666,075
NET ASSETS		9,470,706	1,799,158	1,799,158	3,732,882

Source: BDO analysis, reviewed financial statements for the half year ended 31 December 2016 and management accounts as at 31 May 2017

We have not undertaken a review of Exterra's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

We have been advised that there has not been any significant change in the net assets of Exterra since 31 December 2016 and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the audited position at 31 December 2016 we have obtained supporting documentation to validate the adjusted values used, which provides reasonable grounds for reliance on the unaudited financial information.

Note a) Cash and cash equivalents

As per Exterra's management accounts to 31 May 2017, the Company's cash balance was \$1.88 million. The reduction in cash held over the period was a result of payments for mine development, exploration expenditure and administration and corporate costs that were partially offset by a \$0.21 million capital raising in April 2017. We have been provided with management accounts that support the cash balance at 31 May 2017.

We have also assumed that the Company will use its existing cash reserves at 31 May 2017 to fund the development of the Second Fortune Project. As such, we have transferred the existing cash balance at 31 May 2017 into the notional capital raising calculation in section 11.1.7.

In addition, three million Exterra options were exercised for 3.5 cents per option post 31 May 2017. We also assumed the exercise of in-the-money options as follows:

In the money options to be exercised	Low \$	Mid \$	High \$
Exercise of options on 15 June 2017	3,000,000	3,000,000	3,000,000
Options exercisable at \$0.0215 on or before 19 June 2020	9,000,000	9,000,000	9,000,000
Options exercisable at \$0.060 on or before 1 July 2019	-	-	9,375,000
Options exercisable at \$0.060 on or before 4 July 2018	-	-	5,000,000
Options exercisable at \$0.060 on or before 29 July 2019	-	-	17,853,737
TOTAL	12,000,000	12,000,000	44,228,737

Source: BDO analysis

The corresponding cash balance was adjusted as follows:

Cash and cash equivalents	Low \$	Mid \$	High \$
Cash at 31-Dec-2016	4,313,130	4,313,130	4,313,130
Exercise of options on 15 June 2017	105,000	105,000	105,000
Exercise of in the money 2.15 cent options	193,500	193,500	193,500
Exercise of in the money 6 cent options (exp. 1 July 2019)	-	-	562,500
Exercise of in the money 6 cent options (exp. 4 July 2018)	-	-	300,000
Exercise of in the money 6 cent options (exp. 29 July 2019)	-	-	1,071,224
less cash spend from 31 Dec 16 to 31 May 17	(2,431,055)	(2,431,055)	(2,431,055)
Cash and cash equivalents	2,180,575	2,180,575	4,114,299

Source: BDO analysis

The share adjustment for the above exercise of options is also detailed in section 11.1.10.

Note b) Trade and other receivables

Trade and other receivables primarily relate to government taxes receivable and sundry receivables.

There has not been a material change in the trade and other receivables balance at 31 May 2017 based on the management accounts. As such, we have not made any adjustments to the audited position at 31 December 2016.

Note c) Property plant and equipment

The property plant and equipment balance relates to transportable accommodation and office buildings at the Second Fortune Project.

The value of property, plant and equipment has not changed materially since 31 December 2016. We have considered Exterra's depreciation policies and given the nature of property, plant and equipment we do not consider the market value to differ materially from its book value.

Note d) Capitalised exploration and evaluation expenditure and capitalised mine development

The entire capitalised exploration and evaluation expenditure balance of \$1.475 million and capitalised mine development balance of \$4.383 million as at 31 December 2016 has been removed as these balances have been reflected in our Sum-of-Parts valuation as follows:

- capitalised exploration and evaluation expenditure relating to Second Fortune has been separately valued in our DCF valuation;
- other exploration projects within the Linden Project not included in the Model have been valued in section 11.1.4;
- the value of the non-Linden tenements and Bar Twenty JV are included in sections 11.1.5 and 11.1.6 respectively; and
- capital mine development expenditure relating to the Second Fortune Project is reflected in the DCF valuation in section 11.1.1 of our Report and Appendix 4.

Note e) Trade and other payables

Trade and other payables have not materially changed since 31 December 2016. Accordingly, we have not made any adjustments to the audited position at 31 December 2016.

Note f) Provisions

The provisions balance of \$0.319 million at 31 December 2016 relates to mine rehabilitation at the Second Fortune Project. We have removed this balance from other assets and liabilities as the DCF valuation of Second Fortune captures future mine rehabilitation expenses.

11.1.9. Present value of corporate costs

In consideration of the historical costs, we have assessed the corporate costs for Exterra and Anova to determine the probable corporate overheads going forward as a producing company. We note that Exterra has traditionally had very few corporate costs due to the small number of staff and small operations.

As such, we have reviewed the corporate costs for Anova and other small comparable operating companies to determine the average corporate costs over the life of mine of Second Fortune. We inflated these costs at the current Australian inflation rate of 2% per annum over the life of mine. The net present value of Exterra's corporate costs discounted at 12.0% per annum is estimated to be \$3.48 million.

11.1.10. Number of Exterra shares on issue

In our Sum-of-Parts valuation approach to derive the value of Exterra share prior to the implementation of the Scheme, we take into account the notional capital raising that Exterra will have to raise in order to be able to develop Second Fortune.

As discussed in section 11.1.7, in order to raise an equivalent of between \$8.1 million and \$10.1 million to provide the funding required to develop Second Fortune, between 244,542,273 and 349,208,552 new shares will need to be issued at between 2.9 cents and 3.3 cents per share.

The adjustment to the number of shares currently on issue is set out in the table below:

Number of shares on issue prior to the Scheme	Low	Mid	High
Number of Exterra shares on issue at 30 June 2017	345,188,706	345,188,706	345,188,706
Exercise of in-the-money options (section 11.1.7)	9,000,000	9,000,000	41,228,737
Number of Exterra shares prior to the notional capital raising	354,188,706	354,188,706	386,417,443
Number of shares to be issued under the notional capital raising	349,208,552	326,678,968	244,542,273
Number of shares on issue prior to the Scheme	703,397,258	680,867,674	630,959,716

Source: BDO analysis

11.2 Quoted Market Prices for Exterra Securities

To provide a comparison to the valuation of Exterra in Section 11.1, we have also assessed the quoted market price for an Exterra share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of a control transaction, the expert should calculate the value of the company's shares assuming 100% ownership of the target including a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

RG 111 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in section 14.

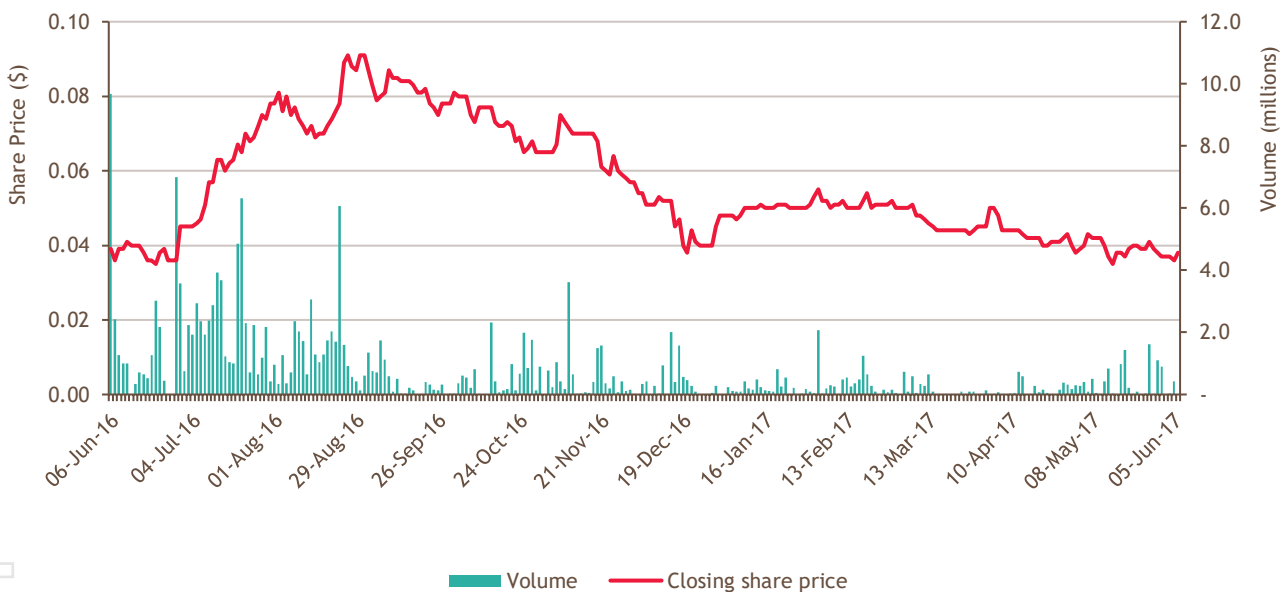
Therefore, our calculation of the quoted market price of an Exterra share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of an Exterra share is based on the pricing prior to the announcement of the Scheme. This is because the value of an Exterra share after the announcement may include the effects of any change in value as a result of the Scheme. However, we have considered the value of an Exterra share following the announcement when we have considered reasonableness in section 14.

Information on the Scheme was announced to the market on 8 June 2017. Therefore, the following chart provides a summary of the share price movement over the 12 months to 5 June 2017, which was the last trading day prior to the announcement. We note that Exterra entered a trading halt on the 5 June 2017.

EXC share price and trading volume history



Source: Bloomberg

The daily price of Exterra from 5 June 2016 to 5 June 2017 has ranged from a low of \$0.028 on 6 June 2016 to a high of \$0.092 on 24 August 2016. The share price of Exterra has displayed a downwards trend from its high of \$0.092 to \$0.038 on 19 December 2016, before plateauing to trade within a range of \$0.0388 and \$0.055. The highest single day of trading was on 6 June 2016 where 9,671,032 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
25/05/2017	Addendum Sections 1 - 3 of JORC Table 1	0.041	▲	5.13%	0.037	▼	9.76%
25/05/2017	FEASIBILITY STUDY CONFIRMS ROBUST HIGH GRADE GOLD MINE	0.041	▲	5.13%	0.037	▼	9.76%
02/05/2017	First Sorted Ore Produced at Second Fortune	0.039	▲	2.63%	0.042	▲	7.69%
27/04/2017	Appendix 3B & Section 708A Notice	0.043	▲	2.38%	0.039	▼	9.30%
27/04/2017	Second Fortune Project Development Update	0.043	▲	2.38%	0.039	▼	9.30%
20/03/2017	Grass Flat Review Identifies Multi-Commodity Potential	0.044	►	0.00%	0.044	►	0.00%
09/03/2017	Grass Flat Review Identifies Multi-Commodity Potential	0.047	▼	2.08%	0.044	▼	6.38%
08/03/2017	Second Fortune Project Update	0.048	►	0.00%	0.045	▼	6.25%
27/02/2017	POSITIVE METALLURGICAL TESTWORK RESULTS	0.052	▲	1.96%	0.050	▼	3.85%
06/02/2017	Results from near mine drilling at Linden Star	0.050	▼	3.85%	0.052	▲	4.00%
20/01/2017	SECOND FORTUNE PROJECT DEVELOPMENT UPDATE	0.051	►	0.00%	0.050	▼	1.96%
12/12/2016	Near Mine Drilling Programme Commences	0.052	►	0.00%	0.047	▼	9.62%
28/11/2016	AGM Presentation	0.058	▼	1.69%	0.054	▼	6.90%
10/11/2016	Construction Commenced at Second Fortune Gold Mine	0.070	►	0.00%	0.070	►	0.00%
13/10/2016	Placement Completed	0.073	▼	5.19%	0.073	►	0.00%
10/10/2016	Trading Halt	0.077	►	0.00%	0.073	▼	5.19%
06/10/2016	Grass Flat Gold Project Tenements Granted	0.073	▼	2.67%	0.077	▲	5.48%
28/09/2016	BOARD APPROVAL TO RECOMMENCE MINING OPERATIONS	0.078	►	0.00%	0.080	▲	2.56%
26/09/2016	SUCCESSFUL ORE SORTING TRIAL COMPLETE	0.078	▲	4.00%	0.081	▲	3.85%
17/08/2016	Exploration Results Extend Second Fortune Trend	0.072	▲	2.86%	0.078	▲	8.33%
15/08/2016	Second Fortune Gold Mine Development Progress Update	0.070	▲	1.45%	0.074	▲	5.71%
01/08/2016	Management and Services Agreement Executed	0.081	▲	3.85%	0.075	▼	7.41%
19/07/2016	Further Gold Exploration Success at Linden	0.065	▼	2.99%	0.069	▲	6.15%
04/07/2016	Second Fortune Development Strategy Refined	0.046	▲	2.22%	0.057	▲	23.91%
30/06/2016	Hill End Drilling Confirms Widespread Au Mineralisation	0.045	►	0.00%	0.047	▲	4.44%
28/06/2016	Placement at Premium and New Path Forward for Second Fortune	0.045	▲	25.00%	0.045	►	0.00%
23/06/2016	Trading Halt	0.036	▼	7.69%	0.045	▲	25.00%
06/06/2016	Phase One Exploration at Moolyella Returns Lithium Values	0.036	▼	7.69%	0.041	▲	13.89%

On 6 June 2016, Exterra released the results of its ground exploration programme at the Moolyella Lithium Project. On the day of the announcement, the Company's share price fell by 7.69% to \$0.036, however in the subsequent three days it increased by 13.89% to \$0.041.

On 28 June 2016, Exterra announced it had received commitments from professional and sophisticated investors to raise \$1.5 million through the issue of 37.5 million shares at \$0.04 per share. On the day of the announcement, the Company's share price increased by 25.00% to \$0.045, and in the subsequent three days remained unchanged.

On 4 July 2016, Exterra announced an agreement between Exterra and Pybar Mining Services Pty Ltd to terminate the Joint Development Strategy for the Second Fortune Gold Mine in favour of pursuing a more conventional debt/equity financing arrangement. On the day of the announcement, the Company's share price increased by 2.22% to \$0.046, and in the subsequent three days increased by a further 23.91% to \$0.057.

On 19 July 2016, Exterra released the results from its drilling programme at the Linden Project. On the day of the announcement, the Company's share price fell by 2.99% to \$0.056, however in the subsequent three days it increased by 6.15% to \$0.069.

On 1 August 2016, Exterra announced that it has executed a Management and Services Agreement with the Mitchell River Group for the development of the Second Fortune Gold mine at Linden. On the day of the announcement, the Company's share price increased by 3.85% to \$0.081, however in the subsequent three days fell by 7.41% to \$0.075.

On 15 August 2016, Exterra released an update on the development of the Second Fortune Project at Linden. On the day of the announcement, the Company's share price increased by 1.45% to \$0.070 and in the subsequent three days increased by a further 5.71% to \$0.074.

On 17 August 2016, Exterra released the results from its drilling programme at the Linden Project which confirmed the presence of economic grade mineralised zones at Second Fortune Extended, Mt Linden and Pipeline prospects. On the day of the announcement, the Company's share price increased by 2.86% to \$0.072 and by a further 8.33% in the subsequent three days to \$0.078.

On 13 October 2016, Exterra announced it had completed a capital raising of \$4.03 million via a placement of 57.5 million shares at \$0.07 per share. On the day of the announcement, the Company's share price decreased by 5.19% to \$0.073 and in the subsequent three days remained unchanged.

On 12 December 2016, the Company announced the commencement of a drilling programme to follow up high priority targets at Linden Start and Second Fortune Extension. On the day of the announcement, the Company's share price remained unchanged at \$0.052, however in the subsequent three days it increased by 9.63% to \$0.047.

On 8 March 2017, the Company provided an update for the Second Fortune Project including approval for the amended works by Department of Environment Regulation. On the day of the announcement, the Company's share price remained unchanged, however in the subsequent three days increased by 6.25% to \$0.45.

On 9 March 2017, the Company announced results from a review of historic exploration at the Grass Flat Project. On the day of the announcement, the Company's share price fell by 2.08% to \$0.047, and in the subsequent three days decreased by a further 6.38% to \$0.044.

On 27 April 2017, Exterra released a development update of the Second Fortune Project at Linden. On the day of the announcement, the Company's share price increased by 2.38% to \$0.043, however in the subsequent three days fell by 9.30% to \$0.039.

On 2 May 2017, Exterra announced the commencement of processing at the Second Fortune Project at Linden. On the day of the announcement, the Company's share price increased by 2.63% to \$0.039, and a by further 7.69% over the subsequent three days to \$0.042.

On 25 May 2017, Exterra released the results of its Feasibility Study at the Second Fortune Mine. On the day of the announcement, the Company's share price increased by 5.13% to \$0.041, however in the subsequent three days fell by 9.76% to \$0.037.

To provide further analysis of the market prices for an Exterra share, we have also considered the VWAP for 10, 30, 60 and 90 day periods to 5 June 2017.

Share Price per unit	05-Jun-17	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.038				
Volume weighted average price (VWAP)		\$0.038	\$0.038	\$0.039	\$0.044

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Scheme, to avoid the influence of any increase in price of Exterra shares that has occurred since the Scheme was announced.

An analysis of the volume of trading in Exterra shares for the 12 months to 5 June 2017 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.037	\$0.038	414,873	0.12%
10 Days	\$0.035	\$0.041	4,209,114	1.22%
30 Days	\$0.035	\$0.043	10,823,774	3.14%
60 Days	\$0.035	\$0.050	13,373,905	3.87%
90 Days	\$0.035	\$0.055	23,938,750	6.93%
180 Days	\$0.035	\$0.084	62,017,449	17.97%
1 Year	\$0.034	\$0.092	188,797,443	54.69%

Source: Bloomberg, BDO analysis

This table indicates that Exterra's shares display a moderate level of liquidity, with 17.97% of the Company's current issued capital being traded in a six-month period. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- regular trading in a company's securities;
- approximately 1% of a company's securities are traded on a weekly basis;
- the spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- there are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Exterra, 54.69% of the Company's current issued capital was traded over a 12-month period prior to the announcement of the Scheme. However, we note that as illustrated in the graph above, a significant portion of shares were traded at the beginning of the assessed period. We would expect that, based on 54.69% of the issued capital traded over a 12-month period, that approximately 27% would be traded over a 180-day period prior to announcement of the Scheme. As displayed in the table above, only 17.97% of shares were traded over the 180-day period.

As such, we consider the more recent six month trading volume of 17.97% to be more indicative of the liquidity of the Company. Accordingly, we consider there to be a moderate level of liquidity in the Company's shares.

Therefore, we do not consider the quoted market price methodology a reliable primary methodology however, we have used this as a cross-check to our primary valuation methodology.

Our assessment is that a range of values for Exterra shares based on market pricing, after disregarding post announcement pricing, is between 3.6 cents and 3.9 cents, with a midpoint of 3.75 cents.

Control Premium

The quoted market price share reflects the value to minority interest shareholders. In order to value an Exterra share on a control basis, we have added a control premium that is based on our analysis set out below.

We have reviewed the control premiums paid by acquirers of general mining companies listed on the ASX. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where the acquirer obtained a controlling interest at a discount (i.e. less than 0% premium). Based on the data provided by Bloomberg, approximately 70% of transactions were undertaken at a control premium in the range of 0% and 60%. As such, we have also excluded transactions where the acquirer obtained a controlling interest at a premium greater than 60%.

We have summarised our finding below:

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2016	4	94.87	27.20
2015	6	449.46	39.93
2014	10	150.96	31.54
2013	6	24.37	28.58
2012	12	154.94	35.29
2011	15	773.05	29.17
2010	16	1130.86	30.31
2009	18	149.21	33.38
2008	7	664.41	34.62
Mean		399.13	32.22
Median		154.94	31.54

Source: Bloomberg, BDO analysis

The table above indicates that the long term average control premium paid by acquirers of general mining companies on the ASX is approximately 32.22%.

The mean and median figures above are calculated based on the average deal value and control premiums for each respective year. To ensure our data is not skewed, we have also calculated the mean and median of the entire data set comprising control transactions from 2008 onwards, as set out below.

Entire Data Set Metrics	Average Deal Value (A\$m)	Average Control Premium (%)
Mean	471.45	32.17
Median	50.80	33.28

Source: Bloomberg, BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- nature and magnitude of non-operating assets;
- nature and magnitude of discretionary expenses;
- perceived quality of existing management;
- nature and magnitude of business opportunities not currently being exploited;
- ability to integrate the acquiree into the acquirer's business;
- level of pre-announcement speculation of the transaction; and
- level of liquidity in the trade of the acquiree's securities.

In determining the appropriate control premium for Exterra, we reviewed control transactions of a similar nature and scale. We considered this to be an appropriate approach, noting that the average control premium is influenced by factors such as whether the consideration is cash or scrip and the deal size. Therefore, in order to determine the appropriate control premium for Exterra, we focused on transactions where the deal size was in the range of \$10 million and \$50 million. This analysis showed an average premium of approximately 33.4%.

On 29 September 2016, Metaliko Resources Limited ('**Metaliko**') announced that it had entered into a bid implementation agreement with Echo Resources Limited ('**Echo**') pursuant to which Echo acquired all of the ordinary shares of Metaliko. Under the bid implementation agreement, Metaliko shares were exchanged for 0.4 common shares of Echo. The all scrip offer with a deal value of approximately \$38.9 million had a pre-announcement premium of 24%.

On 28 October 2014, Doray Minerals Limited ('**Doray**') announced that it had entered into a bid implementation agreement with Mutiny Gold Limited ('**Mutiny**'), pursuant to which Doray acquired all of the ordinary shares of Mutiny. Under the bid implementation agreement, 9.5 Mutiny shares were exchanged per 1 new share in Doray. The all scrip offer with a deal value of approximately \$36 million had a pre-announcement premium of 38%.

Based on our research and the considerations set out above, we believe that an appropriate control premium to apply to our valuation of Exterra's shares is between 25% and 35%.

Quoted market price including control premium

Applying a control premium to Exterra's quoted market share price results in the following quoted market price value including a premium for control:

	Low \$	Midpoint \$	High \$
Quoted market price value	0.036	0.0375	0.039
Control premium	25%	30%	35%
Quoted market price valuation including a premium for control	0.045	0.049	0.053

Source: BDO analysis

Therefore, our valuation of an Exterra share based on the quoted market price method and including a premium for control is between \$0.045 and \$0.053, with a midpoint of \$0.049.

11.3 Assessment of Exterra's value prior to the Scheme

The results of the valuations performed are summarised in the table below:

	Low \$	Mid \$	High \$
Sum-of-Parts (section 11.1)	0.039	0.053	0.071
QMP (section 11.2)	0.045	0.049	0.053

Source: BDO analysis

Our secondary valuation method, QMP, supports our primary valuation method, Sum-of-parts. We note the values obtained under the QMP method on a low basis are higher than the values obtained from the Sum-of-Parts method on a low basis. However, we note that the QMP values on a midpoint and high valuation range are supportive of our Sum-of-Parts valuation in section 11.1. The difference in values under the QMP method and the Sum-of-Parts method may be explained by the following:

- the QMP value on the low basis may reflect investors' perception of the future prospects of the Second Fortune Project and may have taken into account more positive sentiment on the future commodity prices and the prospects of this project;
- investors may have made different economic assumptions on the Second Fortune Project, including exchange rates, discount rates, inflation rates and level of required dilution that may affect their valuation of Second Fortune;
- our Sum-of-Parts valuation includes the DCF valuation of Second Fortune, which incorporates technical assumptions provided by an independent specialist. Investors may have made different technical assumptions in forming their valuation;
- our Sum-of-Parts valuation incorporates other tenement valuations aside from the Second Fortune Project that is captured in the Model. The wide range of values for these other projects increases the valuation range under the Sum-of-Parts methodology; and
- our analysis in section 11.2 shows that the liquidity for Exterra's shares was moderate, therefore in the absence of a sufficiently active trading market, the quoted market price may not accurately reflect the fair market value of the Company's shares.

For the reasons stated above, we consider the Sum-of-Parts method to be the most appropriate method to value an Exterra share prior to the implementation of the Scheme. In particular, our Sum-of-Parts

valuation includes valuations and technical inputs provided by DRM, an independent technical specialist. We consider the methodologies used by DRM to more accurately reflect the fair market value of Exterra's assets. Also, given that we consider only a moderate level of liquidity for Exterra's shares, we do not consider it appropriate to rely on the QMP approach as a primary method.

Based on the results above we consider the value of an Exterra share prior to the Scheme to be between \$0.039 and \$0.071 with a midpoint value of \$0.053.

12. Valuation of Proposed Merged Entity

12.1 Sum-of-parts valuation

We employed the Sum-of-Parts method in estimating the fair market value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities as set out below.

- Value of Anova's Big Springs Project;
- Value of Anova's other assets and liabilities
- value of Exterra's interest in the Second Fortune Project;
- value of Exterra's interest in the Linden Gold Project (excluding the Second Fortune Project);
- value of Exterra's non-Linden tenements (excluding Bar Twenty);
- value of Exterra's interest in the Bar Twenty JV;
- amount of cash received from a notional capital raising; and
- present value of the merged entities' corporate costs.

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- (a) the acquirer is obtaining or increasing control of the target; and
- (b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

12.1.1 Sum-of-Parts valuation of the Proposed Merged Entity

The value of the Proposed Merged Entities assets on a going concern basis is reflected in our valuation below:

Summary of Assessment	Ref	Low Value \$	Midpoint Value \$	High Value \$
DCF value of Second Fortune following the Scheme (Exterra)	12.2	13,700,000	15,700,000	17,700,000
Cash raised from notional capital raising on Second Fortune	12.3	2,214,123	2,214,123	156,970
Value Linden Gold Project (excluding Second Fortune) (Exterra)	11.1.4	6,100,000	11,900,000	17,800,000
Value of non-Linden tenements (excluding Bar Twenty) (Exterra)	11.1.5	200,000	500,000	900,000
Value of Bar Twenty JV (75% ownership) (Exterra)	11.1.6	-	375,000	525,000
Value Exterra's other assets and liabilities	11.1.8	1,799,158	1,799,158	3,732,882
Present value of corporate costs in the Proposed Merged Entity	12.5	(3,574,215)	(3,574,215)	(3,574,215)
Value of Anova's Big Springs Project	12.6	51,200,000	63,100,000	75,800,000
Value of Anova's other assets and liabilities	12.7	8,457,692	8,457,692	10,391,416
Value of the Proposed Merged Entity (controlling interest basis)		80,096,758	100,471,758	123,432,053
Discount for minority interest	12.8	25.9%	23.1%	20.0%
Value of the Proposed Merged Entity on a minority interest basis		59,351,698	77,262,782	98,745,643
Number of shares in the Proposed Merged Entity	12.9	667,396,695	664,041,963	648,789,153
Value per share in the Proposed Merged Entity (\$) on a minority interest basis		0.089	0.116	0.152

Source: BDO analysis

12.2 DCF value of Second Fortune (Post Scheme)

In Section 11.1.1 we undertook a DCF valuation of the Second Fortune Project. Post-merger this asset will be held by the combined entity, however in valuing the Second Fortune Project we have adopted a revised discount rate which reflects the reduced financing risk post the Scheme. Second Fortune is limited in life and the capex to funding requirement is reduced due to the funds available from Anova.

All other aspects of the DCF are consistent with Section 11.1.1. Based on our analysis we have adopted a valuation range of \$13.7 million to \$17.7 million with a midpoint value of \$15.7 million.

12.2.1. Sensitivity analysis

The estimated equity value of the Second Fortune Mine is derived under the DCF approach. Our valuation is highly sensitive to changes in the key assumptions underlying the Adjusted Model. We have therefore included a sensitivity analysis to consider the value of the Second Fortune Mine under various pricing scenarios and in applying:

- a change of +/- 20% to the A\$/US\$ exchange rate;
- a change of +/- 20% to the gold price;
- a change of +/- 20% to operating expenditure;
- a change of +/- 20% to capital expenditure; and
- a change of +/- 20% to the discount rate.

The following sensitivities have been prepared to assist Shareholders in considering the potential effects to the value of the Second Fortune Project should our base case assumptions change.

Percentage change	Sensitivity Analysis			
	NPV (A\$m)	NPV (A\$m)	NPV (A\$m)	NPV (A\$m)
	Exchange rate (A\$/US\$)	Gold price (US\$/oz)	Operating expenditure	Capital expenditure
-20%	32.3	(0.3)	23.8	18.0
-15%	27.4	4.5	21.8	17.4
-10%	23.1	9.0	19.8	16.9
-5%	19.2	12.4	17.7	16.3
0%	15.7	15.7	15.7	15.7
5%	12.5	19.1	13.7	15.1
10%	9.6	22.4	11.6	14.6
15%	6.3	25.7	9.6	14.0
20%	2.9	29.0	7.2	13.4

Source: BDO analysis

Discount rate sensitivity analysis									
Discount rate (%)	6%	7%	8%	9%	10%	11%	12%	13%	14%
NPV (A\$m)	17.3	16.9	16.5	16.1	15.7	15.3	15.0	14.6	14.2

Source: BDO analysis

12.3 Notional capital raising

We are required by RG 111.15 to assess the funding requirements for a company that is not in financial distress when considering its value, especially when using the DCF methodology. Therefore, we have included a notional capital raising on the basis that the Proposed Merged Entity will be required to fund the development of Second Fortune Project to the extent that existing cash reserves are not in place.

The notional capital raising amount is based on the upfront construction capital expenditure less the existing cash balance as at 31 May 2017. We have increased this amount to reflect our estimate of the gross amount that will need to be raised to meet the costs likely to be incurred in conducting the capital raising. We have assessed the costs of a capital raising to be approximately 6% of the funds raised.

In order to determine the likely price at which the Proposed Merged Entity would have to place its shares to a third party or to current shareholders under a notional capital raising to raise the funds required, we considered the VWAP of Anova's shares post announcement of the Scheme and the discount at which shares have been issued by ASX listed companies when compared to the respective companies' 30 day VWAP prior to the announcement of the placement.

We considered the discount at which shares have been issued since January 2015 by ASX listed companies to raise capital. From our analysis, the average (mean) discount for ASX listed mining companies was 23.6%. Given that the placement discounts have ranged significantly, we have also considered the median of 15.9% as this represents a better measure of central tendency.

Due to the variability of the placement discounts, we also assessed the discounts adopted by companies since January 2015 with market capitalisations between nil and \$60 million (a band in which the Proposed Merged Entity's market capitalisation falls in). The average (mean) discount was 22.9%, with the median being 16.0%.

Given the above analysis and the size of the notional capital raising, we consider a placement discount in the range of 15% to 20% will be required to provide a sufficient incentive for investors to participate in any raising that the Proposed Merged Entity would complete. We adopted 17.5% as the midpoint capital raising discount in our midpoint scenario.

In section 12.4 of our Report, we considered the QMP of Anova's shares after the announcement of the Scheme. From this analysis, we assessed that the value of an Anova share, based on market pricing was between 7.5 cents and 8.5 cents. Applying a discount in the range of 15% to 20% to the assessed value of an Anova share prior to the announcement of the Scheme results in an assumed notional capital raising price of between 6.0 cents and 7.2 cents per share with a midpoint of 6.6 cents.

As shown in the table below, in order to raise an equivalent of between \$0.2 million and \$2.2 million to provide funding to develop the Second Fortune Project, between 2,180,139 and 36,902,050 new shares will need to be issued at between 6.0 cents and 7.2 cents per share.

Notional Capital Raising:	Low \$	Mid \$	High \$
Upfront construction capital expenditure	11,700,000	11,700,000	11,700,000
Less existing cash held at 31 May 2017 (Anova)	(7,888,149)	(7,888,149)	(7,888,149)
Less existing cash held by Exterra	(1,987,075)	(1,987,075)	(1,987,075)
Cash raised from exercise of in the money options	(193,500)	(193,500)	(2,127,224)
Estimated costs of the Scheme	450,000	450,000	450,000
Amount to be raised	2,081,276	2,081,276	147,552
Underwriter's/Broker's fee (flat 6% of funds raised)	132,847	132,847	9,418
Amount to be raised, inclusive of costs of a capital raising and Scheme costs	2,214,123	2,214,123	156,970
Share price (\$/share)	0.075	0.080	0.085
Placement Discount (%)	20.0%	17.5%	15.0%
Share price: Applied (\$/share)	0.060	0.066	0.072
Number of Merged Entity shares to be issued under Notional Capital Raising	36,902,050	33,547,318	2,180,139

Source: BDO analysis

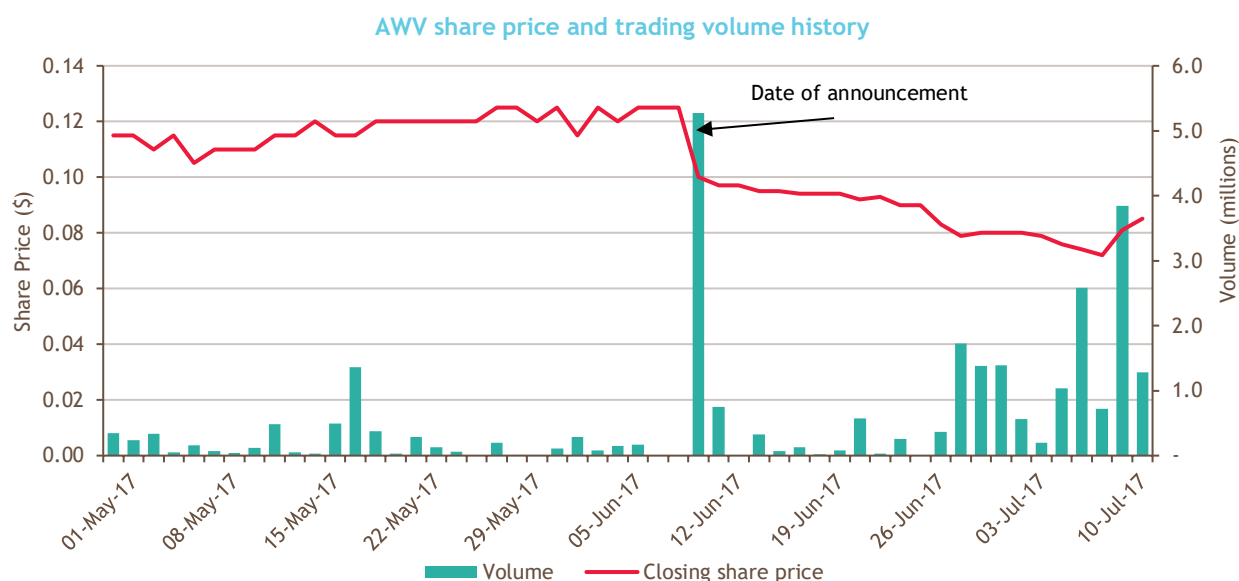
12.4 Quoted Market Price for Anova Securities Post Scheme Announcement

Exterra shareholders will receive shares in Anova as consideration under the Scheme, which are effectively the shares of the Proposed Merged Entity following the implementation of the Scheme. The share price of Anova following the announcement effectively represents the markets view of the value that an Exterra shareholder will receive per share following implementation of the Scheme. Therefore, we consider that analysis of the post-announcement QMP of Anova's shares may provide an indication of value of the Proposed Merged Entity.

Since the Scheme was announced on 8 June 2017, there has been no other price sensitive information released to the market other than the announcement of a drilling campaign. We note that the share price of Anova, following the announcement of the Scheme, has remained lower than the price immediately prior to the announcement.

The daily price of Anova shares from 8 June 2017 to 10 July 2017 ('Post Announcement Trading Period') has ranged from \$0.072 on 6 July 2017 to \$0.115 on 8 June 2017. On the day of the announcement and days immediately following, there was a high volume of Anova shares traded, with 5,276,154 shares traded on 8 June 2017. This represents more than 1% of the Company's total current issued capital. A

graph of Anova's share price and trading volumes leading up to and following the announcement of the Scheme is set out below:



Source: Bloomberg

The table below details the VWAP of Anova shares (from the most recent trading date) over the Post Announcement Trading Period:

Share Price per unit	10-Jul-17	10 Days	23 Days
Closing price	\$0.085		
Volume weighted average price (VWAP)		\$0.078	\$0.082

Source: Bloomberg

The table below reflects the volume of trading in Anova shares over the Post Announcement Trading Period:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of issued capital
1 Day	\$0.079	\$0.085	1,280,273	0.28%
10 Days	\$0.072	\$0.085	14,716,725	3.25%
23 Days	\$0.072	\$0.125	23,389,748	5.16%

Source: Bloomberg

The above table indicates that Anova's shares displayed a moderate level of liquidity, with 5.16% of the Company's current capital being traded over the 23 days following the announcement of the Scheme.

In the case of Anova, shares have been traded regularly over the Post Announcement Trading Period. Furthermore, the volume of trades is at a level equivalent to 1% of the Company's issued capital, on a weekly basis, which indicates that there is a sufficiently deep market.

Our assessment is that a range of values for the Proposed Entity's shares following the implementation of the Scheme, based on market pricing, is between 7.5 cents and 8.5 cents per share, on a minority basis, with a midpoint value of 8.0 cents.

We employed the Sum-of-Parts method in estimating the fair market value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities as set out below.

12.5 Present value of corporate costs

In consideration of the historical costs, we have assessed the corporate costs for Exterra and Anova to determine the probable corporate overheads going forward as a producing company. As such, we reviewed the corporate costs for Anova and other small comparable operating companies to determine the average corporate costs over the life of mine of Second Fortune. We inflated these costs at the current Australian inflation rate of 2% per annum over the life of mine. The net present value of the Proposed Merged Entity corporate costs discounted at 10.0% per annum is estimated to be \$3.57 million.

12.6 Value of Big Springs

We have commissioned DRM to value Anova's interest in the Big Springs project in accordance with the VALMIN Code. DRM used the comparable transactions and geoscientific valuation methods to value Big Springs. Further information on the valuation of Big Springs can be found in Appendix 4.

The value of Anova's 100% interest in Big Springs is set out in the table below:

	Low Value	Midpoint Value	High Value
	\$	\$	\$
Value of Big Springs (100%)	51,200,000	63,100,000	75,800,000

Source: DRM's Independent Technical Assessment and Valuation Report

12.7 Valuation of Other Assets and Liabilities

Other assets and liabilities of Anova represent the assets and liabilities that have not been specifically adjusted. From our review of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted below.

The table represents a summary of the assets and liabilities identified:

Anova	Notes	Reviewed as at	Adjusted value of		
		31-Dec-16	other assets & liabilities		
		\$	Low	Mid	High
			\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	a	8,876,966	8,081,649	8,081,649	10,015,373
Trade and other receivables		24,343	24,343	24,343	24,343
Prepayments		20,296	20,296	20,296	20,296
TOTAL CURRENT ASSETS		8,921,605	8,126,288	8,126,288	10,060,012
NON CURRENT ASSETS					
Property and equipment		44,328	44,328	44,328	44,328
Exploration and evaluation expenditure	b	11,162,734	-	-	-
Other assets		448,968	448,968	448,968	448,968
TOTAL NON CURRENT ASSETS		11,656,030	493,296	493,296	493,296
TOTAL ASSETS		20,577,635	8,619,584	8,619,584	10,553,308
CURRENT LIABILITIES					
Trade and other payables	c	345,624	161,892	161,892	161,892
TOTAL CURRENT LIABILITIES		345,624	161,892	161,892	161,892
TOTAL LIABILITIES		345,624	161,892	161,892	161,892
NET ASSETS		20,232,011	8,457,692	8,457,692	10,391,416

Source: BDO analysis, reviewed financial statements for the half year ended 31 December 2016 and management accounts as at 31 May 2017

We have not undertaken a review of Anova's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

We have been advised that there has not been any significant change in the net assets of Anova since 31 December 2016 and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the audited position at 31 December 2016 we have obtained supporting documentation to validate the adjusted values used, which provides reasonable grounds for reliance on the unaudited financial information.

Note a) Cash and cash equivalents

The Company's cash balance as per Anova's management accounts to 31 May 2017 was \$7.89 million. The reduction in cash held over the period was a result of payments for exploration expenditure and administration and corporate costs. We have been provided with management accounts that support the cash balance at 31 May 2017.

We have also assumed that the Anova will use its existing cash reserves at 31 May 2017 to fund the development of the Second Fortune Project. As such, we have transferred the existing cash balance at 31 May 2017 into the notional capital raising calculation in section 12.3.

One new Proposed Merged Entity option will be issued for every two Exterra options not exercised prior to completion of the Scheme. In addition, the exercise price of the Exterra options will also increase by 100% when converted to the new Proposed Merged Entity options.

We have determined that the 9 million 2.15 cent Exterra options currently on issue will convert to 4.5 million Proposed Merged Entity options with a 4.3 cent exercise price on a low, midpoint and high value. As such, we have exercised these new 4.3 cent Proposed Merged Entity options as they are in the money. We have also adjusted the high value range for the exercise of the 32,228,737 existing 6 cent Exterra options on issue. These options will convert to 16,114,369 new Proposed Merged Entity options with an exercise price of 12 cents.

The adjustment to the balance as at 31 December 2016 is as follows:

Cash and cash equivalents	Low \$	Mid \$	High \$
Cash at 31-Dec-2016	8,876,966	8,876,966	8,876,966
Cash spent from 31 Dec 16 to 31 May 17	(988,817)	(988,817)	(988,817)
Exercise of in the money options	193,500	193,500	2,127,224
Cash and cash equivalents	8,081,649	8,081,649	10,015,373

Source: BDO analysis

Note b) Exploration and evaluation expenditure

The entire exploration and evaluation expenditure balance of \$11.16 million as at 31 December 2016 has been removed as this balance is reflected in our Sum-of-Parts valuation as follows:

- Capitalised exploration and evaluation expenditure relating to the Big Springs project has been valued in section 12.6.

Note c) Trade and other payables

Trade and other payables have decreased from \$0.346 million at 31 December 2016 to \$0.162 million at 31 May 2017. We have sighted a payables listing at 31 May 2017 which supports this balance and have adjusted trade and other payables accordingly.

12.8 Discount for minority interest

As outlined in section 3.3 of our Report, in assessing fairness we have compared the value of an Exterra share prior to the Scheme on a control basis to the value of a share in the Proposed Merged Entity following the Scheme on a minority interest basis. The values of Exterra and Anova using the Sum-of-Parts methodology represents a controlling interest value, therefore we have applied a minority discount to convert these values to a minority interest holding.

A minority interest discount is the inverse of a premium for control and is calculated using the formula $1 - (1 \div (1 + \text{control premium}))$. As discussed in section 11.2, we consider an appropriate control premium for Exterra to be in the range of 25% to 35%, giving a minority interest discount in the range of 20.0% to 25.9%.

12.9 Number of Proposed Merged Entity shares on issue

The number of shares in the Proposed Merged Entity following the implementation of the Scheme is detailed in the table below.

Number of shares on issue in the Proposed Merged Entity	Low	Mid	High
Number of Anova shares on issue at 5 July 2017	453,400,292	453,400,292	453,400,292
Number of shares issued to Exterra shareholders	172,594,353	172,594,353	172,594,353
Number of shares to be issued for the exercise of the in the money options	4,500,000	4,500,000	20,614,369
Number of shares to be issued under the notional capital raising	36,902,050	33,547,318	2,180,139
Number of shares on issue prior to the Scheme	667,396,695	664,041,963	648,789,153

Source: BDO analysis

We have assumed the exercise of the new 4.5 million 4.3 cent Proposed Merged Entity options on all the low, mid and high ranges in the table above. We have also assumed the exercise of an additional 16,114,369 new Proposed Merged Entity options which have an exercise price of 12 cents per option on the high value range only.

We have not determined the value on a fully diluted basis. At present, there is limited available information and certainty around the future performance and ability of Anova to achieve the following performance right milestones:

- 1.5 million Anova performance rights will vest post approval of mining plan of operations for North Sammy and Beadles Creek; and
- 0.75 million Anova performance rights will vest upon commencement of mining at Big Springs Project.

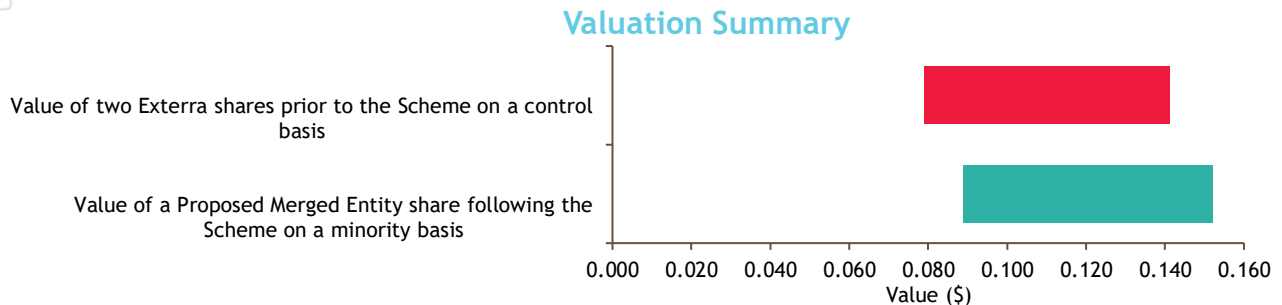
13. Is the Scheme fair?

We determined that the value of one share on a minority basis in the Proposed Merged Entity to be received as consideration by Shareholders to be greater than the range of values of two Exterra shares on a control basis prior to the implementation of the Scheme. Therefore, we concluded that the Scheme is fair to Shareholders.

	Ref	Low \$	Mid \$	High \$
Value of two Exterra shares prior to the Scheme (control basis)	11.3	0.078	0.106	0.142
Value of a Proposed Merged Entity share (minority basis)	12.1	0.089	0.116	0.152

Source: BDO analysis

The range of values is represented in graphically below:



14. Is the Scheme reasonable

14.1 Advantages of approving the Scheme

The implementation of the Scheme is expected to bring a number of benefits to Shareholders as well as to the Proposed Merged Entity as a combined group. We set out the key advantages below.

14.1.1. The Scheme is fair

Our analysis in section 13 concludes that the Scheme is fair to Shareholders. RG 111 states that an offer is reasonable if it is fair.

14.1.2. Provides opportunity of funding for Second Fortune

Exterra has completed the FS on Second Fortune which is nearing development. Second Fortune has an initial mine life of two years with life of mine production target of 392kt. Exterra requires access to short term funding for the development of Second Fortune which requires upfront capital expenditure of approximately \$5.3 million and working capital requirements of up to \$4.6 million in the earlier periods. The availability of funding is critical for Exterra to best realise the value of Second Fortune for its Shareholders.

Anova and Exterra have approximately \$7.89 million and \$1.88 million in cash as at 31 May 2017, respectively. Anova has also agreed to provide a \$2 million interim loan facility to enable Exterra to continue to progress the development of Second Fortune while the Scheme is being implemented. If the Scheme is approved, the total amount of cash provided by Anova is expected to provide the funding required for the upfront capital expenditure as well as working capital for Second Fortune.

14.1.3. Greater potential to generate returns for Shareholders

Shareholders own shares in a company that is currently not generating any operating revenue and hence no means of generating an immediate return for Shareholders at this point.

The Scheme, if implemented, will change the Company's nature and scale of activities. Shareholders will then own shares in a company which has the potential to generate profits, and consequently, has a greater potential to generate returns for Shareholders.

14.1.4. Creation of a combined group with a stronger position

The merger of Exterra and Anova will result in a stronger financial position and an increase in the scale of operations, size and diversification of asset portfolio and free cash flows.

Stronger financial position

The implementation of the Scheme will bring about a combined group with a strong financial position with a combined:

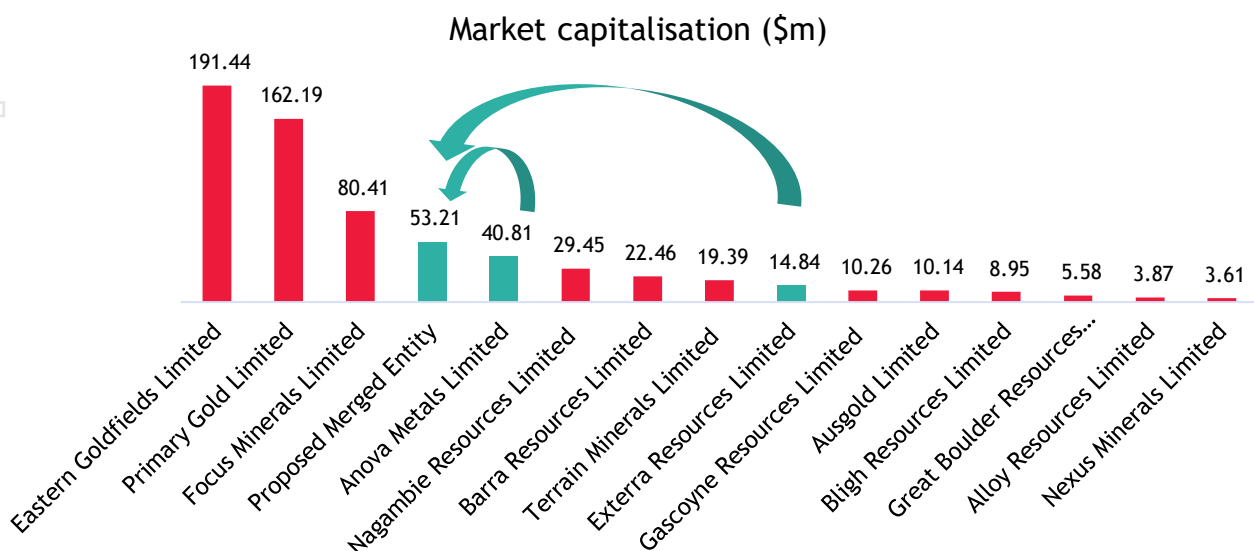
- cash position of approximately \$9.77 million as at 31 May 2017 and minimal debt;
- net asset position of over \$28 million as at 31 May 2017;
- market capitalisation of approximately \$53.2 million based on Anova's closing price of 8.5 cents on 10 July 2017 and after adjusting for the share exchange ratios offered under the Scheme.

The strong cash position will enable the Proposed Merged Entity to be well financed through the development phase of Second Fortune. Cash flows generated from Second Fortune may then support the development of the Big Springs Project. The cash flows that can be generated once both projects are in production will allow the Proposed Merged Entity to progress to the next phase of exploration and resource definition work. It will also provide the Proposed Merged Entity with the ability to pursue future growth opportunities when they arise.

A stronger financial position and increased market capitalisation is expected to give the Proposed Merged Entity increased media coverage, a greater ability to obtain debt and equity finance, including an increased level of investment interest in the financial markets and possibly an access to a wider range of investors.

Increased size by market capitalisation

The estimated market capitalisation of the Proposed Merged Entity based on the 8.5 cent closing price of Anova on 10 July 2017 was \$53.2 million. This ranks the Proposed Merged Entity far higher among its peers by market capitalisation than Exterra is in its individual capacity.

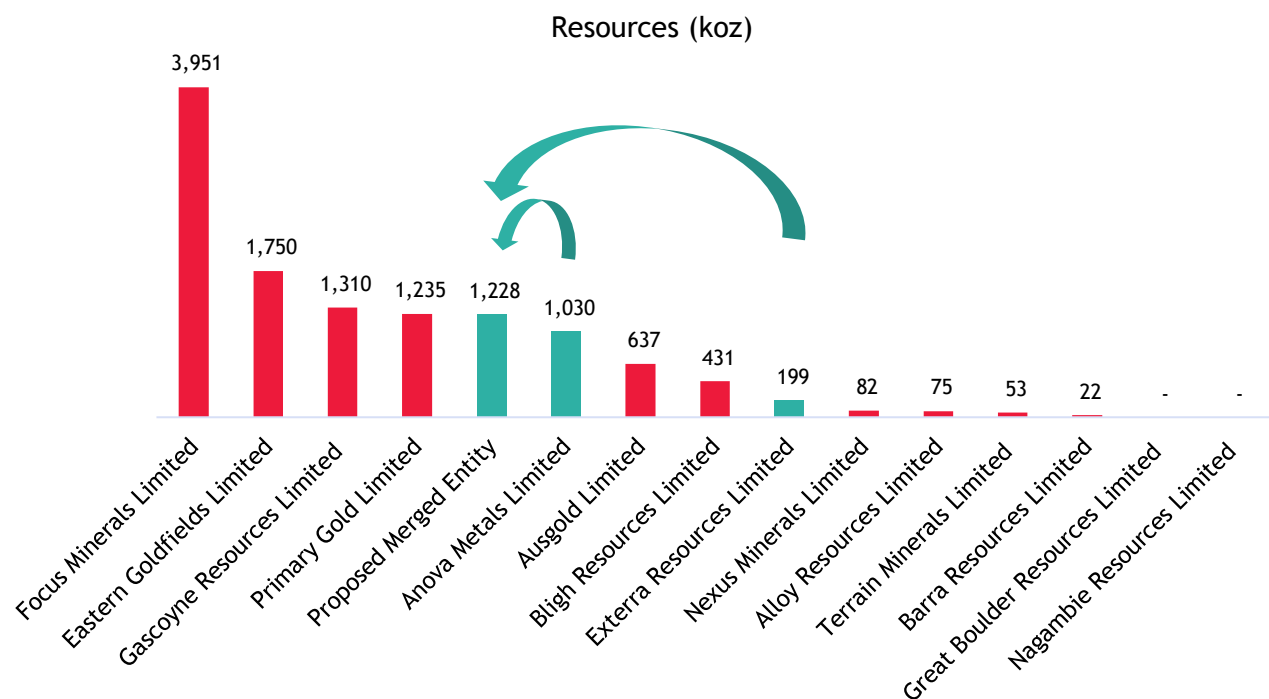


Source: Bloomberg and BDO analysis

Increased gold resources positions

The combined gold resources of Exterra and Anova would increase from 199 thousand ounces ('koz') and 1.03 million ounces ('Moz') respectively, to 1.23Moz. This ranks the Proposed Merged Entity substantially higher among its peers than Exterra is in its individual capacity as represented in the graph below.

The cash flows that can be generated once both the Second Fortune Gold Project and the Big Springs Project are in production will allow the Proposed Merged Entity to progress to the next phase of exploration and resource definition work which is expected to increase its gold resources further.



Source: Bloomberg and BDO analysis

Overall, the Proposed Merged Entity is expected to have a resource base of 1.23Mozs with measured, indicated and inferred resources of 116 koz, 435 koz and 677 koz respectively.

Increased free cash flows

If the Scheme is implemented and the Proposed Merged Entity is successful in bringing Second Fortune to production, cash flows generated from the Second Fortune Gold Project may then support the development of the Big Springs Project. The cash flows that can be generated once both projects are in production will further increase free cash flows to the Proposed Merged Entity in the future.

14.1.5. Creation of a company with greater growth potential

The Scheme, if implemented, provides Exterra's shareholders with the opportunity to participate in two near-production projects, with the potential in the future to use the cash flows generated from Second Fortune and the Big Springs Project - when they come into production - to support further exploration and resource definition work.

Anova's Big Springs mineral resource is estimated at 1,029,900 contained gold ounces with 116,100 oz in measured resources, and 343,300 oz and 570,400 oz in the indicated and inferred categories respectively.

These deposits may have further resource upside potential through extensions to the known mineralisation and through new discoveries on the surrounding tenements. Anova's Big Springs is located in the Carlin District of northern Nevada, which produced approximately 73% of the United States of America's gold output in 2014.

Exterra also has mineral prospects that have the potential to be developed, particularly throughout the Linden Project. These are numerous historical current prospects which are mostly not currently being pursued.

Based on the values attributed to Exterra's and Anova's mineral assets provided by the technical specialist, DRM, it is anticipated that the Proposed Merged Entity will have greater growth potential than Exterra may be able to achieve on its own.

14.1.6. Creation of a company with a larger and more diversified portfolio of assets

Geographical diversification

Exterra is currently pursuing six mineral projects, all of which are in Western Australia. If successful, the Scheme will result in Exterra being a more geographically diversified company with a presence in the USA. Shareholders of Exterra will have the opportunity to participate in the potential development and growth of two producing mines in Australia and the USA.

Asset diversification

The Proposed Merged Entity will have a larger and more diversified portfolio which balances a near-term producing asset portfolio with near-term development opportunities as well as longer-term exploration stage assets.

14.1.7. Increased ability to obtain debt financing

As Exterra is currently not generating an operating income, the Company will not be able to obtain debt financing from traditional sources. We have been advised by the management of Exterra that a number of funding options have been explored, however the terms were unfavourable to the Company.

If the Scheme is implemented, the Proposed Merged Entity will be able to develop Second Fortune to bring it to production and generate revenue. This profile is likely to make it more attractive to funders of debt, particularly those from traditional sources. The ability to obtain debt financing not only decreases the strain of having to seek equity funding, it may also increase overall returns to Shareholders.

14.1.8. Potential for the Proposed Merged Entity to attract new investors

The ability to bring Second Fortune to production and subsequently the Big Springs Project to production, may increase the potential for the Proposed Merged Entity to attract new investors. This may allow the Proposed Merged Entity to more readily raise additional working capital (if required) or additional capital to fund development or exploration activities for its existing asset portfolio. Potential new investors may be attracted to owning shares in a company which has the potential to generate profits, and consequently, has a greater potential to generate returns for Shareholders.

This may increase the liquidity of the trading of the Proposed Merged Entity's shares as potential investors may be more attracted to invest in a more liquid stock with a 'deeper' market to trade their shares.

Collectively, these factors could increase the level of investment interest in the financial markets and possibly an access to a wider range of investors, and thereby, improving the Proposed Merged Entity's access to equity capital in the future.

14.2 Disadvantages of Approving the Scheme

If the Scheme is approved, in our opinion, the potential disadvantages to Shareholders include those listed below:

14.2.1. Shareholders' interests will be diluted

If the Scheme is approved, Shareholders will hold 27.6% of the Proposed Merged Entity whilst Anova's shareholders will approximately 72.4% of the Proposed Merged Entity. On a diluted basis, the shareholding interests of Shareholders and Anova's shareholders change to 31.1% and 68.9% respectively.

14.2.2. Anova's Big Springs Project is at a different stage of development compared to Exterra's Second Fortune Project

Anova's Big Springs Project is at a different stage of development, compared to Exterra's Second Fortune Project, which is likely to take a longer period before it goes into production. This may or may not suit Shareholders' investment and risk preference.

We have also considered the jurisdiction of the Big Springs Project and are of the view that its jurisdiction in Nevada is comparable to Western Australia. Therefore, we do not consider there to be any material additional risk with regards to jurisdiction.

14.3 Other considerations

14.3.1. Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Exterra a premium over the value ascribed to, resulting from the Scheme.

14.3.2. Consequences of not approving the Scheme

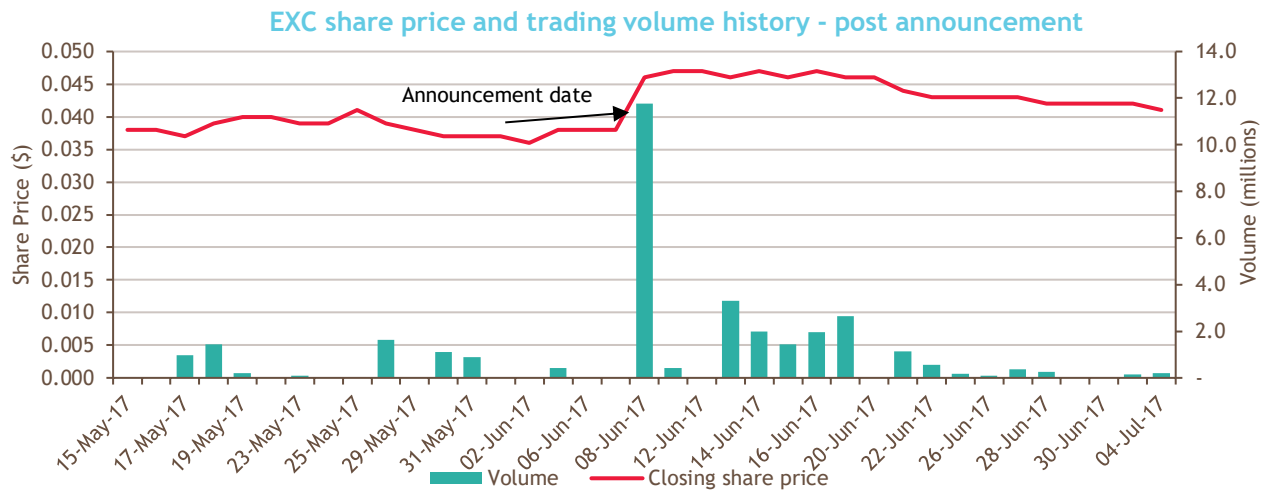
Loan Facility Agreement

Anova has agreed to provide a \$2 million interim loan facility to enable Exterra to continue to progress the development of Second Fortune while the Scheme is being implemented. The loan is available for drawdown until the earlier of the date that the Scheme is implemented, and the date of termination of the MIA.

If the MIA is terminated, any undrawn amounts under the interim loan facility will no longer be available for drawdown by Exterra. Termination of the MIA does not trigger early repayment or conversion rights under the Loan Facility Agreement. Any amounts already drawn and owing to Anova will have to be converted to shares of Exterra on the applicable repayment date at the agreed conversion price as long as the conversion does not result in Anova's acquiring more than 19.99% of the voting power of Exterra or exceeding its placement capacity under ASX Listing Rule 7.1 and, if applicable, Listing Rule 7.1A. Should there be any residual amount of the loan outstanding, that amount becomes due and payable.

Potential movement in share price

We have analysed movements in Exterra's share price since the Scheme was announced. A graph of Exterra's share price leading up to and following the announcement is set out below.



Source: Bloomberg

The daily price of Exterra's shares from 15 May 2017 to 4 July 2017 has ranged from a low of \$0.035 on 31 May 2017 to a high of \$0.050 on 8 June 2017. On 8 June 2017, the date the Scheme was announced, Exterra's share price increased by \$0.008 (21%) close at \$0.046.

Given the above analysis, if the Scheme is not implemented, it is likely that Exterra's share price will decline to levels exhibited prior to the announcement of the Scheme.

14.3.3. Possibility but no certainty of an increased liquidity of shares

The shares of Exterra and Anova are listed on the ASX. We note that the liquidity of the Exterra shares on the ASX was low in the period that we analysed and Exterra shares are considered thinly traded with less than 1% of the Company's shares traded on a weekly basis.

The liquidity of the shares of Anova was also low in the period that we analysed and they are considered thinly traded with less than 1% of Anova's shares traded on a weekly basis.

We further analysed the liquidity of the shares of Exterra and Anova since the Scheme was announced. We considered the volume of shares traded for both companies over the 1-day, 10-day and 23-day periods following the announcement date as follows.

Exterra share price and liquidity

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
	ASX (A\$)	ASX (A\$)	ASX	ASX
1 Day	\$0.040	\$0.043	989,300	0.29%
10 Days	\$0.037	\$0.043	4,613,721	1.34%
23 Days	\$0.037	\$0.050	30,085,668	8.72%

Source: Bloomberg and BDO analysis

Anova share price and liquidity

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
	ASX (A\$)	ASX (A\$)	ASX	ASX
1 Day	\$0.079	\$0.085	1,280,273	0.28%
10 Days	\$0.072	\$0.085	14,716,725	3.25%
23 Days	\$0.072	\$0.115	22,593,407	4.98%

Source: Bloomberg and BDO analysis

The tables indicate that the shares of both Exterra and Anova displayed an increased level of liquidity over the 23-day period post announcement of the Scheme. Whilst there is some likelihood, it is still uncertain if Shareholders may benefit from an increased liquidity of shares in the Proposed Merged Entity.

14.4 Alternative proposal

The directors of Exterra and Anova have recommended that Shareholders approve the Scheme. We are therefore unaware of any alternative proposal that might offer Shareholders of Exterra a premium over the value ascribed to, resulting from the Scheme.

15. Conclusion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Scheme is fair and reasonable to Shareholders. Therefore, in the absence of a superior proposal, we conclude that the Scheme is in the best interests of Shareholders.

16. Sources of information

This report has been based on the following information:

- Merger Implementation Agreement dated 5 June 2017;
- Draft Scheme Booklet;
- audited financial statements of Exterra for the years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- audited financial statements of Anova for the years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- reviewed financial statements of Exterra for the half year ended 31 December 2016;
- reviewed financial statements of Anova for the half year ended 31 December 2016;
- unaudited management accounts of Exterra and Anova for the period ended 31 May 2017;
- Independent Technical Assessment and Valuation Report prepared by DRM dated on or about the date of our Report;
- share registry information of Exterra and Anova;
- Bloomberg and Capital IQ data;
- Consensus Economics forecast pricing;
- information in the public domain; and
- discussions with Directors and Management of Exterra and Anova.

17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$50,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Exterra in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Exterra, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Exterra and Anova and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Exterra and Anova and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Exterra, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Exterra and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 19 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 29 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

19. Disclaimers and consents

This report has been prepared at the request of Exterra for inclusion in the Scheme Booklet which will be sent to all Exterra Shareholders. Exterra engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed acquisition of all the ordinary outstanding shares of Exterra by Anova, through a scheme of arrangement under the Australian Corporations Act.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Anova.

BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Exterra and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actual be achieved. BDO Corporate Finance (WA) Pty Ltd disclaims any possible liability in respect of these forecasts. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Exterra, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Exterra and Anova.

The valuer engaged for the mineral asset valuation, DRM, possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Adam Myers
Director



Sherif Andrawes
Director

Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
Adjusted Model	The Second Fortune Model, adjusted to incorporate DRM's technical inputs and BDO's economic assumptions
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
Anova	Anova Metals Limited
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD or A\$	Australian Dollar
Bar Twenty	Bar Twenty Gold Project
Bar Twenty JV	the farm-in and joint venture agreement executed with Bar Twenty Pty Ltd over the Bar Twenty Gold Project
BDO	BDO Corporate Finance (WA) Pty Ltd
Big Springs Project	Big Springs Gold Project
the Company	Exterra Resources Limited
Corporations Act	The Corporations Act 2001 Cth
DCF	Discounted Future Cash Flows
Doray	Doray Minerals Limited
DRM	Dunbar Resource Management
DMP	Department of Mines and Petroleum
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Echo	Echo Resources Limited

Reference	Definition
Exterra	Exterra Resources Limited
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FS	Second Fortune Feasibility Study dated 25 May 2017
GDP	Gross domestic product
the Industry	The gold ore mining industry
JORC	Joint Ore Reserves Committee
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
km	Kilometres
Linden Gold Project	Exterra's 100% owned Linden Gold Project
Metaliko	Metaliko Resources Limited
MIA	Merger Implementation Agreement
the Model	Detailed cash flow model for the Second Fortune Mine prepared by the management of Exterra Resources Limited with the assistance of advisors
Mutiny	Mutiny Gold Limited
NAV	Net Asset Value
Other Mineral Assets	Exterra's other exploration assets not included in the DCF, being the Zelica Gold Project, Malcolm Gold Project and Grass Flat Project
oz	ounces
Post Announcement Trading Period	8 June 2017 to 10 July 2017
the Proposed Merged Entity	Combined entity of Exterra and Anova
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)

Reference	Definition
our Report	This Independent Expert's Report prepared by BDO
RG 60	Schemes of arrangement (September 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RTG	RTG Mining Inc.
the Scheme	Proposed merger of Exterra and Anova by way of a scheme of arrangement on the basis of the issue of one Anova share for every two Exterra shares
Second Fortune	The Second Fortune gold mine at Exterra's 100% owned Linden Gold Project
Section 411	Section 411 of the Corporations Act
Shareholders	Shareholders of Exterra
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
Technical Assessment and Valuation Report	The Technical Assessment and Valuation Report prepared by Dunbar Resource Management which provides a technical assessment of the assumptions underlying the Second Fortune Model
TWI	Trade-weighted index
USA	United States of America
USD or US\$	United States dollars
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital

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The Directors

BDO Corporate Finance (WA) Pty Ltd

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SUBIACO, WA 6008

Australia

Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ('DCF')*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 - Discount rate

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be before an investor would be prepared to acquire (or invest in) the business.

In our valuation we assume that Exterra's projects are 100% equity funded. As such, the cash flows derived from the Adjusted Model are equity cash flows. Therefore, the appropriate discount rate to use is a cost of equity.

The capital asset pricing model ('CAPM') is commonly used in determining the market rates of return for equity type investments and project evaluations. The CAPM provides the required return on an equity investment.

Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM

$$K_e = R_f + \beta \times (R_m - R_f)$$

Where:

K_e = expected equity investment return or cost of equity in nominal terms

R_f = risk free rate of return

R_m = expected market return

$R_m - R_f$ = market risk premium

β = equity beta

The individual components of CAPM are discussed below.

- **Pre-Scheme Valuation** - In our assessment of the value of an Exterra share prior to the implementation of the Scheme, we have considered the risk free rate and market risk premium of Australia, as Exterra is listed on the ASX.
- **Post-Scheme Valuation** - In our assessment of the value of the Proposed Merged Entity following implementation of the Scheme, we have considered the risk free rate and market risk premium of Australia, as the Proposed Merged Entity will be listed on the ASX.

Risk Free Rate (R_f)

The risk free rate is normally approximated by reference to a long term government bond with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received.

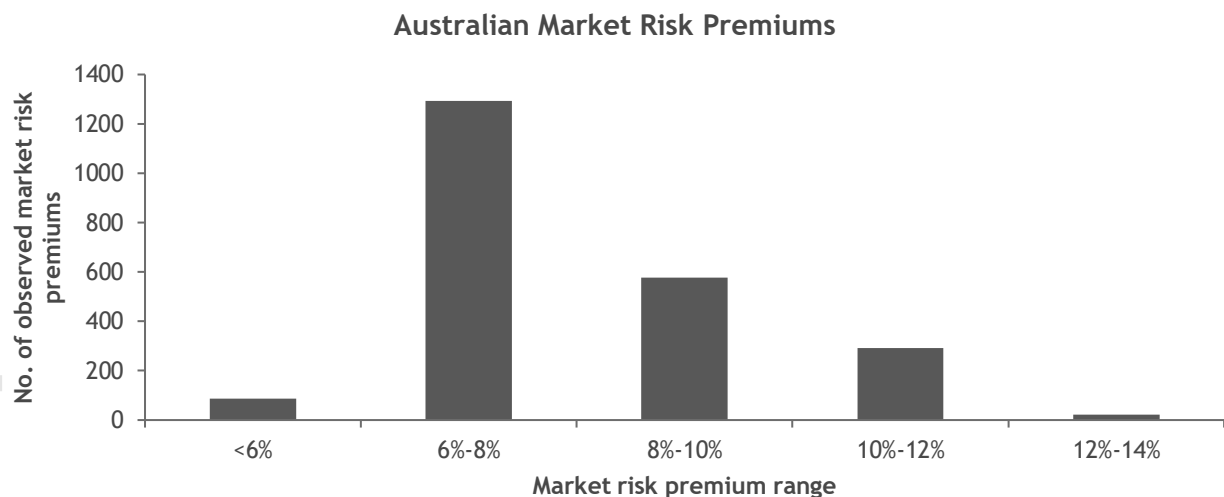
- **Pre-Scheme Valuation** - We have considered the current yield to maturity on the 3-year Australian Government Bond, which was 1.97% per annum as at 10 July 2017. For the purposes of our Report, we have adopted 1.97% as the risk free rate.
- **Post-Scheme Valuation** - We have adopted the same risk free rate as considered in the pre-scheme valuation. Please refer to the Pre-Scheme valuation section above.

Market Risk Premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice.

- **Pre-Scheme Valuation** - The Australian market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate, which is dependent on the 10-year government bond rates.

In order to determine an appropriate market risk premium in Australia, we analysed historical data. Our sample of data included the daily historical market risk premiums in Australia over the past nine years. Our research indicated the market risk premium in Australia has ranged from a low of 4.01% to a high of 13.07%. The mean and median market risk premium in Australia is 8.07% and 7.54% respectively.



The graph above illustrates the frequency of observations of the Australian market risk premium over the past nine years. The graph indicates that a high proportion of the sample data for Australian market risk premiums lie in the range of 6% to 8%. This is supported by the long term historical average market risk premium of between 6% and 8%, which is commonly used in practice. For the purpose of our report we have adopted a market risk premium of between 6% and 8%.

- **Post-Scheme Valuation** - We have adopted the same market risk premium rate as considered in the pre-scheme valuation. Please refer to the Pre-Scheme valuation section above.

Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market as a whole; a beta greater than one implies that an investment's return will outperform the market's average return in a bullish market and underperform the market's average return in a bearish market. On the other hand, a beta less than one implies that the business' will underperform the market's average return in a bullish market and outperform the market's average return in a bearish market.

Equity betas are normally either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and is hence derived from historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors, which make the operating risk of the company greater or less risky than comparable listed companies.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. Thus, a more valid analysis of betas can be achieved by 'ungearing' the equity beta (β_a) by applying the following formula:

$$\beta_a = \beta / (1 + (D/E \times (1-t)))$$

Selected Beta (β)

In order to assess the appropriate equity beta for Second Fortune, we have had regard to the equity beta of Exterra and of ASX listed companies involved in similar activities in similar industry sectors. The geared betas below have been calculated against the All Ordinaries Index, using weekly data over two-year and three-year periods.

Company	Market Capitalisation 10/07/2017 (\$m)	Geared Beta (β)	Gross Debt/Equity (%)	Ung geared Beta (β_a)
Exterra Mining Limited	14.84	0.42	0%	0.42
Developers and Explorers				
Alloy Resources Limited	4.84	1.14	0%	1.14
Barra Resources Limited	25.42	1.47	0%	1.47
Bligh Resources Limited	8.77	1.68	22%	1.45
Great Boulder Resources Limited	8.21	2.20	3%	2.16
Primary Gold Limited	30.68	1.06	0%	1.06
Producers				
Doray Minerals Limited	67.85	0.65	46%	0.49
Silver Lake Resources Limited	226.67	0.78	3%	0.76
Dacian Gold Limited	376.23	0.38	0%	0.38
Gold Road Resources Limited	601.86	0.21	0%	0.21
Ramelius Resources Limited	218.59	0.20	0%	0.20
Regis Resources Limited	1908.89	0.28	1%	0.28
Resolute Mining Limited	829.11	0.64	8%	0.60
Sandfire Resources NL	905.88	1.42	14%	1.25

Company	Market Capitalisation 10/07/2017 (\$m)	Geared Beta (B)	Gross Debt/Equity (%)	Ungeared Beta (Ba)
Saracen Mineral Holdings Limited	919.97	0.32	1%	0.32
St Barbara Limited	1367.66	0.44	75%	0.25
Tribune Resources Limited	335.68	0.43	2%	0.42

Source: Bloomberg and BDO analysis

In selecting an appropriate beta for Second Fortune, we have considered the similarities between the comparable companies selected below. The comparable similarities and differences noted are:

- the comparable companies' mining and exploration assets have varying risk profiles depending on the maturity of the assets and the stages and location of exploration, development and production; and
- there are varying stages of development and production of the comparable companies' projects compared to Second Fortune.

The proposed capital structure for Second Fortune is assumed to be 100% equity, in accordance with the Second Fortune Model. As such the re-gearred beta is the same as the ungeared beta.

Pre-Scheme Beta:

In selecting the below range of comparable companies to assess the appropriate equity beta for the pre-scheme valuation, we have further focused on companies with gold mining operations (at varying stages of exploration and development) primarily located in Western Australia. In addition, we believe the betas of the developers and explorers below include development and funding risks which are inherent in the Second Fortune Project on a pre-Scheme basis.

Company	Market Capitalisation 10/07/2017 (\$m)	Geared Beta (B)	Gross Debt/Equity (%)	Ungeared Beta (Ba)
Exterra Mining Limited	14.84	0.42	0%	0.42
Developers and Explorers				
Alloy Resources Limited	4.84	1.14	0%	1.14
Barra Resources Limited	25.42	1.47	0%	1.47
Bligh Resources Limited	8.77	1.68	22%	1.45
Great Boulder Resources Limited	8.21	2.20	3%	2.16
Primary Gold Limited	30.68	1.06	0%	1.06
Mean				1.46
Median				1.45

Source: Bloomberg and BDO analysis

Having regard to the above, we consider that an appropriate ungeared beta to apply to Second Fortune on pre-Scheme basis is between 1.45 and 1.46.

Post-Scheme Beta:

In selecting the below range of comparable companies to assess the appropriate equity beta for the post-scheme valuation, we have further focused on companies with gold mining operations (at varying stages - exploration, development and production) primarily located in Western Australia. We have separated the producing companies from the developers and explorers to illustrate the effects of having little to no development and funding risks as these producing companies have projects that are already operating.

The Proposed Merged Entity will have significantly less funding risk due to the injection of cash from Anova however, it still bears development risk. As such, our assessment of the beta for the Second Fortune would lie somewhere between the betas of developers and explorers and the betas of producers. In view of the large scale operations of the producing companies above, we selected producers with a market capitalisation of less than \$250 million. This analysis returned three producers in Doray Minerals Limited, Ramelius Resources Limited and Silver Lake Resources Limited. We then removed Ramelius Resources Limited from this list due to its low regression coefficient (R^2) and therefore an unreliable beta. Our findings are summarised below:

Company	Market Capitalisation 10/07/2017 (\$m)	Geared Beta (β)	Gross Debt/Equity (%)	Ungeared Beta (β_a)
Exterra Mining Limited	14.84	0.42	0%	0.42
Developers and Explorers				
Alloy Resources Limited	4.84	1.14	0%	1.14
Barra Resources Limited	25.42	1.47	0%	1.47
Bligh Resources Limited	8.77	1.68	22%	1.45
Great Boulder Resources Limited	8.21	2.20	3%	2.16
Primary Gold Limited	30.68	1.06	0%	1.06
Producers				
Doray Minerals Limited	67.85	0.65	46%	0.49
Silver Lake Resources Limited	226.67	0.78	3%	0.76
Mean				1.22
Median				1.14

Source: Bloomberg and BDO analysis

Having regard to the above, we consider that an appropriate ungeared beta to apply to Second Fortune is between 1.14 and 1.22.

A description of the comparable listed companies selected are summarised below.

Company Name	Exchange	Company description
Alloy Resources Limited	ASX	Alloy Resources Limited identifies, evaluates, and explores for mineral properties in Australia and New Zealand. The company primarily explores for gold deposits. Its flagship project is the Horse Well gold project located in the north-eastern goldfields of Western Australia. The company was founded in 2004 and is based in West Perth, Australia.
Barra Resources Limited	ASX	Barra Resources Limited explores for and develops gold and base metal projects in Western Australia. It primarily explores for gold, nickel, cobalt, and manganese. The company holds interests in the Burbanks gold project located to the southeast of Coolgardie; and the Phillips Find gold project located in north-northwest of Coolgardie. It also holds in the Mt Thirsty project located to the north-northwest of Norseman, Western Australia; and the Riverina project located to the northwest of Kalgoorlie, Western Australia. The company was incorporated in 2000 and is based in West Perth, Australia.

Company Name	Exchange	Company description
Bligh Resources Limited	ASX	Bligh Resources Limited engages in the exploration, evaluation, development of gold and manganese projects in Australia. The company has 512 square kilometres of prospective gold tenements located in Western Australia; and a manganese tenement portfolio in the Northern Territory. Its flagship project is the Bundarra gold project covering approximately 17 square kilometres consisting of 6 granted mining leases that is located in the Leonora region of Western Australia. The company is based in North Sydney, Australia. Bligh Resources Limited is currently subject to an open bid from Zeta Resources Limited, to acquire all the remaining fully paid ordinary shares it does not already own.
Great Boulder Resources Limited	ASX	Great Boulder Resources Limited engages in the exploration, discovery, and delineation of gold deposits. The company has interests in five gold exploration projects located in the eastern portion of the Goldfields-Esperance region of Western Australia. Its flagship project is the Balagundi project located to the east of the Kalgoorlie Super Pit and the township of Kalgoorlie in the Eastern Goldfields District of Western Australia. The company was incorporated in 2016 and is based in Applecross, Australia.
Primary Gold Limited	ASX	Primary Gold Limited explores and produces gold in Australia. It owns the Mount Bundy Gold Project which encompasses the Toms Gully, Rustlers Roost, and Quest 29 Projects in the Northern Territory, Australia, as well as holds interest in a tenure covering an area of approximately 2,020 square kilometres in the northern Pine Creek areas; and Coolgardie Gold Project located in Western Australia. The company was formerly known as Hydrotech International Limited and changed its name to Primary Gold Limited in 2013. Primary Gold Limited was incorporated in 2006 and is based in Subiaco, Australia.
Doray Minerals Limited	ASX	Doray Minerals Limited explores for and produces gold in Australia. Its principal projects include the Andy Well gold project located to the north of Meekatharra in the Murchison region of Western Australia; and the Deflector project that contains gold-copper-silver deposits situated in the southern Murchison region of Western Australia. The company was founded in 2009 and is based in West Perth, Australia.
Silver Lake Resources Limited	ASX	Silver Lake Resources Limited, together with its subsidiaries, operates as a gold producing and exploration company in Australia. The company holds interests in the Mount Monger goldfield project located to the southeast of Kalgoorlie; the Murchison goldfield, which include Tuckabianna, Comet, Moyagee, and Eelya projects located between Mount Magnet and Cue areas; and the Great Southern Project located in the southeast of Western Australia. Silver Lake Resources Limited is headquartered in South Perth, Australia.
Dacian Gold Limited	ASX	Dacian Gold Limited explores and develops gold properties in Australia. It primarily focuses on the Westralia and Jupiter deposits at the Mt Morgans Gold project located in the Laverton district of Western Australia. The company was founded in 2011 and is based in Como, Australia.

Company Name	Exchange	Company description
Gold Road Resources Limited	ASX	Gold Road Resources Limited engages in the exploration and development of mineral properties in Australia. It explores for gold, copper, and base metal deposits. The company focuses on developing the Yamarna Belt comprising Gruyere, Central Bore, and Attila projects, which covers an area of 5,000 square kilometres located on the Yilgarn Craton in Western Australia. The company was formerly known as Eleckra Mines Limited and changed its name to Gold Road Resources Limited in November 2010. Gold Road Resources Limited was incorporated in 2007 and is based in West Perth, Australia.
Ramelius Resources Limited	ASX	Ramelius Resources Limited, together with its subsidiaries, engages in the exploration, mine development and operation, and sale of gold in Australia. It also offers milling services. The company holds interest in the Mt Magnet mine located within the north-south striking Meekatharra-Mt Magnet greenstone belt of the Western Australian Murchison Province; and Kathleen Valley and Vivien mine located in Western Australia. It also holds interest in various development projects located in Western Australia; and exploration projects located in Western Australia, and New South Wales. Ramelius Resources Limited is headquartered in East Perth, Australia.
Regis Resources Limited	ASX	Regis Resources Limited, together with its subsidiaries, explores for, evaluates, and develops gold projects in Australia. The company owns 100% interest in the Duketon Gold Project that is located 130 kilometres north of Laverton, Western Australia. It also owns interests in the McPhillamys gold project that consists of four granted exploration permits covering 477 square kilometres located in the Central West region of New South Wales. Regis Resources Limited was founded in 1988 and is based in Subiaco, Australia.
Resolute Mining Limited	ASX	Resolute Mining Limited engages in the exploration, evaluation, development, mining, and production of gold and mineral properties in Africa and Australia. It explores for gold and silver deposits. The company is also involved in the prospecting and exploration of minerals. Its primary projects include the Syama Gold Mine in Africa and the Ravenswood Gold Mine in Australia. The company was incorporated in 2001 and is based in Perth, Australia.
Sandfire Resources NL	ASX	Sandfire Resources NL engages in the exploration and evaluation of the mineral tenements in Australia and internationally. The company operates through two segments, DeGrussa Copper Mine; and Exploration and Evaluation. Its flagship project is the DeGrussa Copper-Gold mine covering approximately 1,700 square kilometres area located in the north of Perth in Western Australia. The company produces and sells copper, gold, and silver, as well as explores for volcanogenic massive sulphide deposits. Sandfire Resources NL is based in West Perth, Australia.
Saracen Mineral Holdings Limited	ASX	Saracen Mineral Holdings Limited engages in the gold mining and mineral exploration business in Australia. The company holds 100% interest in the Carosue Dam operations located in north-east of Kalgoorlie, Western Australia. It also holds interests in Thunderbox operations located in the Yandal belt and the Agnew-Wiluna

Company Name	Exchange	Company description
		belt in the North Eastern Goldfields of Western Australia. Saracen Mineral Holdings Limited is headquartered in Perth, Australia.
St Barbara Limited	ASX	St Barbara Limited engages in the exploration, development, mining, and sale of gold. The company's properties include the Gwalia underground mine located in Leonora, Western Australia; and the Simberi gold mine in New Ireland province, Papua New Guinea. St Barbara Limited was incorporated in 1969 and is based in Melbourne, Australia.
Tribune Resources Limited	ASX	Tribune Resources Limited explores for, develops, and produces mineral properties in Australia. It explores for gold and silver deposits. The company focuses on the East Kundana and West Kundana joint venture tenements in Australia. Tribune Resources Limited is based in South Perth, Australia.

Source: Bloomberg, Capital IQ and respective Company websites

Cost of Equity

Pre-Scheme Discount Rate:

We have assessed the cost of equity to be in the range of 10.68% to 13.61%. We have adopted a rounded midpoint value of 12.0%.

Input	Value Adopted	
	Low	High
Risk free rate of return	1.97%	1.97%
Equity market risk premium	6.00%	8.00%
Beta (geared)	1.45	1.46
Cost of Equity	10.68%	13.61%

Source: Bloomberg and BDO analysis

Post-Scheme Discount Rate:

We have assessed the cost of equity to be in the range of 8.79% to 11.72%. We have adopted a rounded midpoint value of 10.0%.

Input	Value Adopted	
	Low	High
Risk free rate of return	1.97%	1.97%
Equity market risk premium	6.00%	8.00%
Beta (geared)	1.14	1.22
Cost of Equity	8.79%	11.72%

Source: Bloomberg and BDO analysis

Appendix 4 - Independent Technical Assessment and Valuation Report

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DUNBAR RESOURCE MANAGEMENT

Consultants in Economic
Geology & Management

INDEPENDENT TECHNICAL SPECIALISTS REPORT & VALUATION

**EXTERRA RESOURCES &
ANOVA METALS
MINERAL ASSETS**


June 2017

Report Commissioned by BDO Corporate Finance

Valuation Date: 8 June 2017
Report Date: 8 August 2017
Primary Author: Paul Dunbar

Distribution:

BDO Corporate Finance (1x Digital Copy, Hard Copy available if required)
Exterra Resources Limited (1x Digital Copy, Hard Copy available if required)
Anova Metals Limited (1x Digital Copy, Hard Copy available if required)
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Valuation Date	8 June 2017	

Executive Summary

BDO Corporate Finance (WA) Pty Ltd (BDO) commissioned Dunbar Resource Management (DRM), the trading name of Jewell Dunbar Pty Ltd to prepare an Independent Technical Assessment and Valuation Report ("the Report" or the ITA) of the Anova Metals Limited (ASX: AWV) (Anova) and Exterra Resources Limited (ASX: EXC) (Exterra) mineral assets.

The Report provides an opinion to support an Independent Expert's Report to be prepared by BDO, and has been prepared as a public document, in the format of an independent specialist's report and in accordance with the 2015 VALMIN Code.

This report is a technical review of the Big Springs Gold project, located in Nevada, USA, owned by Anova and the Second Fortune Gold deposit within the larger Linden gold project, owned by Exterra Resources, located in the eastern goldfields of Western Australia. It includes a technical evaluation of the exploration and development projects and a valuation of these Mineral Assets. In accordance with the VALMIN code DRM has undertaken several valuation methods for both the existing Mineral Resources and Ore Reserves and a separate valuation for the earlier stage exploration tenements that surround the resource areas. Importantly, as neither the principal author nor DRM hold an Australian Financial Securities Licence, this valuation is not a valuation of Exterra Resources or Anova Metals but rather a valuation of the Mineral Assets owned by both companies.

This valuation is current as of 8 June 2017. As commodity prices and cost inputs fluctuate over time this valuation is subject to change. The valuation derived by DRM is based on information provided by Exterra for the Second Fortune gold deposit and the Linden project and Anova for the Big Springs Gold Deposit and project along with publicly available data including Australian Stock Exchange (ASX) releases. DRM has made all reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this report. The opinions and statements in this report are given in good faith and under the belief that they are accurate and not false nor misleading. The default currency is Australian dollars. As with all technical valuations the valuation included in this report is the likely value of the mineral projects and not an absolute value.

Second Fortune Gold Deposit and Linden Gold Project

The Second Fortune Gold Deposit within the larger Linden Gold Project is a development ready and fully approved gold development project, owned 100% by Exterra. The Second Fortune Main Lode consists of a JORC 2012 global resource of 247,200t at 9.6g/t gold for 75,800oz including a reserve of 338,999t at 5.96g/t gold for 64,941oz. The feasibility study, managed by mining consultants Mining Plus was completed in May 2017 which outlined the mine would produce circa 73koz of gold with total gold sales of approximately 67,351oz of gold over a two-year production period. The difference is due to processing and metallurgical recovery. This difference has been accurately accounted in all the financial models for the project. The study and development scenario proposed a small-scale underground mine providing material to a surface crushing and ore sorting / beneficiation plant to produce a higher-grade material for transport and processing at a toll milling gold facility. The study proposes the ore would be trucked to the Lakewood mill, located approximately 5km southeast of Kalgoorlie.

The greater Linden Gold Project consists of 19 tenements covering approximately 66.8km². These tenements have had minimal modern exploration and host, or are adjacent to several historical high grade, small scale gold deposits, including the Devon deposit.

It is, in the opinion of DRM, considered likely that ongoing and modern exploration activities would delineate additional small, potentially economic gold deposits. A portion of this exploration would include extensional drilling both along strike and at depth below the current Second Fortune deposit.

This report documents the technical aspects of the Linden project and the Second Fortune Gold deposit along with determining a valuation, in accordance with the 2015 VALMIN Code for the Greater Linden Gold Project. It does not value the reserves or the development of the Second Fortune Gold Deposit which is valued by BDO in the Independent Experts Report which this Independent Technical Assessment and Valuation supports.

Big Springs Gold Project

The Big Springs Gold Project, located 90km north of the mining town of Elko, Nevada, is owned 100% by Anova Metals Limited. The project has previously been exploited for gold with approximately 386,000oz of gold produced between 1987 and 1993 by Freeport McMoRan when production ceased due to the low prevailing gold price. The historical production consisted of a series of small open pit gold mines with ore trucked to the Jerritt Canyon gold processing plant, located approximately 20km (43km by road) to the south of the deposits. The haul roads between the deposits and the public access road to the mill remain in reasonable condition. It is expected that with minimal cost the existing road network could be reinstated for ore haulage from site to the Jerritt Canyon Mill.

Additional exploration, primarily by Gateway Gold Corp, since production ceased has delineated a JORC 2012 Resource of 16Mt at 2.0g/t Au for 1.03Moz of gold. A high-grade core of this resource, using a 2.5g/t gold cut-off grade results in 3.1Mt at 4.2g/t gold for 415,000oz of gold. Extensive work by Anova has included additional drilling within several of the resource areas, estimation of the Mineral Resource, mining studies and designs, metallurgy, environmental approvals and hydrogeological studies has advanced the understanding of the deposit to a point where minimal work would be required prior to outlining a Reserve Estimate for the project. The project is an advanced development project with extensive infrastructure, which with a commercial toll milling agreement could rapidly advance toward production. Given the advanced status of the Big Springs Gold Project including work that would usually result in the estimation of an Ore Reserve, DRM has considered it reasonable to value the high grade portion of the Resource that falls within the current mine designs at a resource multiple that is slightly discounted from an Ore Reserve Multiple. The high grade resource outside the mine designs are valued using a development stage resource multiple, while the low grade resources are valued using an early stage or exploration level Resource Multiple.

Away from the defined resources there has been minimal exploration by Anova, however the historical exploration has included multiple significant intersections including SC-1236, 700m south-south-west of South Sammy, intersected 77.7m @ 2.1g/t gold from 59.4m including 6.1m @ 6.8g/t Au and 6.1m @ 5.7g/t Au, DC-30, 950m south of South Sammy, intersected 70.1m @ 0.7g/t gold including 6.1m @ 1.9g/t gold from 32m, BC-48 intersected 7.6m @ 3.5g/t gold from 9.1m at Lower Mac Ridge and hole BC-48 intersected 3.0m @ 3.4g/t gold from 41.1m, North-east of Beadles Creek.

Away from the drilled portions of the project there has been multiple rock, soil and stream sediment sampling programs with most of these surveys generating anomalies that require additional exploration including drilling.

Conclusions

The Second Fortune gold deposit is a development ready project with production able to commence once management acquire the requisite funding. While the existing Resource and Reserve at Second Fortune is modest, the high-grade nature of the mineralisation along with the proposed ore sorting is expected to produce a high-grade mill feed that via toll milling is expected to result in a significant cashflow for the project. The exploration potential within the greater Linden Gold Project is considered high, especially given the lack of recent exploration within the area.

The Big Springs Gold Project contains a large Mineral Resource with significant work completed to advance the project to a development decision. There is significant exploration potential within the extensive landholding that constitutes the Big Springs Gold Project. Several prospects and anomalies warrant additional exploration.

During the preparation of this report and while reviewing all the technical documents associated with the mineral assets of both Anova and Exterra no material flaws or errors were identified in the Mineral Resource Estimates nor the technical inputs into the financial model that supports the Ore Reserves. The proposed mining and processing methodology, including metallurgical recoveries and cut-off grades, are considered reasonable.

For this report, DRM has checked the validity of the technical inputs for the financial model for the Second Fortune Gold Deposit. BDO is completing a valuation for the Second Fortune Gold Deposit.

In DRM's opinion, the Market Value of the Resources at the Big Springs Gold Project is between **\$39.6 million** and **\$49.2 million** with a preferred valuation of **\$44 million**. In addition to the value of the advanced development assets there is significant value in the exploration potential which lie between **\$11.6 million** and **\$26.7 million** with a preferred valuation of **\$19.1 million**.

Therefore, DRM considers the combined value of the Big Springs Gold Project to be between **\$51 million** and **\$76 million** with a preferred value of **\$63 million**.

The Linden Gold Project, which contains the Second Fortune Gold Deposit has significant exploration potential away from and adjacent to the Second Fortune Gold Deposit. Overall, the Linden project (excluding the Second Fortune Gold Deposit) is valued at between **\$6.1 million** and **\$17.8 million** with a preferred valuation of **\$11.9 million**.

The non-Linden exploration projects are considered to have minimal value with the preferred value being **\$0.5 million** within a range of **\$0.2 million** and **\$0.9 million**.

A recent addition to the Exterra project portfolio is a Joint Venture where Exterra can acquire 75% of the Bar Twenty project which consists of three prospecting licences and one mining lease which has significant high grade shallow exploration success adjacent to a series of historical workings. There are no Resources or Reserves within the Bar Twenty Gold Project however there has been minimal modern exploration. Overall the Bar Twenty project is currently valued at between **\$0.2 million** and **\$0.7 million** with a preferred valuation of **\$0.5 million**. It is considered likely that additional exploration would delineate additional mineralisation, which if it is amenable to ore sorting, could provide additional material for the Second Fortune development.

Contents

Executive Summary	i
List of Figures.....	vii
List of Tables	viii
1. Introduction.....	1
1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides	1
1.2. Scope of Work	1
1.3. Statement of Independence.....	2
1.4. Competent Persons Declaration and Qualifications.....	2
1.5. Reliance on Experts	3
1.6. Sources of Information	4
1.7. Site Visit	4
2. Mineral Assets	4
3. Exterra Resources	4
3.1. Linden Project.....	4
3.1.1. Location and Access.....	5
3.1.2. Mineral Tenure	5
3.1.3. History.....	9
3.1.4. Geology.....	9
3.1.5. Resources.....	11
3.2. Second Fortune 2017 Feasibility Study	11
3.2.1. Mining.....	12
3.2.2. Mining Methods	12
3.2.3. Geotechnical	12
3.2.4. Mining Schedule	13
3.2.5. Mine Closure / Rehabilitation.....	14
3.2.6. Processing.....	14
3.2.7. Metallurgical Testwork	14
3.2.8. Processing Plant.....	16
3.2.9. Forecast Production.....	16
3.2.10. Associated Infrastructure	16
3.2.10.1. Camp.....	17
3.2.10.2. Water Supply	17
3.2.10.3. Mobile Fleet Maintenance Workshop.....	17
3.2.10.4. Power Generation and Reticulation	17
3.2.10.5. Tailings Disposal.....	17
3.2.11. Operating costs.....	17

3.2.12.	Capital Costs	18
3.2.13.	Site Layout	19
3.2.14.	Ore Reserves	19
3.2.15.	Other Prospects	21
3.3.	Bar Twenty Project	24
3.3.1.	Location and Access.....	25
3.3.2.	Mineral Tenure	26
3.3.3.	Geology.....	26
3.3.4.	Resources.....	26
3.3.5.	Ore Reserves and Mining.....	26
3.4.	Other Exterra Projects	28
	Zelica	28
	Grass Flat	29
4.	Anova Metals	32
4.1.	Big Springs Gold Project.....	32
4.1.1.	Location and Access.....	32
4.1.2.	Mineral Tenure	32
4.1.3.	History.....	34
4.1.4.	Geology.....	34
4.1.5.	Resources.....	34
4.1.6.	Development Studies and Work.....	42
4.1.7.	Other Prospects and Exploration Upside.....	44
5.	Valuation Methodology	50
5.1.	Valuation Subject to Change	50
5.2.	General assumptions	50
5.3.	Market Based Valuations.....	51
5.3.1.	Gold Market.....	51
5.3.2.	Valuation of Advanced Projects.....	51
5.3.3.	Comparable Market Based Transactions.....	51
6.	Exploration Asset Valuation.....	52
6.1.	Geoscientific (Kilburn) Valuation	53
6.2.	Cost Based Valuation	54
7.	Valuation of the Anova and Exterra Mineral Assets.....	55
7.1.	Big Springs Gold Project.....	55
7.1.1.	Comparable Transactions	55
7.1.2.	Yardstick.....	56
7.1.3.	Geoscientific Valuation.....	56
7.2.	Exterra Resources Mineral Assets	58

7.2.1.	Linden Gold Project Geoscientific Valuation	58
7.2.2.	Grass Flat, Zelica and Malcolm Projects - Geoscientific Valuation.....	60
7.2.3.	Bar Twenty Gold	61
8.	Preferred Valuations.....	62
9.	Conclusion	63
10.	References	64
11.	Glossary	65
12.	Appendices	70
	Appendix A – Comparable Transactions.....	71
	Appendix B – Big Springs Gold Project Geoscientific (Kilburn) Ranking	72
	Appendix C – Linden Gold Project Geoscientific (Kilburn) Ranking.....	73
	Appendix D – Grass Flat, Malcolm and Zelica Projects Geoscientific (Kilburn) Ranking	74
	Appendix E – Bar Twenty Gold Project Geoscientific (Kilburn) Ranking	75
	Appendix F – Anova Schedule of Mineral Claims	76

List of Figures

Figure 1 Location of the Linden Gold Project	6
Figure 2 Linden Project Tenements	8
Figure 3 Second Fortune Main Lode cross section 6750125mN	10
Figure 4 Oblique Long Section of the Second Fortune Deposit.....	10
Figure 5 Scheduled Mine Production by Month.....	14
Figure 6 Ore Sorting Flowsheet – Second Fortune Gold Project	16
Figure 7 Site Layout for the Linden Project showing the mine and associated infrastructure.	20
Figure 8 Long Section of the Second Fortune Gold Deposit.....	21
Figure 9 Linden Gold Project Regional Targets, Prospects and recent exploration results	22
Figure 10 Plan of recent drilling at Linden Star overlain on magnetics.	23
Figure 11 Linden Star North cross section	24
Figure 12 Bar Twenty Gold Project Location	25
Figure 13 Bar Twenty Tenement outline and Geology	27
Figure 14 Bar Twenty Cross Section	27
Figure 15 Zelica Project Cross section within Mining Lease Application.....	28
Figure 16 Grass Flat Halley's Gold Targets.....	30
Figure 17 Grass Flat Project BIF and VMS targets	31
Figure 18 Big Springs Gold Project - Location.....	32
Figure 19 Plan of Big Springs Claims	33
Figure 20 Big Springs Gold Project Grade-tonnage curves at various cut-off grades	39
Figure 21 Plan of Mineralisation and Resource Domains within the Big Springs Gold Project.....	39
Figure 22 East – West Cross Section through the 601 Zone at the South Sammy gold deposit.	40
Figure 23 North – South Cross Section through the 301 Shoot at the North Sammy gold deposit.	40
Figure 24 North – South Cross Section through the Thumb Shoot at the North Sammy gold deposit.....	41
Figure 25 North – South Cross Section through the Southern Zone at the South Sammy gold deposit.	41
Figure 26 Southwest – Northeast Cross Section through the Beadles Creek Mineralised Zone	42
Figure 27 Plan showing the 2014 Anova infill drilling at the 601 zone, South Sammy	43
Figure 28 Cross section including the 2014 drilling from the 601 zone, South Sammy.	43
Figure 29 Exploration potential below the North Sammy Deposit	45
Figure 30 South Sammy underground exploration targets	45
Figure 31 Exploration potential and targets along strike of the main deposits.	46
Figure 32 Long Section from Beadles Creek to South Sammy (601) showing exploration potential.....	46
Figure 33 Exploration Targets south of the South Sammy Deposit along the Brien's Fault zone.	47
Figure 34 Exploration targets to the east of the main BSGP structural trend.....	47
Figure 35 Soil Sample Anomalies and areas of Glacial cover Northern BSGP	48
Figure 36 Drilling Depths Northern Big Springs Gold Project	48
Figure 37 Coffin Creek (Big Springs South West) Rock Chips overlain on geophysical surveys	49
Figure 38 Southern Big Springs Gold Project Soil anomalies and target zones.....	49
Figure 39 Five year US\$ and AUS\$ Gold Price graph (source www.infomine.com)	51
Figure 40 Outline of BSGP Tenements and breakdown of Geoscientific Ranking areas.....	57

List of Tables

Table 1 Linden Project Tenements	7
Table 2: Second Fortune Resource Summary Main Lode JORC 2012 (QG 2016)	11
Table 3: Second Fortune Resource Summary Minor Lodes JORC 2004 (Ravensgate 2012).....	11
Table 4 Mine Design Parameters.....	13
Table 5 Recent Second Fortune metallurgical tests	15
Table 6: Ore Sorting Demonstration Campaign.....	15
Table 7 Summary of Operating Cost.....	18
Table 8 Capital Cost estimates for the LPSF.	18
Table 9: Second Fortune – Ore Reserve December 2014 from 2014 PFS	19
Table 10: Second Fortune Underground Ore Reserve May 2017 from the feasibility study	19
Table 11: Second Fortune – Mining Inventory May 2017	21
Table 12 Tenements that constitute the Bar 20 Project.	26
Table 13 Big Springs Gold Project Previous Mineral Resource Estimates	34
Table 14 Summary of the 2014 Big Springs Mineral Resource Estimate.....	35
Table 15 Breakdown of the Big Springs Mineral Resource Estimate 2014.....	36
Table 16 Big Springs Gold Project Inferred Mineral Resource Estimates at Various Cut-off grades.....	38
Table 17 North Sammy – Underground Rock Mass Summary.	42
Table 18 VALMIN code 2015 valuation approaches suitable for mineral projects	50
Table 19 Ranking criteria are used to determine the geoscientific technical valuation	53
Table 20 Prospectivity Enhancement Multiplier (PEM) ranking criteria	54
Table 21 Comparable transaction valuation summary for the Big Springs Gold Project.	55
Table 22 Yardstick Multiples used for the BSGP.....	56
Table 23 Yardstick Valuation of the Resources within the BSGP	56
Table 24 Technical Valuation for the Big Springs Gold Project	58
Table 25 Fair Market Valuation for the Big Springs Gold Project.....	58
Table 26 Technical Valuation for the Linden Gold Project	59
Table 27 Fair Market Valuation for the Linden Gold Project.....	60
Table 28 Technical Valuation of the Zelica, Malcolm and Grass Flat projects	60
Table 29 Fair Market Valuation of the Zelica, Malcolm and Grass Flat projects	61
Table 30 Technical Valuation of the Bar Twenty Joint Venture project	61
Table 31 Fair Market Valuation of the Bar Twenty Joint Venture Project	62
Table 32 Summary of the Valuations completed for Anova Metals and Exterra Resources.....	62

1. Introduction

Dunbar Resource Management (DRM), the trading name of Jewell Dunbar Pty Ltd was engaged by BDO Corporate Finance (WA) Pty Ltd (BDO) to undertake an Independent Technical Assessment (ITA) on the mineral assets of Anova Metals Limited and Exterra Resources Limited. The mineral assets include the Big Springs Gold Project in Nevada and the Linden Gold Project, including the Second Fortune gold deposit, in Western Australia.

DRM understands that this ITA will be included in the Scheme of Arrangement booklet and the Independent Experts Report being prepared by BDO to determine the merit of the proposed transaction.

On 8 June 2017 Anova Metals Limited and Exterra Resources Limited announced their intention to merge via a scheme of arrangement with Anova Metals being the surviving entity.

1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

The ITA has been prepared in accordance with the JORC 2012 and the VALMIN 2015 Codes. Both of these industry codes are mandatory for all members of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. These codes are also requirements under Australian Securities and Investment Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX)

This ITA is as a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by Anova Metals Limited and Exterra Resources Limited to the Competent Persons listed as signatories to this ITA and additional publicly available information.

1.2. Scope of Work

DRM's primary obligation in preparing mineral asset reports is to independently describe mineral projects in compliance with the JORC and VALMIN Codes. These require that the Public Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the project.

DRM has compiled the ITA based upon the principle of reviewing and interrogating both the work of Exterra, Anova and independent specialists who have contributed to the technical information available for the project. This report is a summary of the work conducted to 8 June 2017 and is based on information supplied to DRM by Exterra and Anova, its advisors and information that is in the public domain, to the extent required by the JORC Code and the VALMIN Code.

BDO requested DRM undertake a review of the reasonableness of the technical assumptions and inputs in the financial models provided to BDO by Exterra for the Second Fortune Gold Deposit. In addition to the review of the inputs for the Second Fortune financial model BDO also instructed DRM to provide a technical assessment and valuation of the other mineral projects of Anova and Exterra.

In performing this review, DRM has provided an assessment of the reasonableness of the following assumptions used:

- Mineral Resources and Ore Reserves incorporated into the cashflow models for the projects
- mining physicals (including tonnes of ore mined, ore processed, recoveries and forecast grades)
- processing assumptions (including products and recoveries, scheduling considerations, mill production, refining recoveries and plant utilisations)
- operating costs (including, but not limited to, surface mining, underground mining, general site costs, haulage, processing, corporate office and royalties)
- non-operating and other costs (including, but not limited to, reclamation, surface mining pre-stripping, discretionary capital costs and deferred development costs)

- capital expenditure (including, but not limited to, sustaining capital expenditure) and
- any other relevant technical assumptions not specified above.

Furthermore, DRM has prepared an Independent Valuation of the Big Springs Gold Project in Nevada, USA, held by Anova, and the Linden, Malcolm, Zelica and Grass Flat projects in Western Australia, held by Exterra. During the compilation of this report Exterra informed DRM that they had executed a Joint Venture agreement over, the Bar Twenty Project also located in Western Australia.

DRM understands that its review and valuations will be relied upon and appended to an Independent Expert's Report prepared by BDO for inclusion in a scheme booklet, to assist Exterra shareholders in their decision regarding the approval of a proposed scheme of arrangement. The scheme booklet will address the proposed acquisition of the shares in Exterra by Anova which would result in a merger of Exterra and Anova with Anova being the surviving entity. As such, it is understood that DRM's review and valuation will be a public document. Accordingly, this report has been prepared in accordance with the requirements of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (the VALMIN Code, 2015).

1.3. Statement of Independence

Dunbar Resource Management (DRM), the trading name of Jewell Dunbar Pty Ltd, was engaged to undertake an Independent Technical Assessment and valuation of the mineral assets of Exterra Resources and Anova Metals. This work has been conducted in accordance with the 2012 JORC and the 2015 VALMIN codes. In addition to these industry codes the work also complies with ASIC Regulatory Guideline 111 – Content of Expert Reports (RG111) and ASIC Regulatory Guidelines 112 Independence of Experts (RG112).

Mr Dunbar of Dunbar Resource Management, the trading name of Jewell Dunbar Pty Ltd has or has had any association with Exterra or Anova, its individual employees, or any interest in the securities of EXC or AWV, which could be regarded as affecting the ability to give an independent, objective and unbiased opinion. Neither DRM or Mr Paul Dunbar hold an AFS licence and the valuation contained within this report is limited to a valuation of the mineral assets being reviewed. Dunbar Resource Management will be paid a fee for this work on standard commercial rates for professional services. The fee is not contingent on the results of this review and is estimated at \$25,000.

Three additional specialists have been engaged by DRM to undertake specific sections of this report. All specialists have confirmed that they are independent of both Exterra and Anova, none has or has had any other association with Exterra or Anova, its individual employees, or any interest in the securities of EXC or AWV, which could be regarded as affecting the ability to give an independent, objective and unbiased opinion.

1.4. Competent Persons Declaration and Qualifications

This report was prepared by Mr Paul Dunbar as the primary author with specialist sections undertaken by Mr Bradley Marwood, Mr Shaun Searle and Mr David Chapman.

The primary author of the report and information that relates to geology, exploration and the mineral asset valuation is based on information compiled by Mr Paul Dunbar, BSc (Hons), MSc (Minex), a Competent Person who is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Dunbar is employed by Jewell Dunbar Pty Ltd, trading as Dunbar Resource Management, a Geology and Exploration Management consultancy, which has been engaged by BDO Corporate Finance (WA) Pty Ltd. Mr Dunbar has a Master of Science in Mineral Exploration and Mineral Economics and has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the 2012 JORC Code) and a specialist under the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The 2015 VALMIN Code). Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Specialists Qualifications

The mining aspects of the Extract Resources section of this report, along with benchmarking costs assumed in the Feasibility Study were undertaken by Mr Bradley Marwood, BEng(Mining), FAusIMM, GAICD, who is an employee of Corporate Mining Resources Pte Ltd and a mining engineer with 30 years' experience in mining, evaluation and corporate activities including regulatory reporting. Mr Marwood is a Fellow of the Australian Institute of Mining and Metallurgy and has appropriate experience, qualifications and more than five years' experience in similar work to undertake this review as required by the JORC Code (2012) and the VALMIN Code (2015). Mr Marwood consents to the inclusion in this report of these matters based on information in the form and context in which it appears.

The information in this report that relates to the Mineral Resource estimates for the Big Springs Gold Deposit, is based on information previously announced by Anova in its ASX market announcement dated the 26th of June 2014 and which was prepared by Mr Lauritz Barnes (Principal Consultant Geologist, Trepanier Pty Ltd), a Competent Person as defined pursuant to the 2012 JORC Code.

Mr Shaun Searle, Senior Consultant Geologist with RPM Advisory Services Pty Ltd (RPM), was engaged by DRM as a Specialist to review the reasonableness of the previously announced Mineral Resource estimate. Mr. Searle has not verified the underlying geological dataset nor has he re-reported the Mineral Resources for the Big Springs Gold Deposit as at the date of this report he is the principal author of section 4.1.5. Mr Searle is a Member of the Australian Institute of Geoscientists and has sufficient experience to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Searle consents to the inclusion in this report of these matters based on information in the form and context in which it appears.

The information in this report that relates to the site visit, is based on information compiled by Mr. David Chapman, Managing Director for Southern Geoscience Pty Ltd. Mr Chapman is an independent consulting geologist who has undertaken a visit to the Big Springs Gold Project in 2013 during due diligence investigation for a separate company. Mr Chapman is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Chapman consents to the inclusion in this report of these matters based on information in the form and context in which it appears.

1.5. Reliance on Experts

The authors of this report are not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the Nevada Act nor the Western Australian Mining Act. Dunbar Resource Management has interrogated the WA DMP website that confirmed that the tenements are reported as being in good standing and that all tenement matters including annual reports, rents and renewals have been lodged and are progressing in accordance with the Mining Act. The status of the Anova mineral claims in Nevada has been checked by Paula Dodds who undertook an online search of the Bureau of Land Management records. As DRM and the authors of this report are not experts in the Mining Acts, no warranty or guarantee, be it express or implied, is made by the authors with respect to the completeness or accuracy of the legal aspects regarding the security of the tenure.

For Exterra's Second Fortune Gold Deposit and the Linden Project DRM has relied upon;

- The Second Fortune the Mineral Resource Estimates prepared by M. Job of Quantitative Group (2016)
- The Second Fortune (Main Lode and Non-Main Lodes) from 2012 and 2013 by C. Harvey of Ravensgate Mining Industry Consultants.
- The Second Fortune Feasibility Study and Ore Reserves from May 2017 by Andrew Gasmier of Mining Plus

For the Anova Big Springs project DRM has relied on reports including;

- Resource Estimates contained in the Technical Report for the Big Springs Gold Deposit by Lauritz Barnes and Isobel Algar from 2014,

- The Maiden JORC Resource estimate in the Technical Report for the Big Springs Gold Deposit by Lauritz Barnes and Isobel Algar and Geoff Collis from 2013.
- The NI43-101 Technical Report on The Big Springs, Mac Ridge and Dorsey Creek Mineral Properties Big Springs Gold Project by Peatfield & Rozelle (2006)

1.6. Sources of Information

All information and conclusions within this report are based on information made available to Dunbar Resource Management and the associated specialists engaged to assist with this report by Exterra and Anova and other relevant publicly available data to 8 June 2017. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and Joint Venturers to the areas, where it has been considered necessary. DRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this report and to ensure that it had access to all relevant technical. DRM has relied on the information contained within the reports, articles and databases provided by Exterra and Anova as detailed in the reference list. A draft of this report has been provided to Exterra and Anova to identify and address any factual errors or omissions prior to finalisation.

1.7. Site Visit

Neither the Second Fortune Gold Deposit nor the Linden Project were visited as a part of the ITA however it has historically been visited by Mr Paul Dunbar on several occasions between 2006 and 2009 when Mr Dunbar was working in and evaluating potential acquisitions in the general area. Due to Mr Dunbar's knowledge and experience, exploring and evaluating gold projects within the Eastern Goldfields, and specifically within a 10km radius of the Second Fortune deposit a site visit was not considered necessary for this ITA.

A site visit to the Big Springs project has not been undertaken by the primary author or specifically to support this ITA however the site has previously been visited by Mr David Chapman of Southern Geoscience Consultants. Mr Chapman undertook a site visit as a part of a due diligence visit in 2013 when he was employed by Paringa Resources Limited. Mr Chapman is independent of both Anova Metals and Exterra Resources. Additionally, Mr Dunbar, has visited both the Cortez and the Carlin Trend gold deposits that are geologically similar and spatially close to the Big Springs Project on at least two occasions in the past 15 years.

2. Mineral Assets

The mineral assets that are included in this review are Linden Gold Project, including the Second Fortune Gold Deposit, the Zelica, Malcolm and Grass Flat and the recently acquired Joint Venture Bar Twenty gold projects of Exterra Resources Limited and the Big Springs Gold Project of Anova Metals Limited.

3. Exterra Resources

Three main projects are owned by Exterra Resources, these being the Linden Gold Project including the Second Fortune Gold Deposit, the Grass Flat Project and the recently acquired Bar Twenty Project. In addition to these three main projects there are several smaller exploration projects including the Zelica and Malcolm projects. Post the announcement of the Scheme of Arrangement, Exterra entered into a Joint Venture covering the Bar Twenty old Project. This report reviews the location, geology, exploration potential and valuation of these projects. The valuation of the Second Fortune Gold Deposit is not valued in this report as BDO will be valuing Second Fortune by reviewing the financial model associated with the recently completed Feasibility Study. DRM has been asked to comment on the reasonableness of the inputs and assumptions associated with the financial model.

3.1. Linden Project

The Linden project is a contiguous block of ten mining leases, one prospecting and four exploration licences. Within the tenement package there are several small scale historical gold deposits including the Second Fortune Gold

Deposit. Overall the historic Linden Goldfield produced over 34,500oz of gold from these small high-grade deposits. Over the past twenty years the entire Linden goldfield has been largely under explored presumably due to the high-grade nature of the deposits not being generally amenable to large scale open pit mining.

3.1.1. Location and Access

The Linden Project is located approximately 700km East Northeast of Perth and 220km to the Northeast of Kalgoorlie, Western Australia within the Menzies Shire. Access to the project from Kalgoorlie is via the Yarri Road, then its extension, the Pinjin Road, turning north along the Mount Celia Road then the Linden Road. These roads are unsealed gravel roads but are generally well maintained however access is potentially impacted by wet weather. Overall the project is well supported by infrastructure including the shire roads listed above and mining company maintained haul roads. The tenements extend approximately 15km North to South and 6km East to West. There are several tenements within the overall tenement package that are excised from the Exterra tenements, one of these hosts the Devon Gold deposit, which was recently in production.

Figure 1, below shows the location of the Linden Gold Project in relation to the major mining districts and the proposed toll milling processing plant location at Kalgoorlie. The main access to the site is via the Kalgoorlie – Yarri road then via either the Saracen Mineral Holdings Limited Red October – Carosue Dam Haul road or via the Mt Celia / Linden roads.

3.1.2. Mineral Tenure

The Linden project consists of a contiguous block of 10 Mining Leases, four granted exploration licences, one prospecting licence and four miscellaneous licences. The latter tenement type is only for infrastructure and does not provide the holder with any exploration or mining rights. Table 1 below documents the tenements while Figure 2 shows the location of the tenements.

Dunbar Resource Management has interrogated the WA DMP website that confirmed that the tenements are reported as being in good standing and that all tenement matters including annual reports, rents and renewals have been lodged and are progressing in accordance with the Mining Act. As DRM and the authors of this report are not experts in the Mining Acts no warranty or guarantee, be it express or implied, is made by the authors with respect to the completeness or accuracy of the legal aspects regarding the security of the tenure.

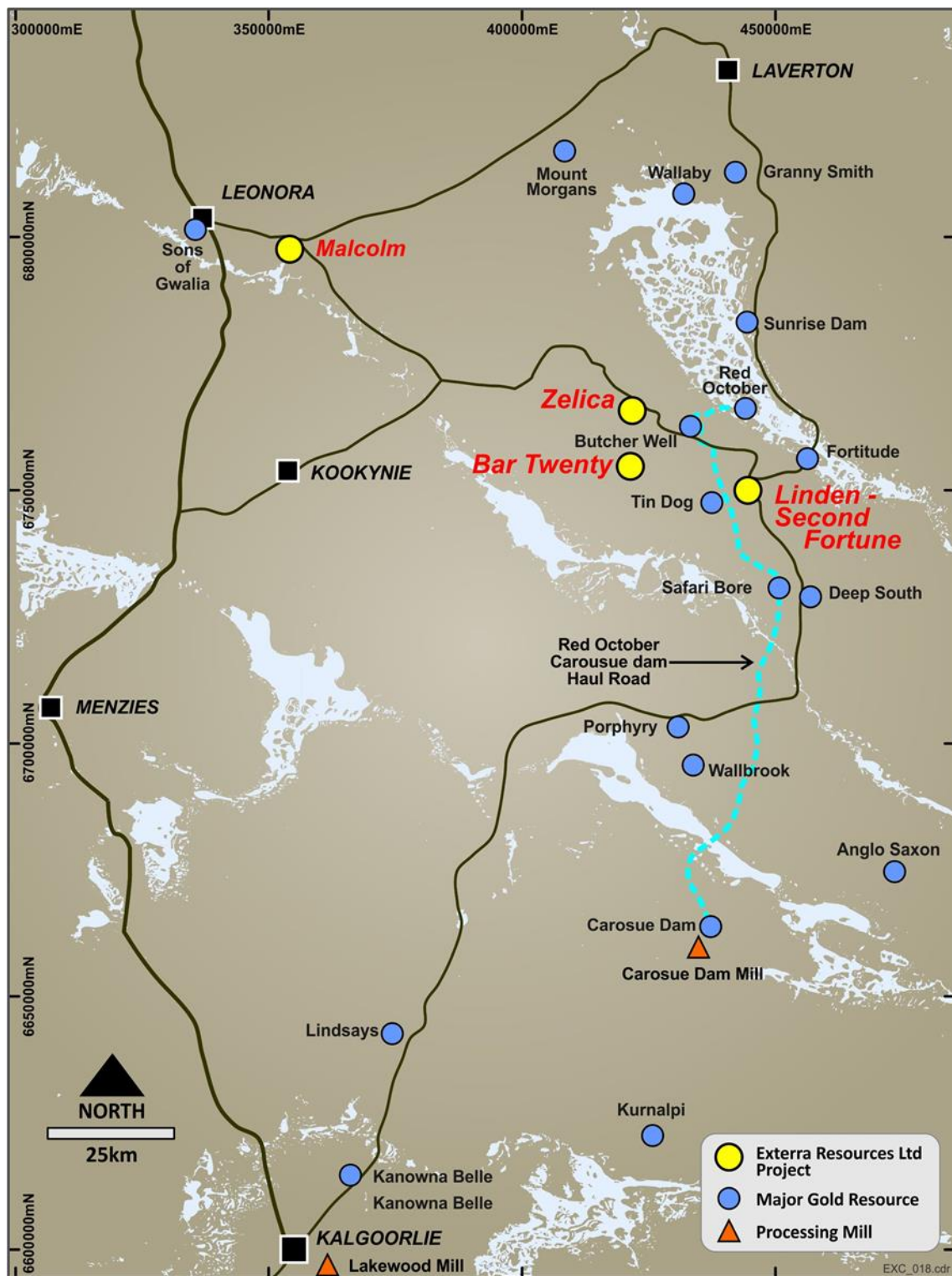


Figure 1 Location of the Linden Gold Project

Table 1 Linden Project Tenements

Tenements	Grant	Expiry	Area		Equity
			Blocks	Ha	
E39/1232	8/12/2009	7/12/2019	6		100%
E39/1539	18/11/2010	17/11/2020	5		100%
E39/1754	12/03/2014	11/03/2019	3		100%
E39/1977	5/01/2017	4/01/2022	1		100%
L39/12	26/05/1988	25/05/2018		30.0000	100%
L39/13	26/05/1988	25/05/2018		1.000	100%
L39/14	26/05/1988	25/05/2018		0.2400	100%
L39/230	3/12/2014	2/12/2035		26.0000	100%
M39/255	8/05/1991	7/05/2033		19.4.000	100%
M39/386	24/08/2010	23/08/2031		0.7590	100%
M39/387	24/08/2010	23/08/2031		178.1936	100%
M39/500	20/12/2013	19/12/2034		420.3156	100%
M39/629	9/05/2011	8/05/2032		68.2044	100%
M39/649	8/07/2008	7/07/2029		754.965	100%
M39/650	8/07/2008	7/07/2029		855.7370	100%
M39/780	24/08/2010	23/08/2031		6.7932	100%
M39/781	24/08/2010	23/08/2031		9.677	100%
M39/794	8/07/2008	7/07/2029		419.0000	100%
P39/5599	7/09/2016	6/09/2020		200.0000	100%

Note: the percentage equity is as per the Department of Mines and Petroleum (DMP) tenement register, the Exterra Quarterly Reports detail M39/500 as being owned 90% by Exterra. DRM has elected to use the DMP registered equity.

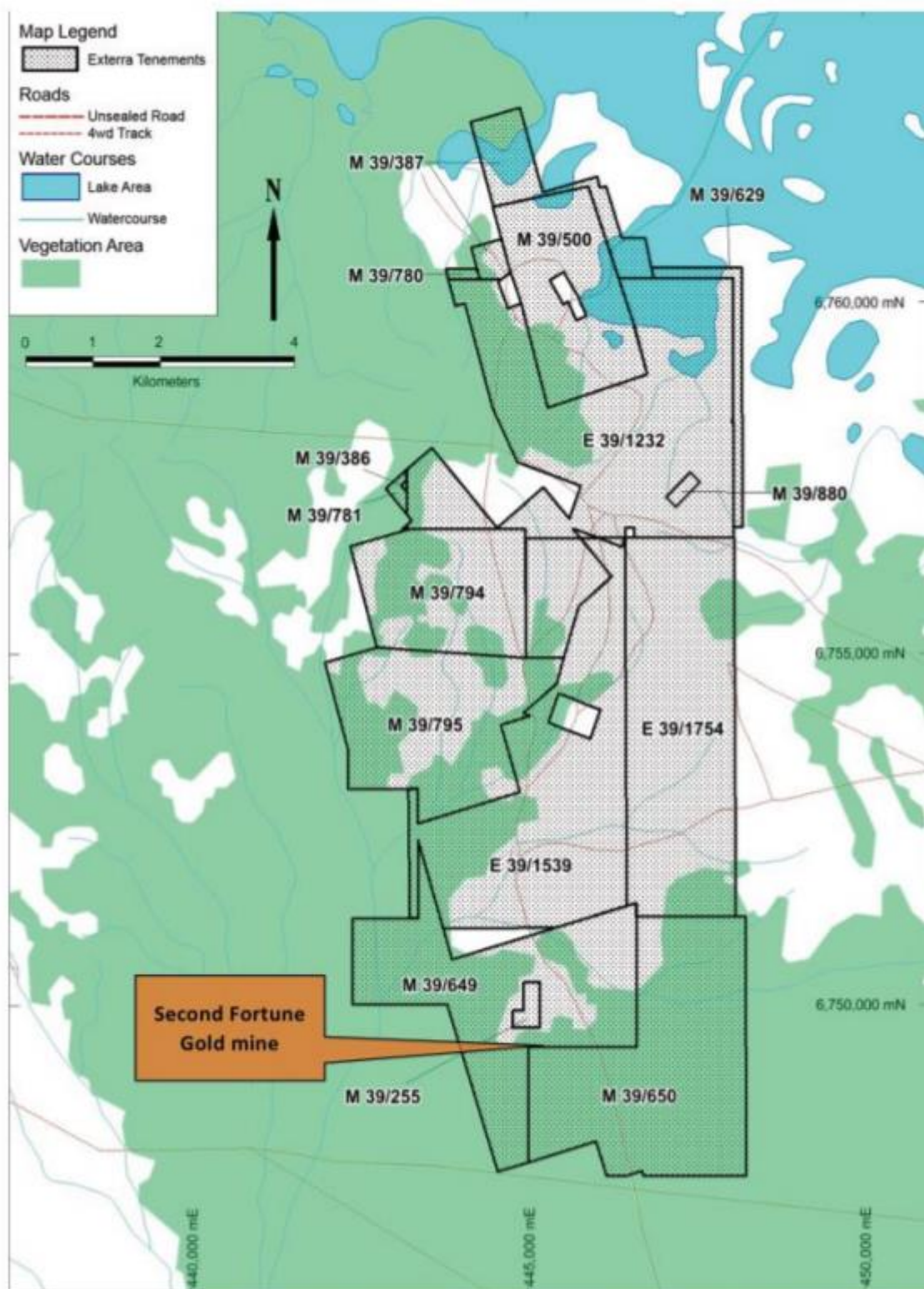


Figure 2 Linden Project Tenements

3.1.3. History

The Linden Gold Project comprises the majority of the Linden Goldfield, which historically produced over 34,500 ounces of gold from a number of small high-grade mines.

The Second Fortune deposit was originally mined from 1941 to 1988. The site consists of one open pit, an underground shaft, two waste rock dumps, a decommissioned processing plant site, tailings storage facility (TSF), evaporation pond, airstrip, camp, and other supporting infrastructure. The site is highly disturbed with little vegetation re-establishment within the project footprint.

Exploration within the Linden project and the Second Fortune Deposit in particular has been limited since gold mining ceased in 1988. There had been no drilling within the Second Fortune Deposit between the late 1980's and 2011.

3.1.4. Geology

The Second Fortune Prospect lies at the southern end of the Laverton Tectonic Zone which lies on the eastern margin of the Norseman-Wiluna Belt. Gold mineralisation occurs within a north to northwest striking sequence of intermediate to felsic volcanoclastic rocks and subordinate shales, intruded by irregular, narrow, porphyry bodies. Gold mineralisation is structurally controlled within a narrow quartz vein (0.2m to 2m width) that strikes north-south and dips steeply west. It has been delineated over a strike of >600 metres and to a depth of 350 metres. The vein does however, pinch and swells both along strike and down-dip like other vein hosted gold deposits, for example the Norseman gold deposits. Within the vein there is locally abundant pyrite while the wall rock alteration is typical for most lode gold deposits and consists of both sericite and chlorite alteration. The quartz veins are interpreted to have intruded into an extensional structural position either from dilational zones within a regionally extensive shear or associated with normal faulting.

Sedimentary features indicate the sequence is west facing with steep dips to the west. Clastic lithologies range from shale and fine grained to coarser grained tuffs through to conglomerate. There are rapid facies changes suggesting the sediments were deposited in a very high energy environment. The conglomerate consists of matrix supported, well rounded clasts of felsic volcanic material which is exposed in the pit wall. There is a strong stretching lineation plunging north parallel to the regional foliation.

Despite rapid lateral and vertical facies changes, four main lithological units are evident:

- Hanging wall sequence – comprising fine grained felsic tuffs, with local and minor development of shale and tuffaceous shale. Includes a gold bearing quartz zone associated with a shale horizon (Hanging wall lode structure).
- Reef Sequence – characterised by numerous quartz veins and quartz stringer development adjacent and parallel to thin (0.5-1.0 metres) carbonaceous shale horizons. Other rock types are conglomerate with minor tuff.
- Footwall Sequence – consisting of a coarse, matrix-supported conglomerate with minor tuff.
- Mafic basal unit – several holes have indicated a mafic (possibly tholeiitic basalt) unit. The unit appears to be massive and blocky and appears to be of a competent nature.

The tuffaceous rocks, shales and metasediments dip westerly at > 85° or less commonly, easterly and strike 350° to 360°. There is a pervasive sub vertical foliation which strikes about 330°, sub parallel to one of the directions of minor cross faulting. Another cross-fault set is vertical and strikes E-W (270°).

The majority of the historical gold production has been from the Main Lode. The minor lodes, consisting of the Hanging wall and Footwall lodes which are located within ~10m of the Main lode while the West Lode, which is located some 40m to the west of the Main Lode.

Figure 3, below, is a cross section through the Main Lode while Figure 4 is an oblique long section showing the West Lode, the Hangingwall and Footwall Lodes and the Main Lode.

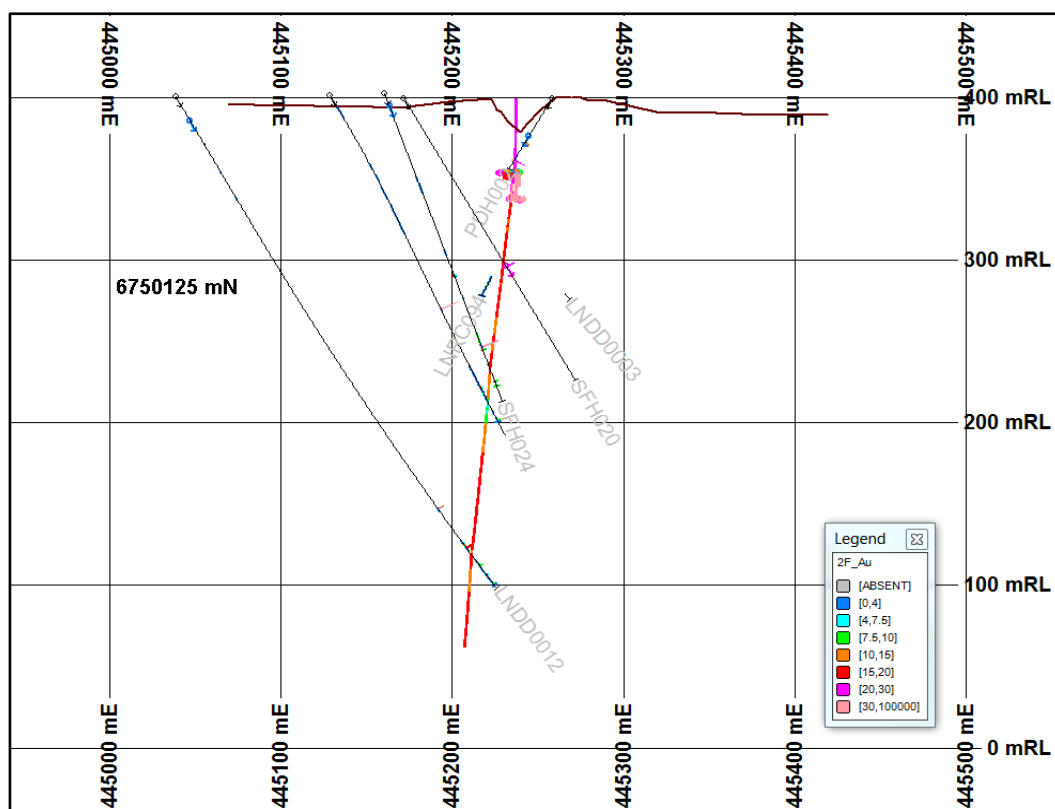


Figure 3 Second Fortune Main Lode cross section 6750125mN

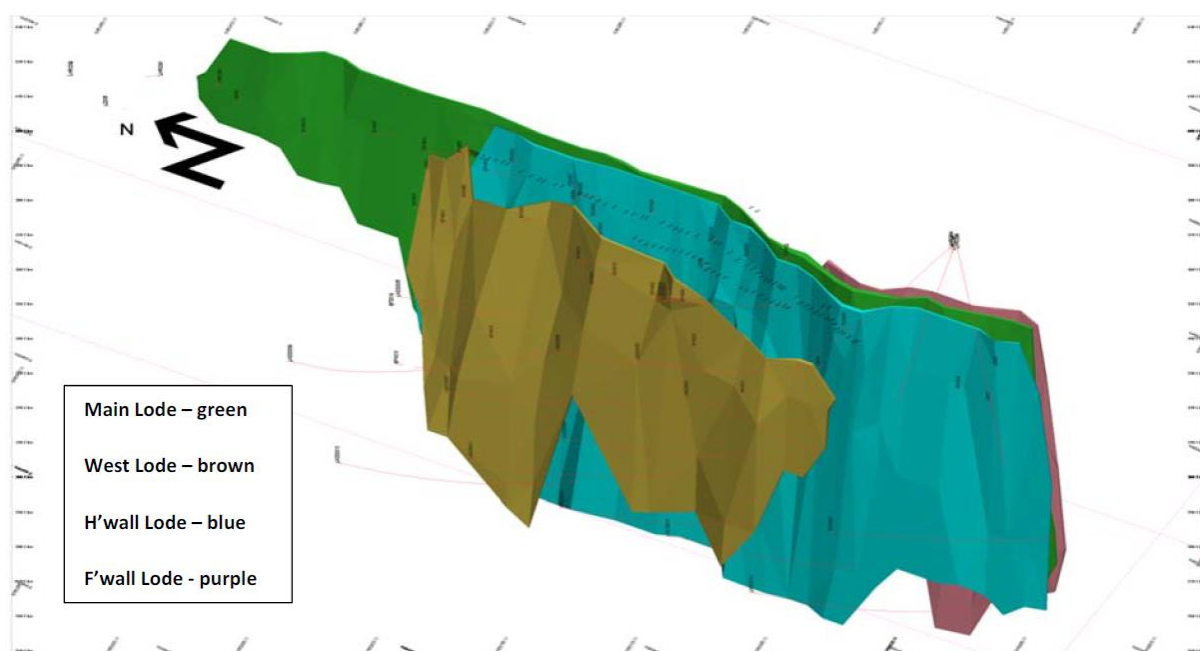


Figure 4 Oblique Long Section of the Second Fortune Deposit.

3.1.5. Resources

The Mineral Resource Estimate (MRE) for the Second Fortune Main Lode was updated by QG Australia Pty Ltd (QG) in March 2016 (Table 2). The 2016 MRE is an update of the 2013 QG MRE (ASX release 19 December 2013) following the completion of an infill diamond drilling programme in late 2015 consisting of 17 holes for a total of 2,688m drilled. The MRE has been reported and classified in accordance with the 2012 Edition of the JORC Code. The MRE has been reported on a depleted basis above a lower cut-off of 4.00g/t Au and as a 1.0m minimum width diluted Resource, reported to approximately 350m below surface.

QG have used a geostatistical 2D estimation methodology, specific to narrow vein, high grade gold deposits.

Ravensgate Mining Industry Consultants produced Mineral Resource Estimates in July 2012 (Harvey, 2012) and in March 2013 (Harvey, 2013) under JORC Code 2004. The 2012 estimate included mineralisation from the Main Vein and Hanging wall, Footwall and West lodes (Table 3 ASX release 6 August 2012). The 2013 estimate was for the Main Lode only. Both the 2012 and the 2013 models were conventional 3D estimates using ordinary kriging. The Mineral Resource Estimate for the minor lodes has not been updated on the basis that there has been no additional work in those zones and that all material assumptions that underpin the 2012 resource estimate remain valid.

Table 2: Second Fortune Resource Summary Main Lode JORC 2012 (QG 2016)

Lode	Indicated			Inferred			Total		
	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces
Main Lode	211,800	9.8	66,700	35,400	8.0	9,100	247,200	9.6	75,800

Note: 1.0m Min Mining Width diluted Resource at 4.0 g/t Au lower cut-off (minor rounding variations may occur)

Table 3: Second Fortune Resource Summary Minor Lodes JORC 2004 (Ravensgate 2012)

Lode	Indicated			Inferred			Total		
	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces
Hangingwall				58,200	8.2	15,300	58,200	8.2	15,300
Footwall Lode	18,500	8.9	5,400	52,900	7.4	12,500	71,400	7.8	17,700
West Lode	4,200	4.2	600	107,200	6.1	21,000	111,400	6.0	21,600
TOTAL	22,700	8.2	6,000	218,300	7.0	48,800	241,000	7.0	54,600

Note: 4.0 g/t Au lower cut-off (minor rounding variations may occur)

3.2. Second Fortune 2017 Feasibility Study

This section summarises the Feasibility Study completed in May 2017 (ASX release 25 May 2017). All the technical assumptions from that feasibility study remain valid as most costs and assumptions are less than 6 months old. The Feasibility Study and reserve update was completed in May 2017 based on the Reserves generated in December 2016 from Resources Estimated in March 2016, costs and assumptions were based on tendered pricing or costs obtained from current suppliers and are considered to be a minimal risk for the project, the operating costs have been determined by tendered contract pricing for the works. The efficiency of the ore sorter is based on two samples that indicated that sorting of the quartz rich gold ore can effectively and efficiently sort the high-grade ore and the barren material associated with the ore body and within the expected mined ore envelope. Ore sorting operational costs are based on the initial tests and the operation of the ore sorter that is already installed is operating on mineralised waste stockpiles from historical mining of the Second Fortune deposit. DRM considers the application of ore sorting to be appropriate and the testwork delivers results within expected ranges for this type of ore.

3.2.1. Mining

This Report and mining review is based on information provided to DRM by Exterra Resources Limited. The data included an executive summary of the feasibility study completed by Mining Plus Pty Ltd. The specialist reports have not been sited however, discussion with Mining Plus Pty Ltd has provided support and development of a deeper understanding of the operational considerations for the redevelopment of the Second fortune underground mine. The works completed and presented in the Feasibility study are of a high standard and provide a reasonable business plan for the development of the Second Fortune Main Load underground exploitation.

Figure 1 above is a regional map showing the location of the Second Fortune Gold Deposit and the proposed haulage route to the Lakewood Mill at Kalgoorlie. Evaluation of the tolling options (detailed below) including the proposed toll treatment timeframes, rates and haulage alternatives has resulted in the preferred toll milling facility being the Lakewood Mill at Kalgoorlie.

3.2.2. Mining Methods

As proposed in the 2017 feasibility study, mineralisation would be exploited via conventional narrow vein underground mining operation utilising a decline and ventilation rises for second means of egress. The current mine plan seeks to exploit the main load to 350m below the surface. Thus, the utilisation of a decline for primary access and ore haulage is considered appropriate. The mechanised mining utilising twin -boom jumbos for decline development with single boom jumbos for level development provide efficient operational development and advance rates adopted sit within industry metrics. The 100m³/s delivery of fresh air is suitable given the diesel truck haulage adopted. Stopping will be undertaken using Long Hole Open Stopping (LHOS) with rib pillar recovery utilising Cemented Rockfill (CRF) pillar replacement where the pillar grade supports this higher cost pillar recovery. It is planned to leave the stopes unfilled. The mining will be executed top down with horizontal retreat stopping back to the orebody access from the decline. Stope access will be closed off once completed so that short circuiting of the ventilation is minimised. The minimum stope width will be 1 meter with dilution expected to be 10%.

The mining schedule presented in the Feasibility is considered realistic and based on achievable production and development rates within the expected performance of the equipment selected. Due to the short life of the mine, the narrow vein nature of the main load and the level of drilling completed, there is some risk that the level development will be outstripped by the stope production rates.

The equipment size and type was selected based on availability and suitability for the duties required. The selection is considered suitable and in sufficient quantity to meet the development demands of the operations. The option to hire most of the equipment for the operations is considered sound due to the short project life of 24 months. Should the footwall, hanging wall and western lodes, along with the potential depth extension of the main lode deliver more than 5 years of operating mine life, the option to hire equipment may prove more expensive than establishing an owner's fleet. The option to purchase the mining equipment however will significantly increase the capital establishment cost for a short mine life operation.

3.2.3. Geotechnical

The geotechnical aspects of the feasibility study were completed by Turner Mining and Geotechnical Pty Ltd. Generally, the ground conditions were considered to be strong and stable leading to the conclusion that the stopes will remain open for the duration of mining with pillars being required at regular intervals along the orebody. The mine design parameters are presented in Table 4 below:

Table 4 Mine Design Parameters

Key Parameters	Value used in Design
Decline Gradient	1:7 Down
Decline Profile	4.5mW x 4.7mH
Decline offset from Orebody	18m between walls
Sub level Spacing (Floor to Floor)	15m
Ore drive profile	3.0mW x 3.5mH
Stope design HR -5.8	5.7
Stope Panel Strike length	50m (including rib pillar)
Mining sequence	Top down
Horizontal sequence	Retreat
Rib Pillar length (m)	4,5 & 6 Rock Pillars + 6,8 & 10 CAF Pillars
Minimum Mining Width	1m
Unplanned Stope Dilution Tonnes (max)	+10% of stope tonnes
Global cut off	3 g/t

There has been mining of the Second Fortune deposit since 1941 delivering a deep understanding of the geotechnical constraints present within the first 100m underground. The geotechnical assessment has considered this substantial data-set when deriving the key parameters for the underground mine. Further there has been extensive mine development within the region that closely aligns with the key parameters used for the design. Thus, CMR and DRM considers the design parameters to be suitable and appropriate for the development of the mine, however for a definitive assessment to be made a formal review of the geotechnical and hydrogeological studies is recommended.

3.2.4. Mining Schedule

The mining schedule has been developed using recognised industry equipment with well-established production performance metrics that have been confirmed by committed tenders from reputable mining contractors. The development production rates are considered suitable for a mine of this size and scope. The twin boom jumbo production of 150m per month heading with a maximum of 275m per month is considered reasonable provided the distance between headings is close enough for the tramming between headings to have minimum impact on the jumbo utilisation.

The delivery of 250,000t of ore during 2018 is considered achievable with the proposed fleet. The waste from decline development will either be hauled to the surface or to depleted stopes as this material represents 27% of the total haulage requirements. The level development will be partially on ore and thus cover its costs by the ore produced. The level development waste will be back charged into stopes or hauled to the surface.

One key to the success of the Linden Project at Second Fortune is securing the continuity of delivery of ore to the portal. The waste and ore haulage will increase the haulage duty on the decline, however the decline should have sufficient capacity to easily meet the haulage demands of the operations. The ability to accelerate the horizontal development and decline development to ensure sufficient stopes are available for continuity of production will only be challenged when mining narrow stopes. Detailed scheduling and planning based on early grade control will benefit the operations. There is sufficient capacity in the development fleet to accelerate the development works to meet the needs of the operation, as well as adequate haulage capacity. As such, the mining schedule is considered robust. Further the allocation of working capital will allow for sufficient time to batch the concentrate from the sorting facility through the toll treatment plant, thereby smoothing out any production fluctuations due to varying stope widths.

The monthly production schedule and sorted concentrate schedule is presented in Figure 5 below.

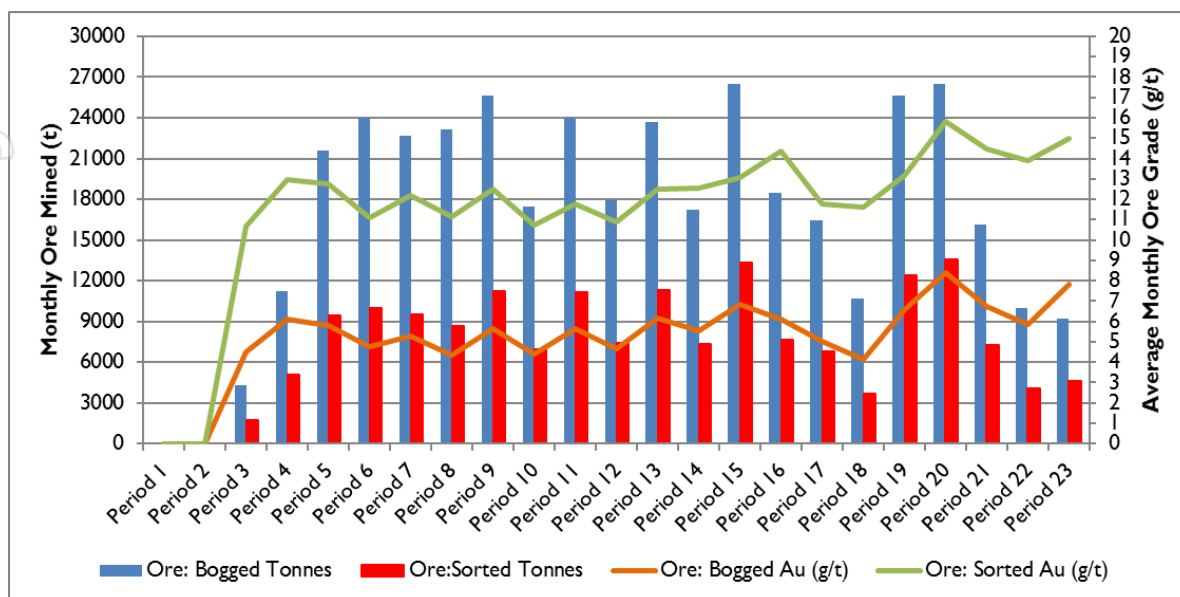


Figure 5 Scheduled Mine Production by Month

3.2.5. Mine Closure / Rehabilitation

The Linden Project is located at a mine site that has been operating since 1941. The layout of the surface facilities has minimised impact through placement of infrastructure on already disturbed ground. The surface facilities are predominately hired and will be removed from site on closure. The evaporation pond will be decommissioned according to the Western Australian Department of Mines and Petroleum requirements. Permitting has been secured and the closure obligations are well understood and reflect the environment prevalent in the area.

As a part of this report DRM has undertaken a review of the environmental plans and proposals contained in the Feasibility Study and acknowledge the environmental approvals have been secured to commence construction and redevelopment of the second Fortune mine.

The Project Management Plan (PMP) has been approved by the Department of Mines and Petroleum (DMP). The Licence to operate the Ore Sorter has been granted by the Department of Environmental Regulation (DER). The construction of the Evaporation ponds has been completed and the Licence to Operate the Evaporation Ponds has been submitted to the DER and approved.

DRM notes that the financial model includes a rehabilitation allowance of \$20,000 per month of the operations, totalling \$460,000. It is recommended that the financial model be modified to include the rehabilitation as a one-off cost at the end of the mine. This would better reflect the reality that as the mine has a very small footprint and is of a small scale that the rehabilitation would be done at on the completion of the mining activities.

3.2.6. Processing

This section is a summary of the Feasibility Study including the metallurgy, comminution, processing plant toll treatment, infrastructure requirements, production forecasts:

3.2.7. Metallurgical Testwork

The metallurgical testwork for processing through the Lakewood Mill east Kalgoorlie has been well documented and with historic production there is a wealth of knowledge of the performance of the Second Fortune ores when processed through CIL processing facilities. Table 5, below, details recent metallurgical test results from both mullock

dumps from the Second Fortune site and both drill core and concentrate from the ore sorter. All tests show very high gravity gold extraction, low cyanide and lime consumption and very high recovery.

Table 5 Recent Second Fortune metallurgical tests

	Head g/t	Gravity Recovery %	Total Recovery %	Residue g/t	CN kg/t	Lime addition
Second Fortune North drill core	13.22	81.19	98.49	0.20	0.30	6.49
Second Fortune South drill core	13.59	65.44	93.97	0.82	0.31	6.19
Second Fortune Sorter Concentrate	10.13	70.14	94.23	0.59	0.24	2.23
Second Fortune Sorter Reject	0.99	61.16	94.97	0.05	0.28	6.97
Second Fortune Average	9.48	69.49	95.41	0.41	0.28	5.47
Mullock Dumps 1 Sorted Concentrate	13.83	71.37	95.88	0.57	0.35	5.97
Mullock Dumps 2 Sorted Mid	5.49	70.40	96.63	0.19	0.35	7.91

The ore sorting tests (Table 6) have been recently completed and provide for an upgrade of the ore feed from circa 5g/t to 12 g/t while the mass of ore to concentrate has a reduction ratio to 30%. Thus, ore sorting reduces the haulage and treatment costs to approximately one third of the pre-sorting cost. As the Lakewood Mill is located 220km from the mine this is a material operating cost reduction. The key point is the yield of gold to concentrate is 96% making the sorting a very worthwhile cost reducing aspect of the project. The ore sorting tests includes a sighter test of 33.3kg and a piloting test of 372.5kg. The sighter test on 33.3kg resulted in a 43% mass pull with a gold recovery of 96%. The pilot test of 372.5kg returned a mass pull of 30% and a gold recovery of 92%. Figure 6 shows the flowsheet for the ore sorter installed at the Second Fortune Gold Project.

The financial model allows for the ore sorter efficiency to be modelled. The variables in the model include the overall gold recovery, the haulage costs and the milling costs. The financial modelling indicates that at a gold price of AUS\$1,645 optimisation of the ore sorter to reduce the mass pull is beneficial when compared to optimising the ore sorter for a higher gold recovery. This optimisation will vary with the prevailing gold price and is considered by DRM to be a key operational optimisation.

Table 6: Ore Sorting Demonstration Campaign

	kg	Au g/t	Mass Yield	Au Deportment
Campaign #1				
Feed	33.3	4.30		
Product	14.3	9.60	43%	96%
Reject	19.0	0.34	57%	4%
Campaign #2				
Feed	372.5	3.90		
Product	113.0	11.80	30%	92%
Reject	259.5	0.40	70%	8%

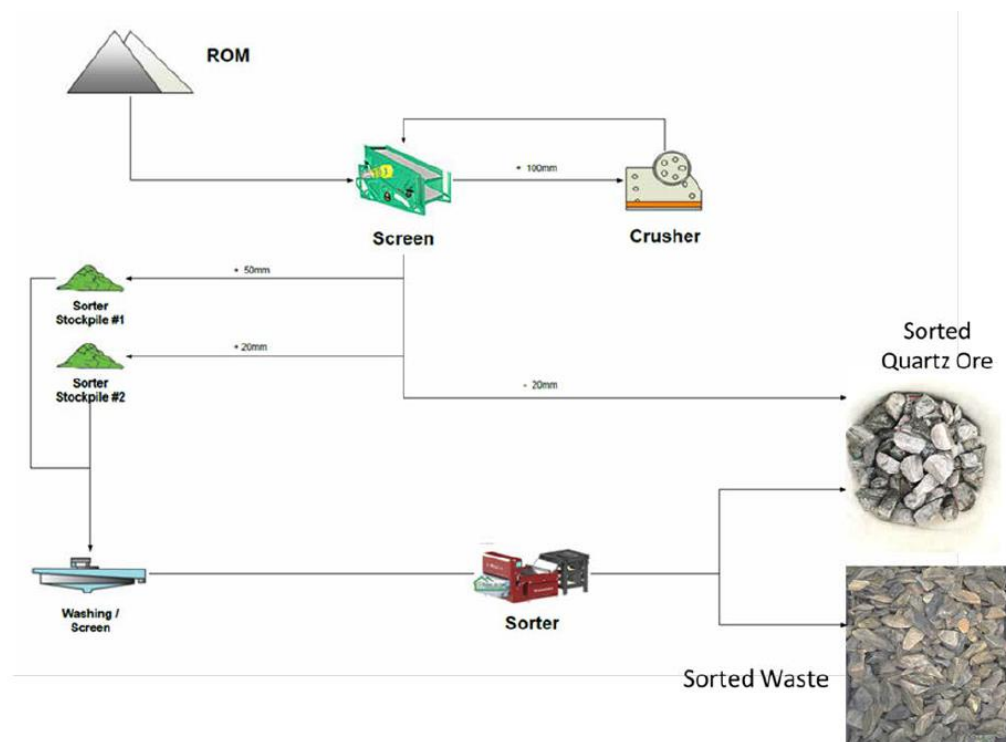


Figure 6 Ore Sorting Flowsheet – Second Fortune Gold Project

3.2.8. Processing Plant

The feasibility study proposes the toll treatment of the concentrate through the Lakewood Mill located 5km east of Kalgoorlie, some 220km from the mine site of the Linden Project. Ore will be sorted and a concentrate hauled to the Lakewood mill via the Yarri Road. Road trains will be used to concentrate haulage. During 2018, 100,000t of concentrate will be hauled at a monthly rate of 8,333t/month or 400t/day. This daily haulage rate is well within the capacity of one road train operating during daylight hours.

3.2.9. Forecast Production

Based on the mine schedule, the processing flowsheet and metallurgy described above the Feasibility Study derived a forecast production from the Lakewood Mill. The Lakewood Mill has an operating capacity of between 700Ktpa and 900Ktpa depending on the milling requirements of the feed. Second Fortune will provide batch feed to the plant at a rate of between 8,000t/month and 12,000t/month. The Lakewood Mill has a nominal capacity of 60,000t/month thus batch feed of the Second Fortune concentrate will occur at a rate of 10,000t/batch. It is intended that ore would be transported to the Lakewood plant and when the stockpiles reach 10,000t then they would be processed. It is expected that the milling would take approximately 5 days. Payment for that production would be deposited into the Exterra account 14 days after processing of that batch was completed. While the Lakewood mill is not processing ore from Second Fortune it would process material from other sources. It is expected that the toll milling agreement would detail a delivery schedule and expected processing timeframe. Should there be any significant delays in the planned milling schedule or mill availability then alternate milling options in the area could be considered. There are several other toll milling options with capacity to treat the Second Fortune ore in the general Kalgoorlie area. Under the toll milling agreement, it is expected that there would be no material financial impact on the company when the Lakewood Mill is processing ore from the other sources.

3.2.10. Associated Infrastructure

The Linden Project will see the establishment of support services and infrastructure to meet the needs of the mine. Accommodation for 50 personnel will be completed at site along with mess and recreational facilities, Ore sorting and various stockpiles for ore and concentrates and evaporation ponds for mine water pumped from underground

have been completed and water supply, power supply and an office will be established. A workshop will be erected to assist with servicing the mine operations. The allocation of funds and quantum of infrastructure all seems to be well thought out and fit for purpose.

3.2.10.1. Camp

The existing camp facility for 18 personnel will be refurbished and expanded to a 50-person camp. The facility will include:

- 12 x 4 person ensuite dongas
- 1 x Kitchen and dining room
- 1 x laundry block
- 1 x waste water treatment Plant facility

The office block is being refurbished and will be utilised during construction and mining operations.

All camp and office facilities are used and have been sourced from local Western Australian suppliers.

Catering will be provided by a recognised local catering contractor providing services to other mines in the region.

3.2.10.2. Water Supply

The existing mine shaft will be equipped with a series of mono pumps to dewater the mine. This water will report to the evaporation ponds. The water supply needed for mining will be drawn from the storage facilities at the surface. Water retained in the pit and old workings will be closely monitored for effective management of the water resources. A set of procedures will be developed and strictly enforced to prevent the unplanned breakthrough of underground excavations being mined into the old workings that may contain residual accumulations of mud and water.

3.2.10.3. Mobile Fleet Maintenance Workshop

The redundant process plant concrete foundations will be utilised for the establishment of a 6m x 12m dome-covered workshop inclusive of stores, office and tooling. This facility will be used for maintaining the mobile fleet and providing a wash down facility.

3.2.10.4. Power Generation and Reticulation

A centralised diesel power generator station will be set up by a Contractor at site supplying 3 x 1,250kW generator sets with sufficient supply to meet the operational needs at site. Diesel storage will be installed to serve the generator needs, as well as those of the mobile fleet. This central facility will be managed by the owner.

3.2.10.5. Tailings Disposal

All tails will be managed as part of the toll treatment solution. No allocation for tailings storage has been incorporated into the capital work. Given that there is no processing on site, there will not be any need for a tailings disposal facility.

3.2.11. Operating costs

The operating costs developed in the feasibility study have been used in this report and valuation. The Feasibility Study was completed in May 2017, the operating cost have been generated as second quarter 2017 and thus are current. The operating costs presented are based on tenders that remain current or have been committed too, while other costs have been generated from first principals or developed using the current database of costs owned by Mining Plus Pty Ltd. The costs have been checked against current metrics and found to be with acceptable range of the current operating costs expected.

The operating costs are driven by the following major costs:

- Underground mining, provided by tendered price for the defined scope of works
- Haulage and transport costs: provided by tendered pricing for the defined scope of work

- Processing through Toll treatment: it is understood that a toll treatment agreement has been provided by Golden Mile Milling Pty Ltd (Owners of the Lakewood facility) and the costs reflect this agreement.
- Owners Labour: these costs are based on current market costs for the personnel required to manage this operation.
- Sorting and rehandle costs: are based on data provided by equipment suppliers and actual costs (labour and diesel and loader hire).

There is a high confidence in the proposed unit operating costs and as the design basis is considered realistic the operating costs should be within acceptable accuracies expected of a feasibility Study.

Table 7 Summary of Operating Cost

Opex		A\$/t	A\$/oz	A\$m
Mining		112.4	655	44.1
Ore Sorting		6.7	39	2.6
Haulage and Processing		81.9	211	14.2
Site Services		14.6	85	5.7
Cash Costs		169.9	989	66.6
Royalties			41	2.8
Sustaining Capex			146	9.8
AISC			1,177	79.2

*Excludes capitalised mining development - included in Capital costs (Table 8)

3.2.12. Capital Costs

The capital costs developed for the Linden Project as presented in the Feasibility Study (Table 8 below) are current and reflect pricing second quarter 2017. The costs have been generated from actual tendered or supplied prices with current validity for the second quarter 2017. The project is under development and actual costs are known to reflect those estimates within the Feasibility Study. The development works have commenced with the construction of the evaporation ponds, camp refurbishment, installation of offices, and the surface sorting plant completed. The mine portal and decline works are imminent as is the camp expansion works. The construction works are progressing with the mining phase expected to commence on time. Thus, there is a high confidence in the capital works estimate presented in the Feasibility Study. Table 8 below details the capital costs derived from the feasibility study.

Table 8 Capital Cost estimates for the LPSF.

Capital Item	Cost (A\$ m) from 2017 Feasibility
Mining Equipment	2.6
Mining Development	2.3
Camp	1.2
workshop	0.2
Exploration	0.6
Pre-development Activities	0.3
Total Capital Costs	7.2
Working Capital	2.2
Direct Project Capital Requirements	9.4
Working Capital Contingency*	3.0
Total Project Funding Costs	12.4

* Contingency in Working Capital should there be delays in haulage or treatment delays etc (operational flexibility)

The Mining equipment scope has been reviewed and found to be adequate for the planned operations.

The Mining development scope has been detailed and is considered reasonable, noting that all development expenditure has been included in the operating costs from first ore mined.

The provision for the refurbishment of the camp and additional accommodation facilities have been reviewed and considered realistic.

The workshop cost is adequate.

Planned exploration expenditure within the Second Fortune deposit of \$600,000 has been included in the financial model. In recent discussions with Exterra management it was indicated to DRM that this would be reduced to \$200,000 in August 2017. Therefore, it is reasonable to modify the financial model to accurately reflect the intension of the company regarding exploration expenditure.

Additionally, the financial model re allocates \$2.3 million of mining development prior to commencement of ore extraction to sustaining capital. This is a reasonable reallocation.

3.2.13. Site Layout

The feasibility study identified and planned a specific site layout for the project including the accommodation village, ore sorting facility, waste dump locations, stockpiles and the associated road network. Figure 7 below shows the proposed site layout.

3.2.14. Ore Reserves

The 2014 pre-feasibility study and the 2016 Second Fortune feasibility study announced 25 May 2017) resulted in a JORC 2012 ore reserves statement. In accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves (the JORC Code) 2012 edition, the Ore Reserve for the Second Fortune Mine are summarised in Table 9 and Table 10

Table 9: Second Fortune – Ore Reserve December 2014 from 2014 PFS

	Proved Ore Reserve		Probable Ore Reserve		Total Proved + Probable Ore Reserve	
	Tonnes (t)	Au g/t	Tonnes (t)	Au g/t	Tonnes (t)	Au g/t
Grade	-	-	180,790	9.68	180,790	9.68
		Au (oz)		Au (oz)		Au (oz)
Metal		-		56,265		56,265

Table 10: Second Fortune Underground Ore Reserve May 2017 from the feasibility study

	Proved Ore Reserve		Probable Ore Reserve		Total Proved + Probable Ore Reserve	
	Tonnes (t)	Au g/t	Tonnes (t)	Au g/t	Tonnes (t)	Au g/t
Grade	-	-	338,999	5.96	338,999	5.96
		Au (oz)		Au (oz)		Au (oz)
Metal		-		64,941		64,941

In addition to the Ore Reserve there is additional material that lies within the proposed mining areas that is not classified as Indicated or Measures Resources. Table 11 details this additional mining inventory however caution should be exercised with this material which is not of sufficient confidence to be used in an Ore Reserve. There is no certainty that the mineralisation within this additional mining inventory will be exploitable.

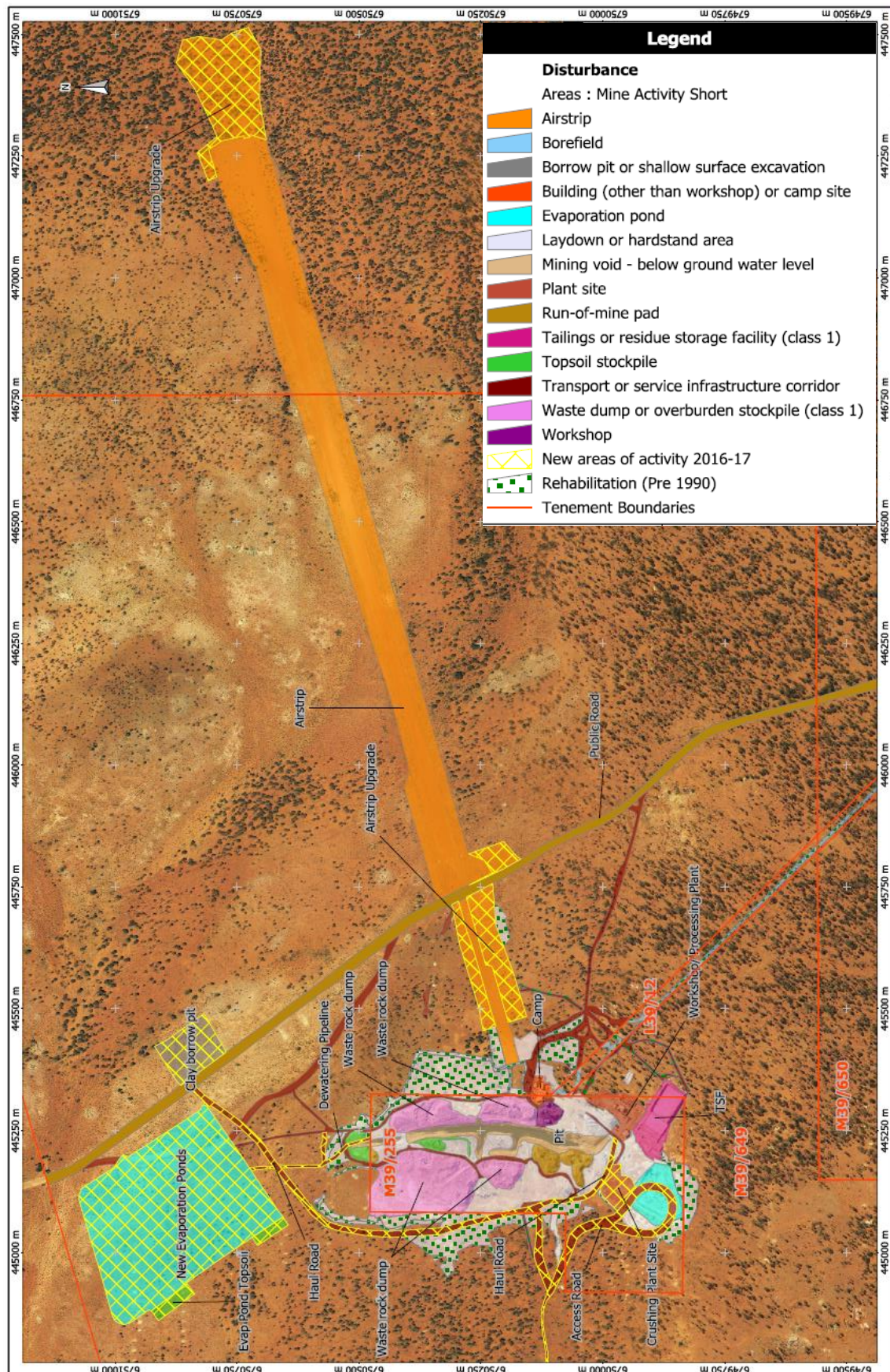


Figure 7 Site Layout for the Linden Project showing the mine and associated infrastructure.

Table 11: Second Fortune – Mining Inventory May 2017

	Additional Inventory, Inferred		Additional Inventory, Unclassified		Total Additional Inventory	
	Tonnes (t)	Au g/t	Tonnes (t)	Au g/t	Tonnes (t)	Au g/t
Grade	53,244	4.85	0	0	53,244	4.85
		Au (oz)		Au (oz)		Au (oz)
Metal		8,299		0		8,299

Figure 8 below shows a Long Section of the Second Fortune Gold Deposit with Mineral Resource and Reserve Estimate outlines from the May 2017 Feasibility Study. The additional mineralised material that is currently classified as Inferred and included in the Mining Inventory is on the edges of the Ore Reserves and lies within the planned stopes. It should be noted that this mineralised material is not an Ore Reserve and there is uncertainty if the mineralisation within that zone will be extractable.

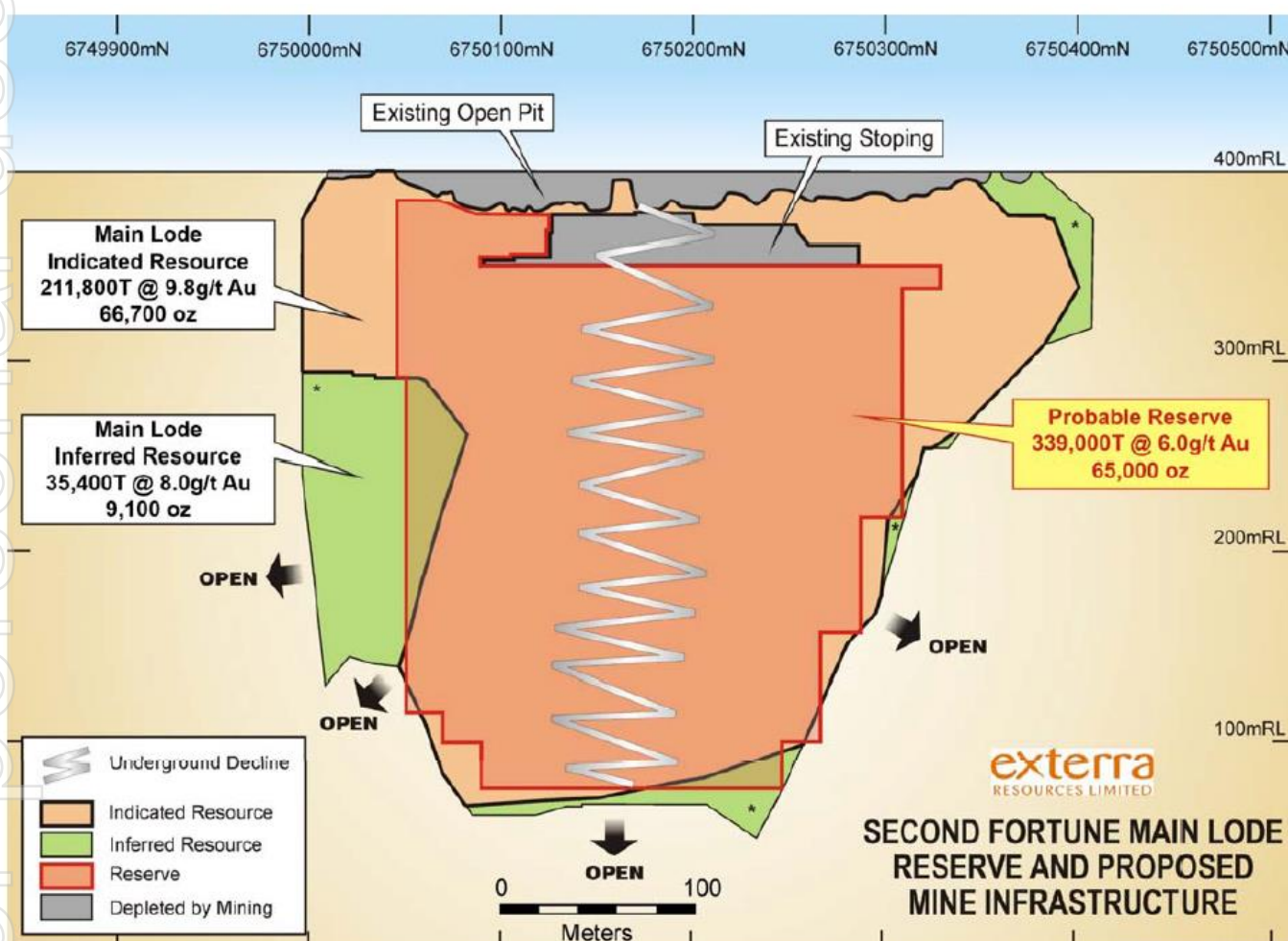


Figure 8 Long Section of the Second Fortune Gold Deposit

3.2.15. Other Prospects

There are numerous prospects within the Linden project that have significant potential for additional gold mineralisation. Most of these prospects are historical surficial prospector scale workings or small-scale mines. As for most of the prospects in the Linden goldfield they are all generally high grade narrow systems that are generally associated with quartz veining. They are all structurally controlled, therefore, good geological and structural mapping and evaluation is required in targeting either extensions to the known gold occurrences or in the discovery of additional gold mineralisation. Figure 9, below, outlines most of the more significant drill

intersections. The extent and potential for these prospects to be advanced toward a mineral resource and exploitation will require a significant amount of additional exploration.

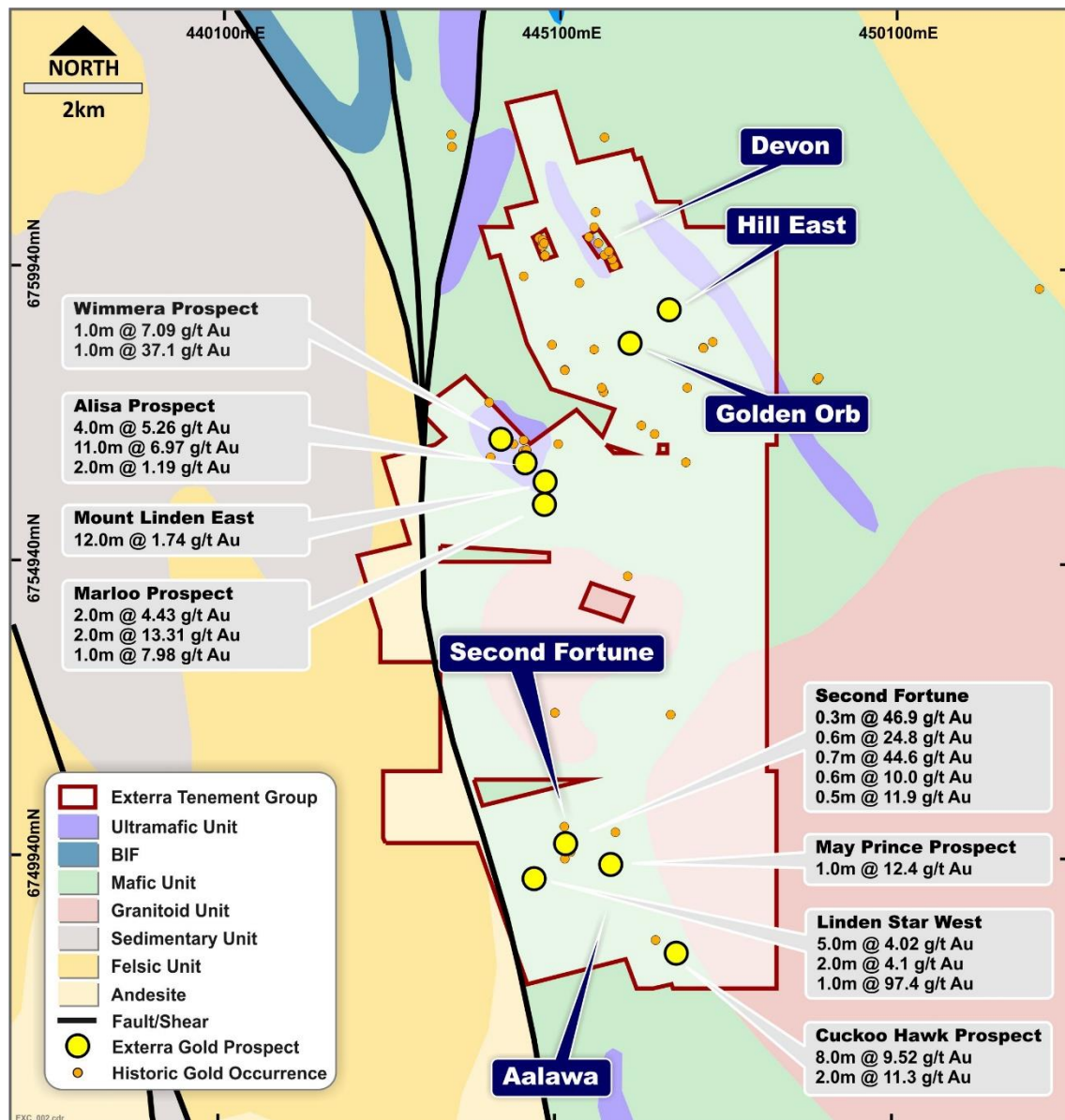


Figure 9 Linden Gold Project Regional Targets, Prospects and recent exploration results

One of the prospects with significant potential to advance to resource delineation is the Linden Star prospect, approximately 500m south west of Second Fortune (Figure 10, below). Drilling intersections from late 2016 include:

- EXRC095 – 10m @ 2.0g/t from 57m including 2m @ 8.0g/t from 64m
- EXRC096 – 6m @ 1.1g/t from 32m including 2m @ 2.3g/t from 32m
- EXRC097 – 12m @ 0.7g/t from 45m including 4m @ 1.8g/t from 52m

In 2010 and 2011 Exterra drilled a series of holes in the same area, results included;

- LNRC075 – 12m @ 0.5g/t from 21m including 1m @ 1.5g/t from 29m
- LNRC076 – 5m @ 1.8g/t from 13m including 2m @ 4.1g/t from 14m - plus 1m @ 97.4g/t from 23m
- LNRC106 – 8m @ 2.7g/t from 14m including 5m @ 4.0g/t from 15m
- LNRC108 – 7m @ 0.6g/t from 8m including 1m @ 2.7g/t from 13m - plus 6m @ 0.3g/t from 19m

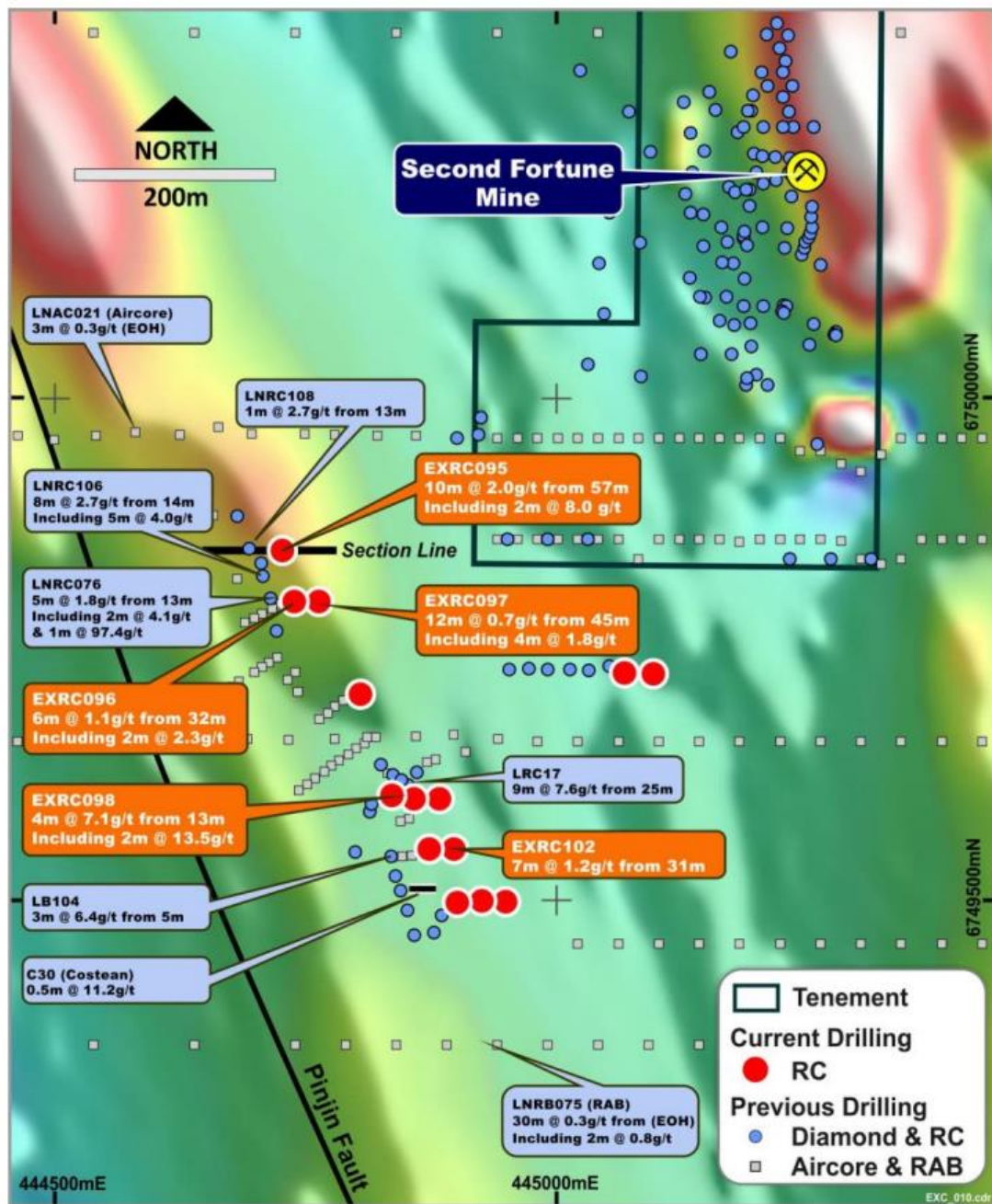


Figure 10 Plan of recent drilling at Linden Star overlain on magnetics.

The new holes have confirmed the presence of a north-north-west striking, steeply dipping gold-mineralised vein within a broader anomalous halo.

The cross section shown in Figure 11 shows a simple interpretation for the steeply dipping vein intersections in holes LNRC108 and EXRC095 at Linden Star north.

3.3.1. Location and Access

The Bar Twenty Project is located approximately 700km East Northeast of Perth and 250km to the Northeast of Kalgoorlie, Western Australia within the Menzies Shire. (Figure 12) Access to the project from Kalgoorlie is via the same access as the Linden project with Bar Twenty being located approximately 20km WNW of the Second Fortune Gold Mine along the Mount Celia road. Figure 12 shows the location of the Linden Gold Project and the other projects in the Laverton Tectonic Zone of the Eastern Goldfields.

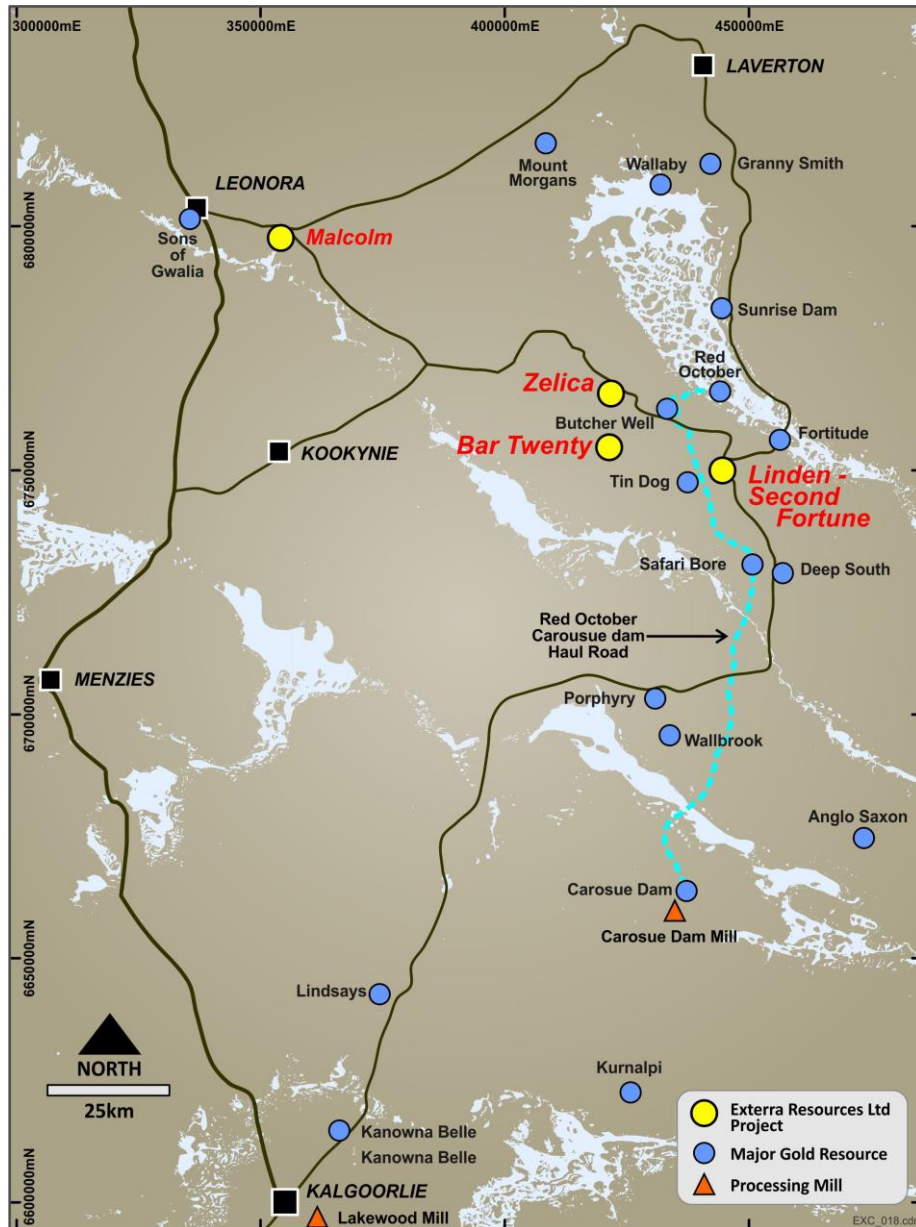


Figure 12 Bar Twenty Gold Project Location

3.3.2. Mineral Tenure

The Bar Twenty Project consists of one granted mining lease and three granted prospecting licences as detailed in Table 12

Table 12 Tenements that constitute the Bar 20 Project.

Tenement	Application Date	Grant Date	End Date	Area (ha)	Status
M39/1106	15/4/2016	21/11/2016	20/11/2037	187	Granted
P39/5736	24/10/2016	5/5/2017	4/5/2021	185	Granted
P39/5737	24/10/2016	5/5/2017	4/5/2021	176	Granted
P39/5541	13/1/2015	8/7/2015	7/7/2019	192	Granted
Total				740	

Under the Bar Twenty JV Agreement Exterra has the first right of refusal to enter into an agreement with Bar Twenty Pty Ltd over a further 7 gold prospects consisting of 8 prospecting licences and 3 exploration licences

3.3.3. Geology

Gold mineralisation is associated with 15 - 20° northeast dipping quartz reefs located within tuffaceous metasediments consisting of quartz feldspar schists with varying amounts of biotite

There have been 80 RC drilled holes for a total of 1,785 metres.

At the South-East (Main) Workings 56 RC holes for 1,377m have been drilled to outline the gold mineralisation. (Figure 13 and Figure 14).

Reverse Circulation (RC) drilling at the South East (Main workings) intersecting ore grade gold including:

- BTRC004 - 3m @ 9.7 g/t Au from 2 metres
- BTRC008 - 6m @ 3.4 g/t Au from 10 metres
- BTRC013 - 6m @ 3.6 g/t Au from 5 metres
- BTRC034 - 2m @ 10.8 g/t Au from 2 metres
- BTRC046 - 4m @ 7.5 g/t Au from 19 metres
- BTRC054 - 4m @ 6.0 g/t Au from 22 metres

Away from the Main Workings shown in Figure 13 there is another extensive line of workings where there has been minimal modern exploration. Additional work within the project is required to determine the full potential of the project.

3.3.4. Resources

There are currently no JORC 2012 Resources within the Bar Twenty Project however there has been extensive drilling on a 10m x 10m grade control pattern. This detailed drilling and additional drilling, planned for July 2017 is expected to provide sufficient information to enable a Mineral Resource Estimate to be undertaken with subsequent economic evaluation of the project.

3.3.5. Ore Reserves and Mining

While there are no Ore Reserves within the project, approval has been received for a small-scale mining operation. DRM is unsure of the limitations of this approved small-scale mining operation.

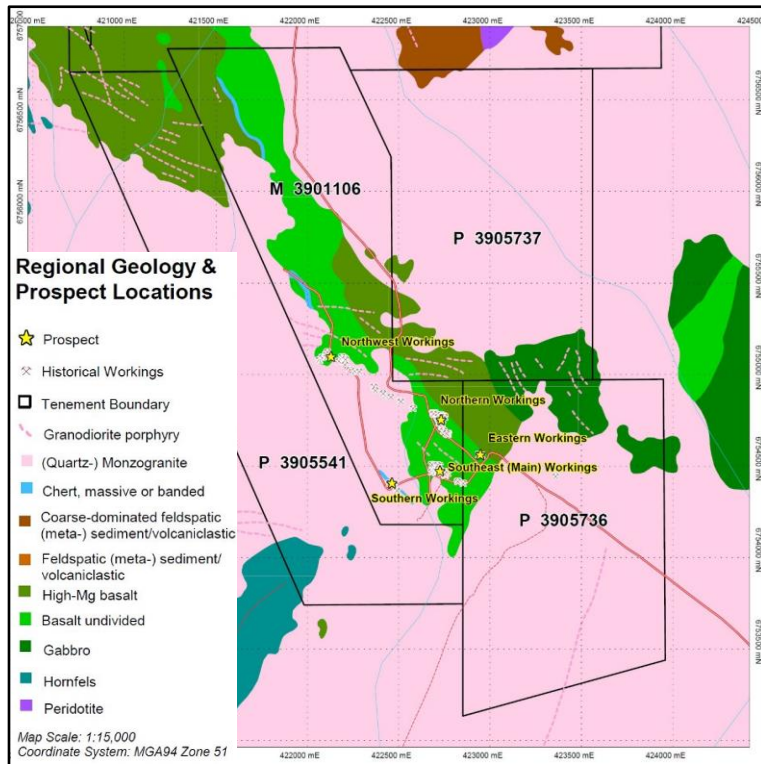


Figure 13 Bar Twenty Tenement outline and Geology

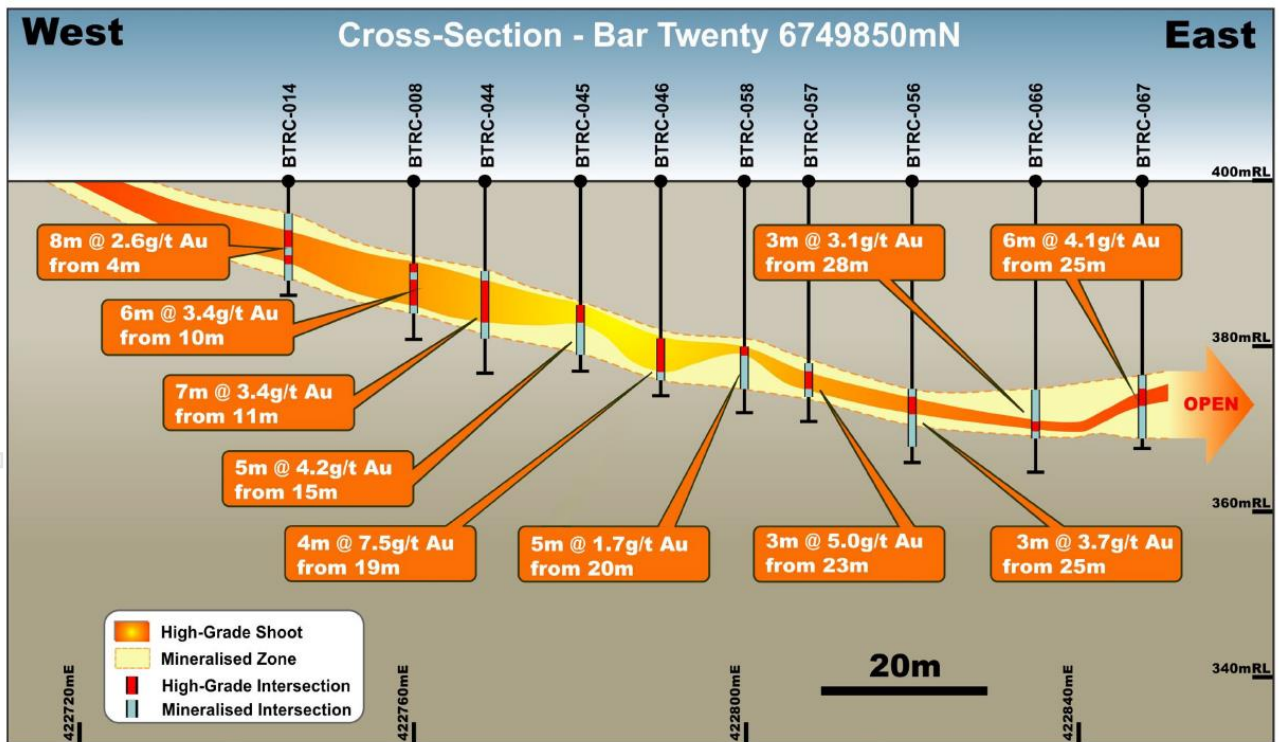


Figure 14 Bar Twenty Cross Section

3.4. Other Exterra Projects

Exterra holds three additional regional projects, these are the Zelica, Grass Flat and Malcolm projects.

Zelica

Regional Geology

The Zelica project is situated in the Eastern Goldfields Province of the Archaean Yilgarn Craton. The rocks in the area are a succession of ultramafic and mafic flow and intrusive rocks with inter-flow sediments of mixed chemical and volcanic origin which have been intruded by late Archaean granite plutons and Proterozoic dolerite dykes. These rocks form part of the greenstone-granite terrain called the Murrin-Mt Margaret Block which is bounded on the west by the Keith-Kilkenny Mobile Zone and on the east by the Laverton Tectonic Zone.

Gold was first discovered in the area in the 1890s when the neighbouring town and mining centre of Eucalyptus was established. Small scale prospecting and mining took place in the area in the late 1890s and early 1900s and again during the 1930's. Gold production from the neighbouring Eucalyptus area up until 1985 is estimated to be around 9,000oz. There is no recorded historic production from the Zelica licence itself, although 35,000 Tonnes at 1.35 g/t Au have been reported as mined and stockpiled during the late 1980s early 1990s.

Of the 41 holes drilled in 2011 – 2012 34 recorded drill intercepts of greater than 1.0g/t gold. Better intercepts include:

ZERC007 6m @ 2.00 ppm Au from 50m

ZERC010 5m @ 2.53 ppm Au from 47m

ZERC014 5m @ 2.95 ppm Au from 37m

ZERC015 5m @ 2.84 ppm Au from 69m

ZERC032 4m @ 5.35 ppm Au from 11m

ZERC037 7m @ 4.90 ppm Au from 26m

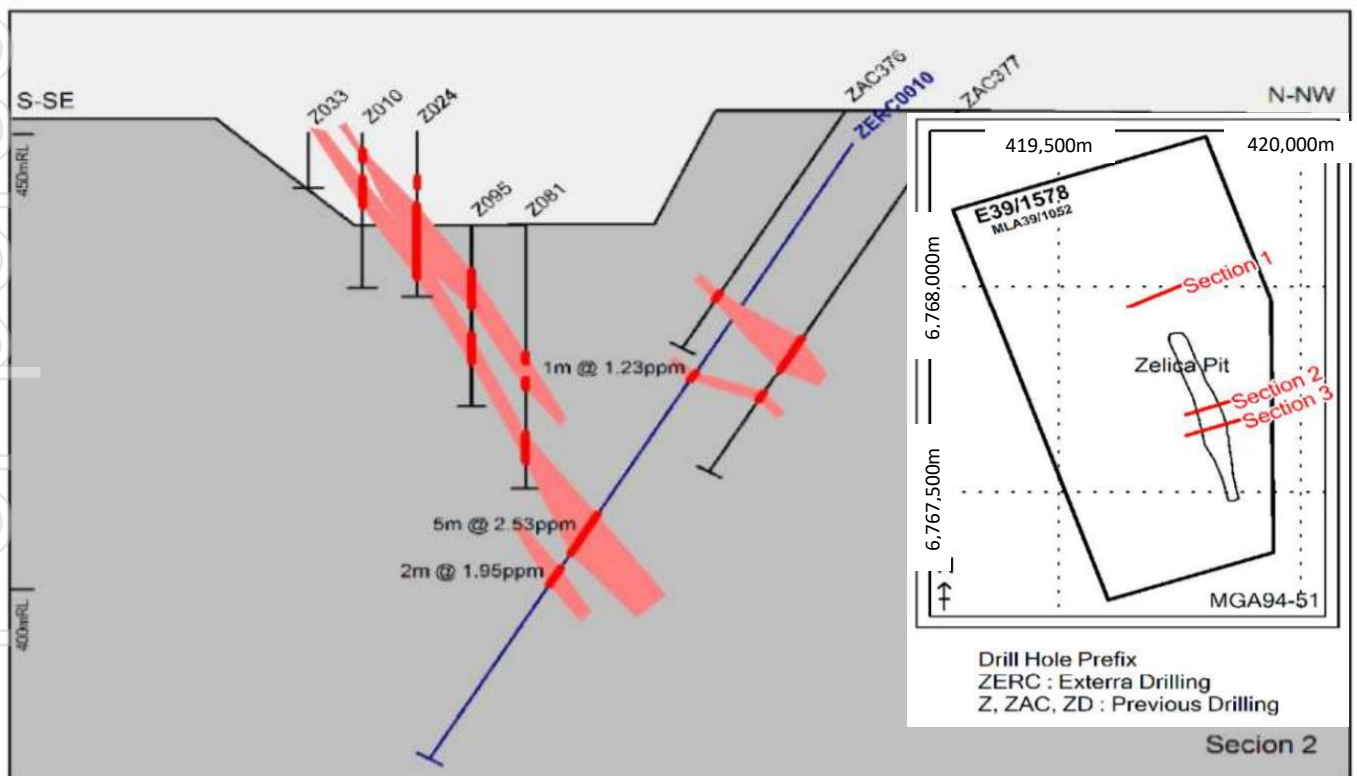


Figure 15 Zelica Project Cross section within Mining Lease Application

A review of the Zelica Resource by Ravensgate during 2013, taking a more conservative view with respect to the Inferred Resource, has resulted in a combined Indicated and Inferred Resource of 576,800 Tonnes at 1.63 g/t Au for 30,170oz of gold.

Grass Flat

The Project is located 150km north of Southern Cross or 250km northwest of the major gold mining centre of Kalgoorlie. Access to the project area is excellent as ore from the recently mined and centrally located, Halley's East gold deposit was hauled via Menzies to processing facilities in Coolgardie and Kanowna.

The northern portion of Grass Flat project hosts the historic Halley's East high-grade gold deposit (Figure 16) The Halley's East gold deposit produced approximately 19,000 ounces of gold between 2013 and 2015 from a series of milling campaigns at Coolgardie and Kanowna.

Previous exploration work surrounding the Halley's East gold deposit identified at least 6 separate prospects where either bedrock or regolith hosted gold mineralisation has been intersected in drilling. Better drilling intersections outside the Halley's East mine area include;

- 14m at 12.2g/t Au from 56m.

- 14m at 3.69g/t Au from 25m.

- 8m at 5.87g/t Au from 4m.

- 8m at 3.54g/t Au from 12m.

- 18m at 1.63g/t Au from 26m.

Previous workers have identified a strong northeast trending structural control linking many of the anomalous prospects and a small high-grade resource has historically been estimated at the Phil prospect. Exterra is compiling all historic gold drilling and generating targets prior to additional exploration.

Figure 17 below shows that there are potentially two additional commodities that could be targeted within the Grass Flat tenements, these include an interpreted volcanic massive sulphide horizon (brown) and an extensive banded iron formation (blue).

The massive sulphide base metal exploration within the tenement is at a conceptual to early stage. Therefore, until there has been sufficient exploration to evaluate the potential as it is minimal value. DRM considers the Iron Ore potential in to be minimal, especially given the currently low iron ore price. In addition to the low iron ore price, recently two Iron Ore mining proposals in the central Yilgarn, close to the Grass Flat, have been rejected on environmental grounds. On that basis DRM considers the potential to discover and exploit an Iron Ore deposit within the Grass Flat project to be minimal.

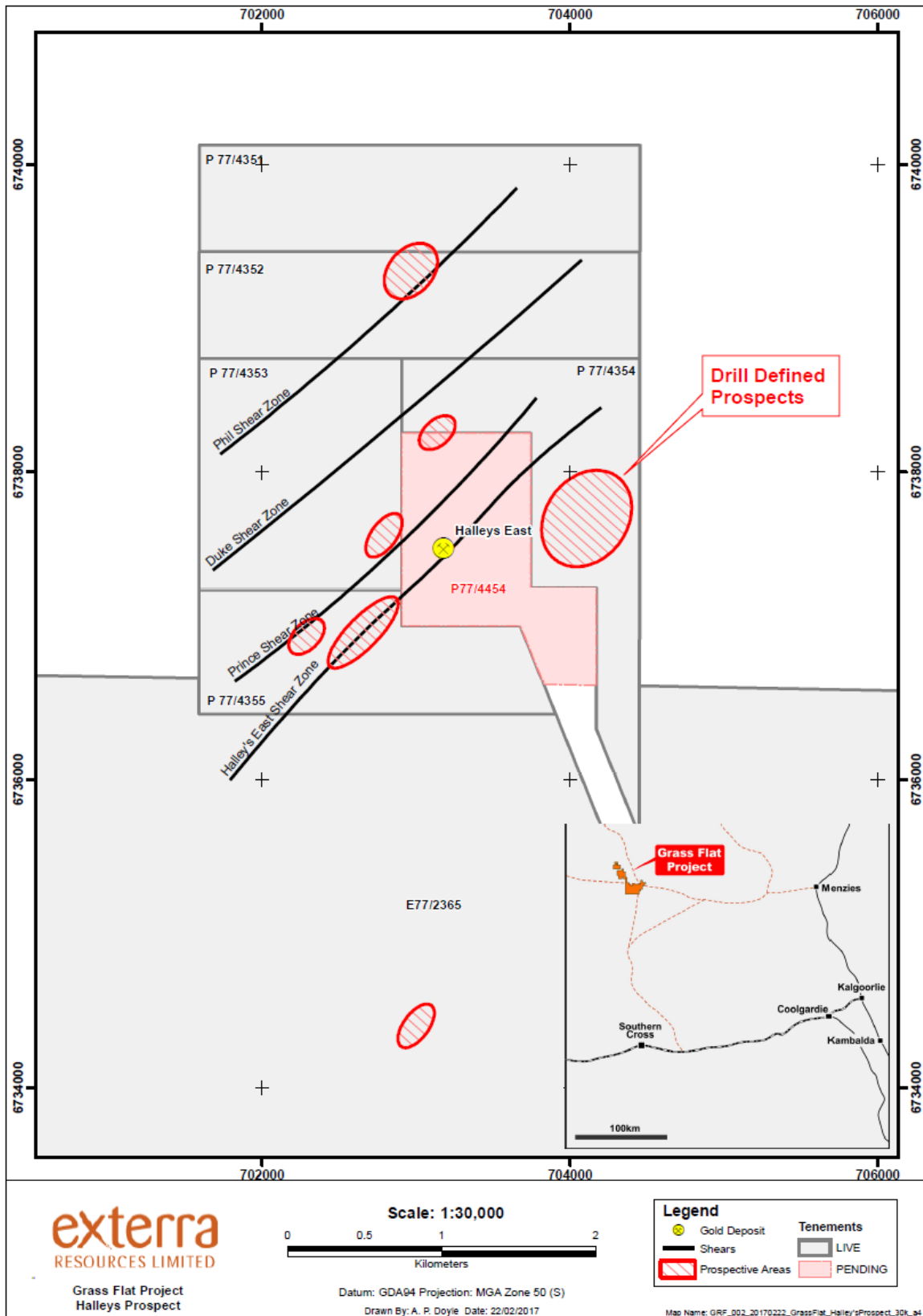


Figure 16 Grass Flat Halley's Gold Targets

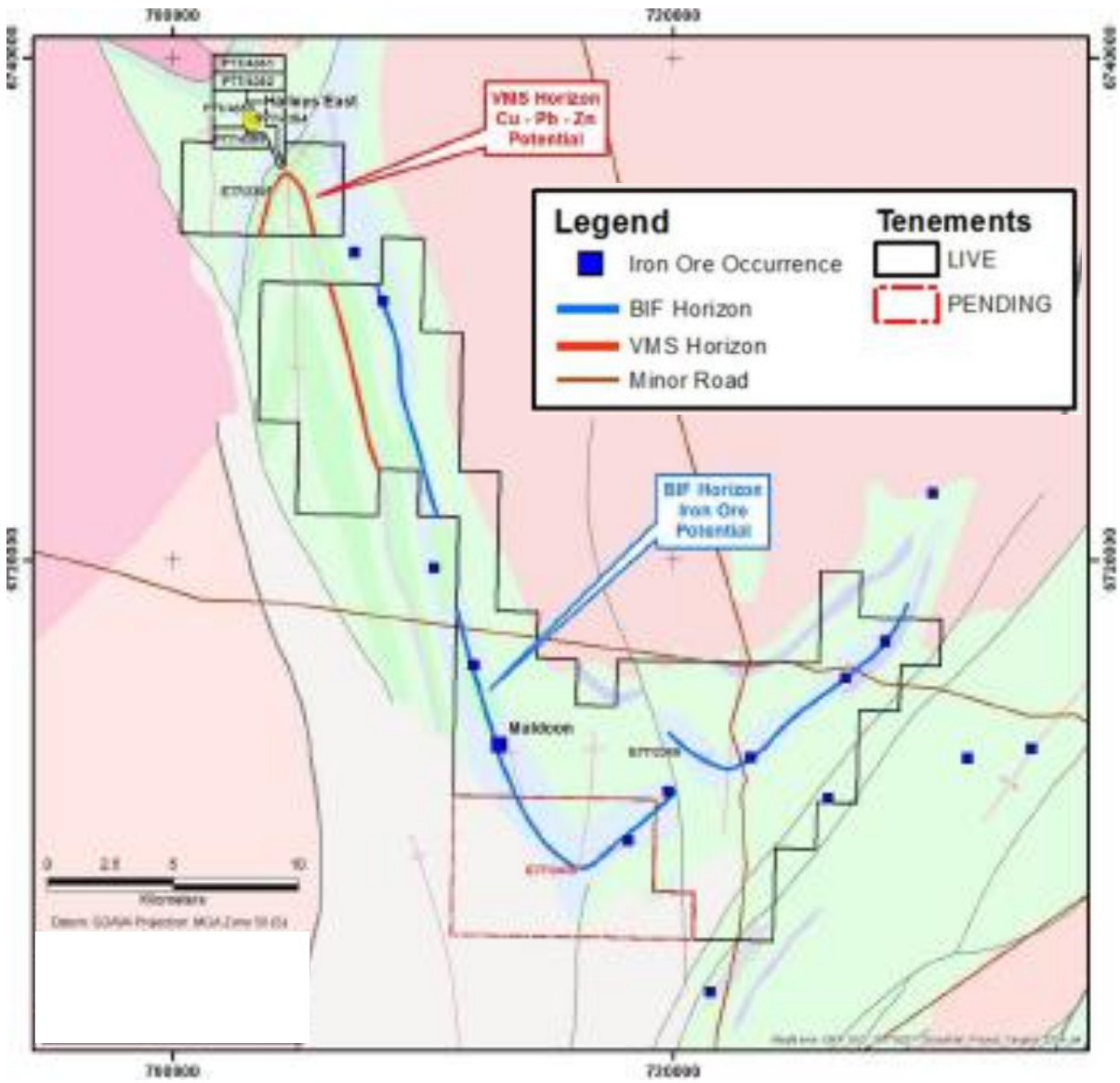


Figure 17 Grass Flat Project BIF and VMS targets

4. Anova Metals

Anova Metal's only mineral asset is the Big Springs Gold Project (BSGP). It is an advanced gold project with a large resource base within a highly endowed district of Nevada.

4.1. Big Springs Gold Project

4.1.1. Location and Access

The Project is located in an established gold mining region, 80 km north of the major mining town of Elko in the north-east Nevada, USA (Figure 18). The project is accessed via the sealed Mountain City Highway (State Route 225) north from Elko, and then by way of Elko County Road 732 and Forest Service Road 473. Access within the project is limited, especially as the northern portion of the project is dominated by moderately incised mountain ranges.

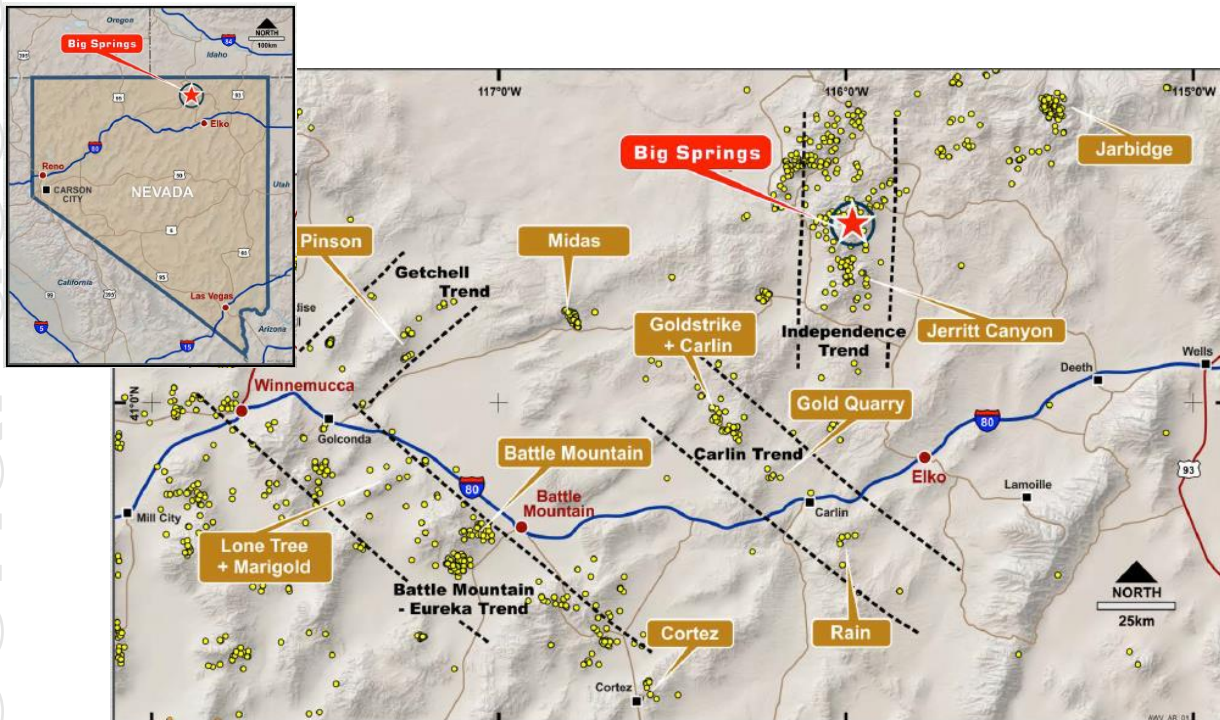


Figure 18 Big Springs Gold Project - Location

4.1.2. Mineral Tenure

The Big Springs project tenements, comprising a total of 702 unpatented Lode Mining Claims (5,666 ha) are all owned by 100% by Anova. In addition to the 702 unpatented claims Anova also owns 148.55 ha of fee land (private or freehold land) within and adjacent to the Big springs group of mining claims. The fee land includes all mineral rights and exclusive private surface rights. Most of the claims are subject to a 2% Net Smelter Return with the royalty held by multiple parties including the original vendors as shown in Figure 19.

Dunbar Resource Management has made enquiries regarding the status of the mineral claims. A detailed legal report on the status of the Big Springs mineral claims was undertaken by Welborn Sullivan Meck and Tooley P.C. Attorneys at Law for Anova Metals in November 2012 when it was undertaking due diligence prior to Anova's acquisition of the project. That report was provided to and reviewed by DRM and was also part of a notice of extraordinary meeting lodged by Anova Metals on 14 December 2012 (Anova (ASX: AWV) ASX release. A more recent online review of Bureau of Land Management records was the basis of the report by Paula Dodds an Independent Land Consultant from Elko Nevada, (dated 19 June 2017), which was received by Exterra and made available to DRM. That report was a review of the Unpatented Lode Mining Claims of Anova Metals Ltd Big Springs Gold Project in Nevada. The Dodds report details that all the 702 mineral claims are in good standing and remain active. As DRM and the authors of this report are not experts in the mineral claims or tenure in Nevada no warranty or guarantee, be it express or implied, is made by DRM with respect to the completeness or accuracy of the legal aspects regarding the security of the

tenure. DRM relies on the Dodds report which confirms Anova Metals as claimant, and the active status of the mineral claims.

Due to the considerable number of claims DRM considers it unnecessary to include a full list of the individual claims within this report however, they are appended to this report as Appendix F. The total area of the mineral claims listed in Appendix F is 65.6km², they have no minimum exploration commitment or tenement rates but do require tenement fees totalling US\$117,238 (for 2017 – 2018) to be paid annually. The fees are due before the renewal date of 1 September each year and have been paid for the 2017 – 2018 tenement year. DRM has been provided receipts for the payment of all the 2017 rents. DRM has been informed that, subject to the annual fees being paid, the mineral claims do not expire. The total security bonds for the Big Springs project are \$292,400, environmental liabilities are limited to the total bonded amount.

To the south and contiguous to the Big Springs Project lies the Jerritt Canyon gold project, owned by Jerritt Canyon Gold LLC (a subsidiary of Sprott Mining Inc.), which produced 140,990oz of gold in 2016 and has produced over 8 million ounces of gold since production commenced in 1981.

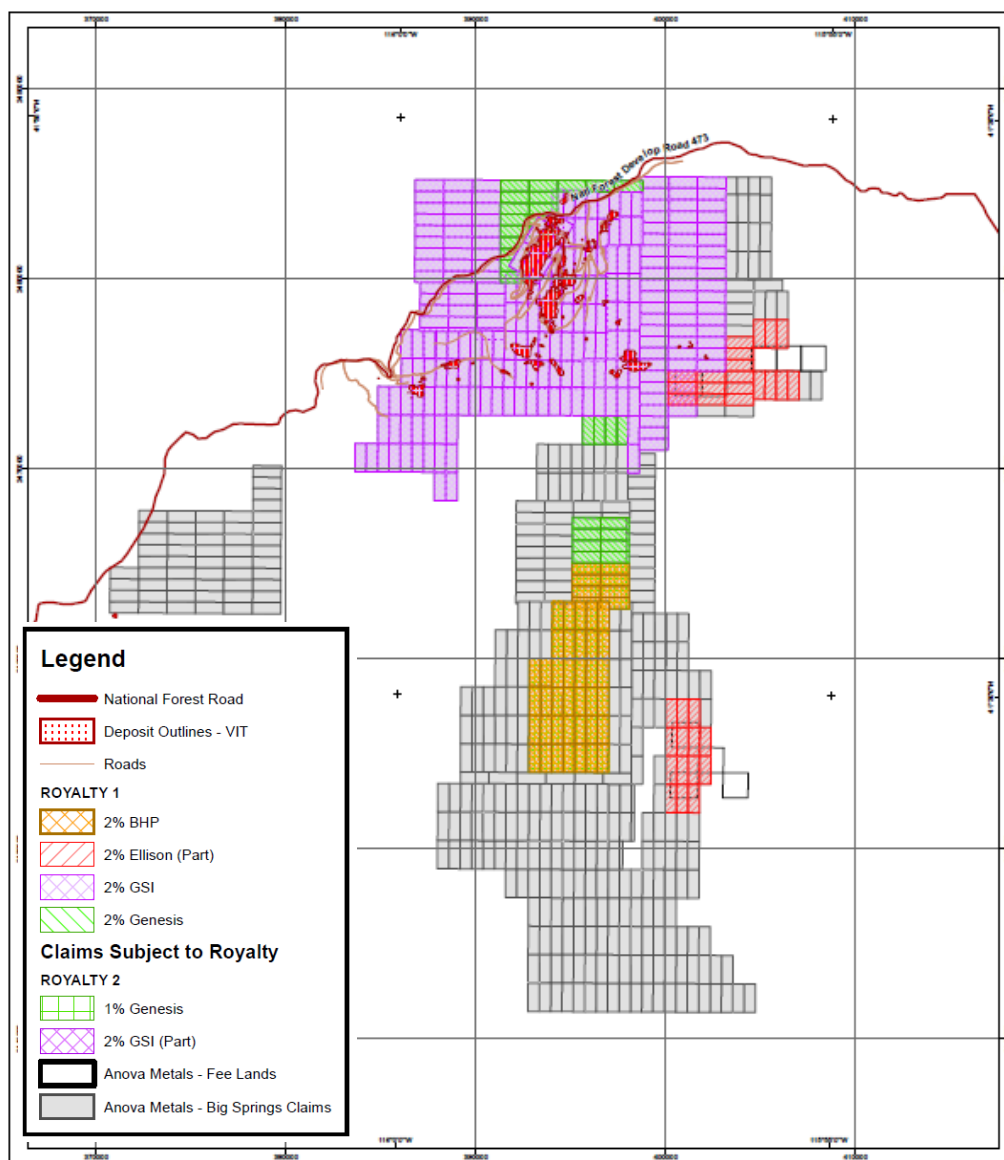


Figure 19 Plan of Big Springs Claims

4.1.3. History

Gold was first discovered on the leases by Superior Oil / Falconbridge geologists at the Mac Ridge deposit in 1977. The Project was mined by Independence Mining Company (IMC), formerly Freeport McMoRan Gold Company (Adams 1996) between 1987 and 1993 producing 386,000 ounces of gold from several open pits (Figure 3). Mining at the Project ceased in 1993 due to low gold prices. From 2002, the then owners of the Project, Gateway Gold Corp (Gateway) completed extensive exploration work on the Project including 49,100 m for 141 of RC holes and 171 diamond core. This work was combined with pre-existing drill data to produce a combined database with over 2,400 drill holes.

IMC drilled 2,078 holes between 1982 and 1993. These holes were both, reverse circulation (or “RC”) and diamond core and were drilled as in-fill or extension to the IMC drilling grids. There was also detailed blast hole drilling and sampling in the open pits.

4.1.4. Geology

The Big Springs disseminated, sediment-hosted gold deposits are located in the Great Basin in the Independence Mountain Range of Nevada, USA. The geological history of this region is complex, including several episodes of crustal accretion, igneous activity, sedimentation and extensional and compressional deformation. The deposits have been classified by respected scientific authors as typical Carlin-style deposits.

The mineralisation is hosted predominantly within the “Overlap Assemblage”, which is Mississippian to Permian in age (300 to 360Ma), with structure and host stratigraphy being the primary controls on gold mineralisation. Mineralisation is typically hosted within black, highly carbonaceous siltstone and calcareous sandy siltstone. These units are typically located between the Argillic thrust in the footwall and the Schoonover thrust in the hanging wall. Individual high-grade ore shoots at North Sammy generally plunge moderately to the NNW and are controlled by intersections of E-W-striking faults with the NE-SW-striking Argillic thrust. The South Sammy Creek deposit is more complex with a series of controlling structures, in particular the Briens fault along the western margin. On the eastern side of the Briens fault the thick, tabular South Sammy ore deposit forms a largely continuous zone that is semi-concordant with the permeable and brittle host rocks of the Overlap Assemblage.

4.1.5. Resources

The Project was mined between 1987 and 1993 producing 386,000oz from 510,000ounces of gold mined. At the conclusion of mining a gold resource totalling 330,000 at a 0.1oz/ton cut-off remained (Anderson et.al., 1994).

The Project changed ownership since mining and reported re-estimates were announced in 2006 by Gateway and Anova in 2013. The Gateway 2006 estimate was reported in compliance with NI 43-101 reporting standards and the Anova 2013 estimate was reported to JORC (2012) reporting standards. For the 2013 estimate, Anova commissioned Lauritz Barnes and Geoff Collis to re-estimate the Project, using Ordinary Kriging (“OK”) interpolation techniques.

The previous known estimates are summarised in Table 13.

Table 13 Big Springs Gold Project Previous Mineral Resource Estimates

Company	Year	Classification	Cut-off g/t	Tonnage Mt	Au g/t	Metal Oz
Gateway (NI43-101)	2006	Unknown	0.86	14.01	2.64	1,188,000
Anova (JORC 2012)	2013	Inferred	0.8 & 1.0	14.80	2.00	968,000

The Resource Estimates for the Big Springs Project were updated by Anova on 26 June 2014. This estimate was completed by Mr Lauritz Barnes, Principal Consultant with Trepanier Pty Ltd who is a Member of the Australian Institute of Mining and Metallurgy. Mr Barnes is a shareholder in Anova Metals and as such is not considered by DRM to be independent. On that basis DRM engaged Mr Shaun Searle, Senior Resource Geologist, employed by RPM who undertook a high level Mineral Resource Desktop fatal flaw review of the resource estimate to determine the

reasonableness of the inputs into the 2014 Mineral Resource Estimate. Mr. Searle has not verified the underlying geological dataset nor has he re-reported the Mineral Resources for the Big Springs Gold Deposit as at the date of this report. DRM has reviewed the underlying geological data including the geological, assay and QAQC information and DRM considers these data are suitable for estimation of a Mineral Resource. As detailed in section 1.4 (above) Mr Searle is a co-author of this report and the primary author of section 4.1.5.

The current Resource Estimate is summarised in Table 14 and detailed in Table 15 below.

Table 14 Summary of the 2014 Big Springs Mineral Resource Estimate.

Classification	Tonnage kt	Au g/t	Metal Oz
Measured	641	5.7	116,100
Indicated	4,762	2.2	343,300
Inferred	10,630	1.7	570,400
Total	16,032	2.0	1,029,900

Drilling and Sampling

The majority of drilling was conducted by IMC and Gateway. Full digital records were supplied to Anova and entered into the database. As of the date of the Resource Report Anova had drilled four water monitoring wells as of the date of the current Mineral Resource.

Collar survey methods were not disclosed in the 2014 Resource report. Detailed down hole survey information is available for most of the drilling data. The majority of IMC holes were vertical, whilst the Gateway holes were inclined. Holes have been checked spatially in 3D, and all obvious errors checked back against hard copy records before being revised. Anova's holes were all vertical.

The nominal drillhole spacing is approximately 50ft by 50ft (15.2), reduces to 40ft by 40ft (12m) in the Measured resource zone at 601 (South Sammy) - and increases up to 200-250ft (61-76m) towards the resource extremities.

No information was available for the IMC sampling methods. RC sampling of the Gateway drilling was conducted on 5ft intervals. Samples were split at the rig using either a riffle or cone splitter to produce between 3 and 5kg of sample for shipment to the laboratory. All samples were wet. A small representative sample was collected, washed, logged and archived in a plastic chip tray. Field duplicates were collected at regular intervals. Gateway diamond core was drilled with HQ or PQ diameter at 5ft intervals and cut in half (HQ) or quarters (PQ) and sent for analysis

Analysis - IMC

Over the period 1983 to 1993, some drill samples were analysed internally by the Freeport laboratory using fire assay for IMC. However, the bulk of the samples were handled by the laboratories described below. It appears that most samples in the database were assayed by techniques designed to report total gold. The use of fire assay and cyanide extractable gold analyses was in order to calculate the ratio of "oxide" versus "sulphide" material for mine planning purposes. The various laboratories used are discussed below

Monitor Geochemical Laboratory Inc. used a number of different techniques, primarily an acid leach, atomic absorption analysis following roasting of samples to liberate gold from the sulphides. Selected samples were analysed by fire assay, or by cyanide leach on either roasted or un-roasted samples.

American Assay Laboratories Inc. used an unspecified technique, probably fire assay followed by Methyl Isobutyl Ketone ("MIBK") collection and atomic absorption analysis, with some samples also analysed using a cyanide leach technique.

Cone Geochemical Inc. used primarily an atomic absorption analysis following acid dissolution, with some samples also subjected to fire assay on a 20g sample.

Table 15 Breakdown of the Big Springs Mineral Resource Estimate 2014

Measured Mineral Resource				
Deposit	Cut-off	Tonnage kt	Au g/t	Metal Oz
North Sammy	1.0	346	7.0	77,900
North Sammy Contact	0.8	-	-	-
South Sammy	0.8	295	4.0	38,200
Beadles Creek	1.0	-	-	-
Mac Ridge	0.8	-	-	-
Dorsey Creek	0.8	-	-	-
Briens Fault	1.0	-	-	-
Total		641	5.7	116,100
Indicated Mineral Resource				
Deposit	Cut-off	Tonnage kt	Au g/t	Metal Oz
North Sammy	1.0	615	3.1	62,200
North Sammy Contact	0.8	443	2.3	32,400
South Sammy	0.8	3,586	2.1	239,900
Beadles Creek	1.0	119	2.2	8,200
Mac Ridge	0.8	-	-	-
Dorsey Creek	0.8	-	-	-
Briens Fault	1.0	-	-	-
Total		4,762	2.2	343,300
Inferred Mineral Resource				
Deposit	Cut-off	Tonnage kt	Au g/t	Metal Oz
North Sammy	1.0	498	2.8	44,100
North Sammy Contact	0.8	864	1.4	39,300
South Sammy	0.8	3,721	1.3	159,000
Beadles Creek	1.0	2,583	2.3	193,500
Mac Ridge	0.8	1,887	1.3	81,100
Dorsey Creek	0.8	278	1.4	12,900
Briens Fault	1.0	799	1.6	40,500
Total		10,630	1.7	570,400
Grand Total		16,032	2.0	1,029,900

The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies..

Analysis – Gateway and Anova

All Gateway and Anova samples were prepared by ALS Chemex Laboratories (“ALS Chemex”) in Elko and assayed at their facilities in Reno or in Vancouver. Assaying for gold was by fire assay/atomic absorption (“FA/AA”), and in the case of drill samples, all samples with a grade higher than 5g/t gold were assayed by fire assay with gravimetric finish (“FA/grav”). In addition to the gold analysis, all samples from 2003 had a had an aqua regia digestion with an inductively coupled plasma (“ICP”) with electronic emission spectroscopy (“AES”) finish for a 34-element suite. Since 2004 the aqua regia digestion was changed to be a four-acid digestion with the same analysis completed. No cyanide leach analyses were performed in the Gateway drilling programs.

QA/QC

Historical QA/QC information is limited. No detailed QA/QC analysis was presented in the Trepanier report however the Gateway NI43-101 report (detailed a significant program of QAQC). Trepanier state that Gateway sampling included Certified Reference Materials ("CRM's"), blanks, field duplicates, laboratory duplicates and laboratory pulp splits. The report mentions that Gateway re-assayed IMC diamond holes with good results. Umpire laboratory testing was conducted on Gateway samples at Global Discovery Labs in Vancouver.

Twinned holes have been drilled along with drill holes, fanned about a central collar by Gateway. Visual inspections were completed with original and twin holes showing comparable results, but no detailed analyses have been undertaken.

Core recovery data was available for 160 of the Gateway holes. Nearly 90% of this data shows recoveries above 80%. Core recovery is described as "good to excellent" by previous workers.

Bulk Density Measurements

During 2013, Anova completed a program of collecting 1,202 bulk density measurements primarily targeting ore zones at North and South Sammy plus Beadles Creek. Measurements were completed by the hydrostatic weighting (wax coated) method to account for any potential porosity.

Data Verification

Extensive data verification was conducted by Anova including collar survey, assay and down hole survey verification.

Mineral Resource Estimate

The block model was created and estimated in Surpac software. The mineralisation was constrained by wireframes prepared using nominal cut-offs dependant on the likely mining method for each deposit. The South Sammy, North Sammy contact, Mac Ridge, Southwest Sammy and Dorsey Creek deposits were assumed to have open pit potential and wireframed at a lower cut-off of 0.8g/t Au. The South Sammy (601 & 701), South Sammy (Briens Faults), North Sammy shoots and Beadles Creek deposits were assumed to have underground potential and wireframed at a lower cut-off of 1.0g/t Au.

Samples were composited to 5ft lengths based on an analysis of sample lengths inside the wireframes. High grade cuts were applied to the data based on statistical analysis of individual lodes and ranged between 1g/t and 40g/t Au, resulting in a total of 248 samples being cut.

Variography was conducted on the combined composites for each deposit as variograms were poorly structured for individual domains. Moderate to high nugget values were observed, ranging between 0.30 and 0.41. Major direction ranges were between 150 and 250ft.

The block dimensions used in the model were 10ft EW by 10ft NS by 5ft vertical with sub-cells of 5ft by 5ft by 2.5ft. The Ordinary Kriging ("OK") algorithm was used for the grade interpolation and the wireframes were used as a hard boundary for the grade estimation of each domain. Up to three passes were used for the interpolation. A minimum of 8 and a maximum of 24 composites were generally used in each estimate.

This was modified in some domains due to lower numbers of available composites. The major search distance used for the first pass was generally 125ft, the second pass was 250ft – and then expanded up to 5,000ft in the third pass to ensure that the vast majority of cells are estimated.

Bulk densities ranging between 2.46t/m³ and 2.82t/m³ were assigned in the block model dependent on lithology and weathering. These densities were applied after averaging the bulk density measurements obtained from 1,202 core measurements at the Project.

DRM and RPM considers that the block model, estimation technique, compositing block sizes, and search parameters are all done using standard industry practice. The high grade cut values appear to be aggressive, resulting in a conservative estimate, the number and method of bulk density measurements is reasonable.

Overall the Mineral Resource estimate was conducted using standard industry practice and are considered by DRM to comply with the 2012 JORC Code.

Mineral Resource Classification and Reporting

The Mineral Resource was classified as Measured, Indicated and Inferred Mineral Resource based on data quality, sample spacing, and lode continuity. The sample spacing criteria for classification was not specified.

The Mineral Resource for each deposit was reported using identical cut-offs as the wireframe cut-offs. The South Sammy, North Sammy contact, Mac Ridge, Southwest Sammy and Dorsey Creek deposits were reported at a lower cut-off of 0.8g/t Au as they were deemed to have potential for open pit mining. The South Sammy (601 & 701), South Sammy (Briens Faults), North Sammy shoots and Beadles Creek deposits were reported at a lower cut-off of 1.0g/t Au as they were deemed to have potential for underground mining.

DRM and Mr Shaun Searle of RPM has reviewed the classification of the Resources and consider them to be reasonable. As the majority of drilling was done on 50 to 100ft spacing which is considered adequate spacing for a deposit of this type for a Measured and Indicated Mineral Resource.

In determining the appropriate reporting cut-off grades, the 2014 Resource report does not detail how the cut-off grades were determined. Under the JORC code 2012, clause 20 states that there is the requirement to demonstrate *“that there are reasonable prospects for eventual economic extraction”*. Any assumption that support the eventual economic extraction should be included in the report and table 1 that supports the resource estimate. Assumptions include but are not limited to the gold price, mining method and cost, processing cost and processing recovery. These all support the choice of cut-off grade.

In RPM and DRM's opinion, the open pit cut-off grade of 0.8g/t Au appears reasonable, although it appears that some deposits may have higher strip ratios due to mountainous terrain. The reported cut-off grade of 1.0g/t Au for deposits with underground mining potential is too low. DRM and RPM consider a cut-off of 2.5g/t Au is more reasonable.

As a result, it is reasonable to assume that there would be a low Mineral Resource to Ore Reserve conversion rate for the potential underground deposits.

JORC Table 1 Appropriateness

Overall the data presented in the JORC Table 1 is adequate. It would be beneficial if additional information was included in the JORC Table 1 including;

- Further information for QA/QC results and Q-Q analysis results comparing different drilling generations;
- Reconciliation of mined material tonnage and grade with the current estimate;
- Further information on justification of reporting cut-off grades;
- Further information on processing recovery and possible treatment options; and
- Further information on the sample spacing criteria for Mineral Resource classification.

Table 16 Big Springs Gold Project Inferred Mineral Resource Estimates at Various Cut-off grades.

Cut-off (g/t Au)	Tonnes (Mt)	Grade (g/t Au)	Contained gold (’000 ounces)
0.87 ¹	16.0	2.0	1,030
1.0	13.9	2.2	966
1.5	8.6	2.7	758
2.0	5.2	3.4	568
2.5	3.1	4.2	415
3.0	2.1	4.9	325
3.5	1.4	5.6	261
4.0	1.1	6.3	216
4.5	0.8	6.9	183
5.0	0.6	7.5	154

Note: Appropriate rounding applied

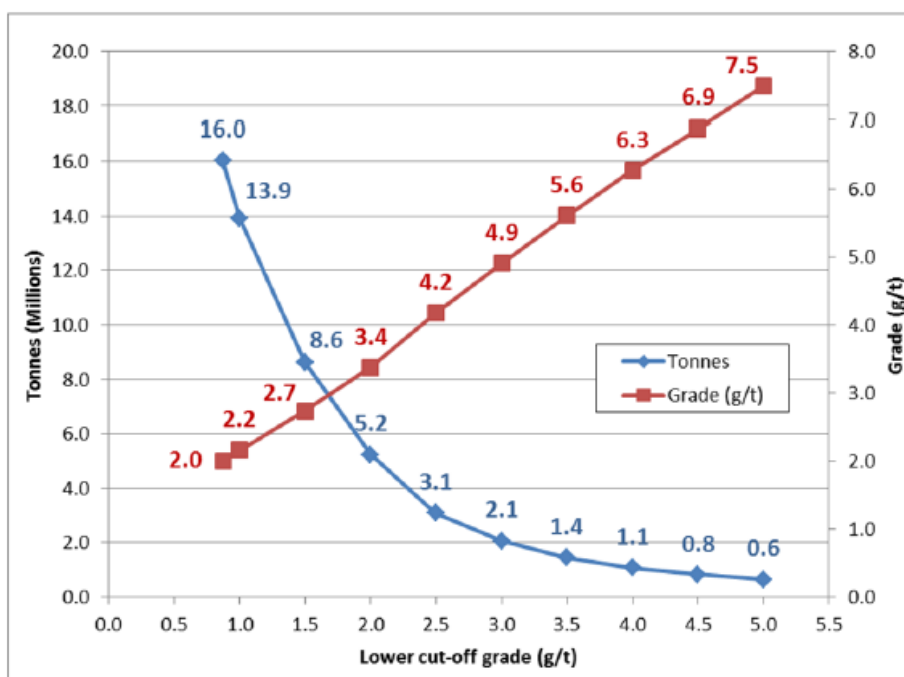


Figure 20 Big Springs Gold Project Grade-tonnage curves at various cut-off grades

Below are several figures showing a plan of mineralisation and resource domains within the Big Springs Gold Project (Figure 21) and cross sections through the South Sammy 601 (Figure 22), 301 Shoot at the North Sammy (Figure 23), Thumb Shoot at the North Sammy (Figure 24), Southern Zone at the South Sammy (Figure 25) and Beadles Creek Mineralised Zone (Figure 26). As shown on these cross sections most of the mineralisation is open down dip / Down Plunge and as such it is considered that there is considerable exploration potential in the immediate resource areas along with potential both between the current resources but also within the large tenement holding.

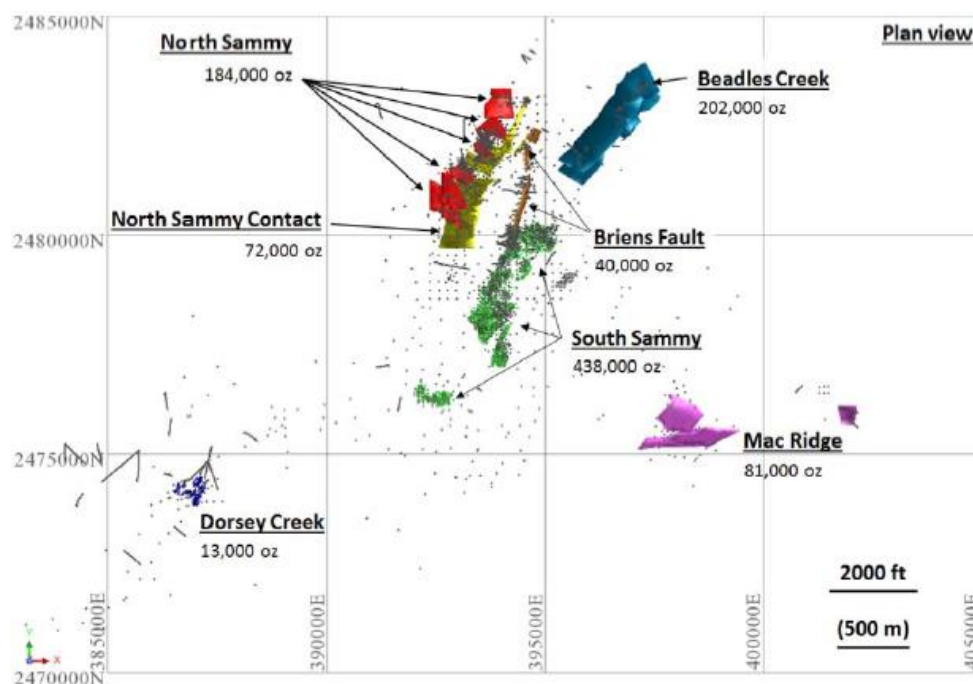


Figure 21 Plan of Mineralisation and Resource Domains within the Big Springs Gold Project.

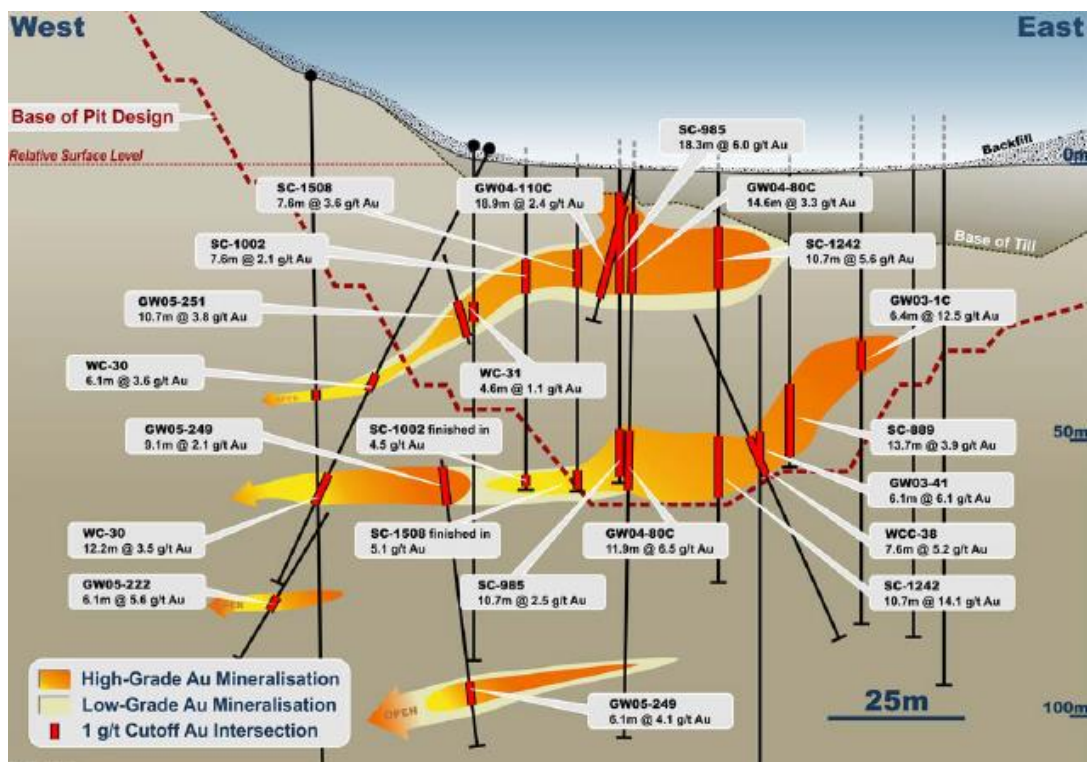


Figure 22 East – West Cross Section through the 601 Zone at the South Sammy gold deposit.

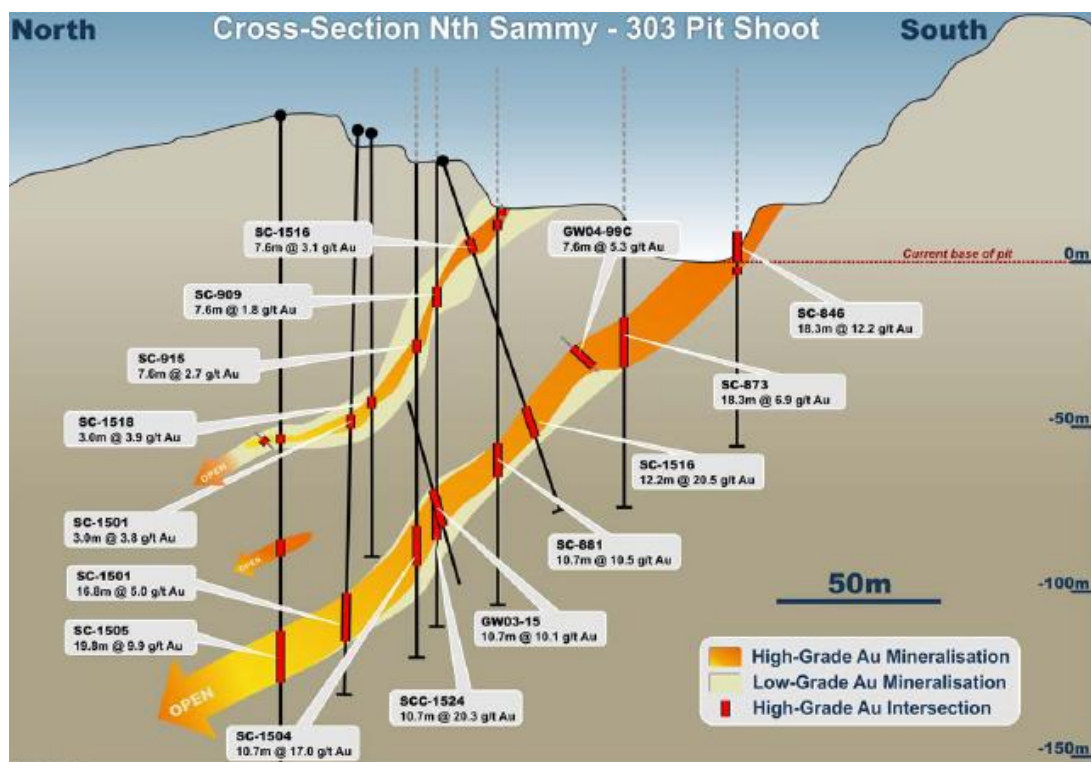


Figure 23 North – South Cross Section through the 301 Shoot at the North Sammy gold deposit.

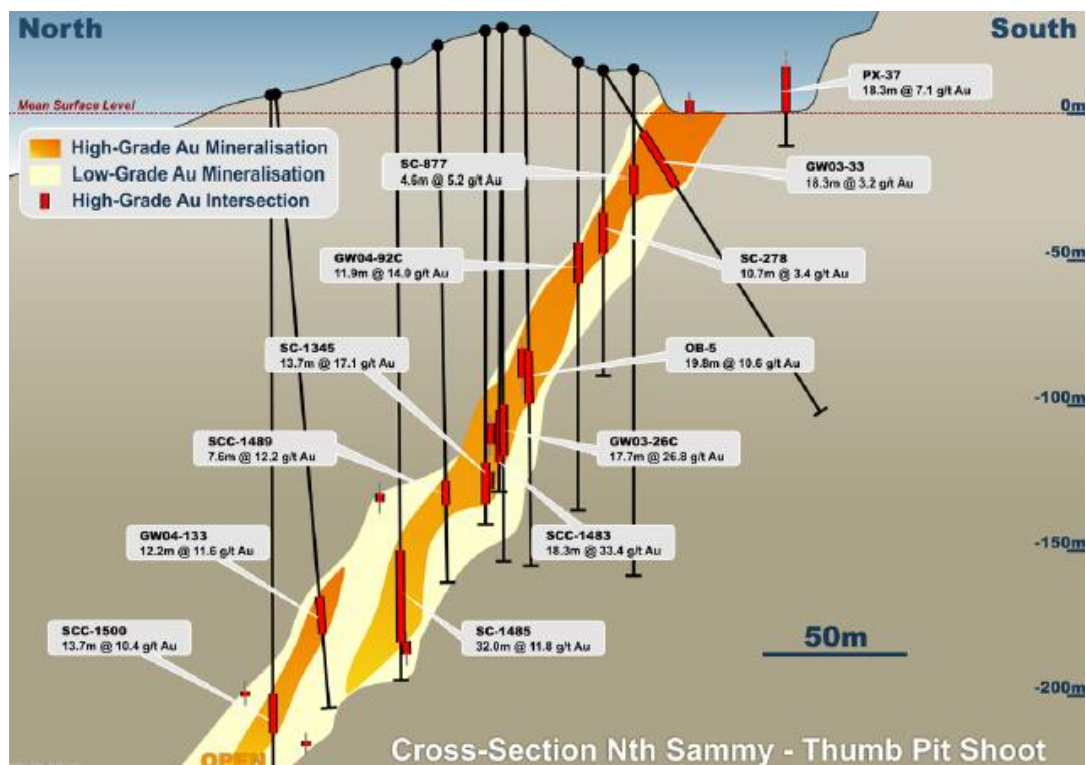


Figure 24 North – South Cross Section through the Thumb Shoot at the North Sammy gold deposit.

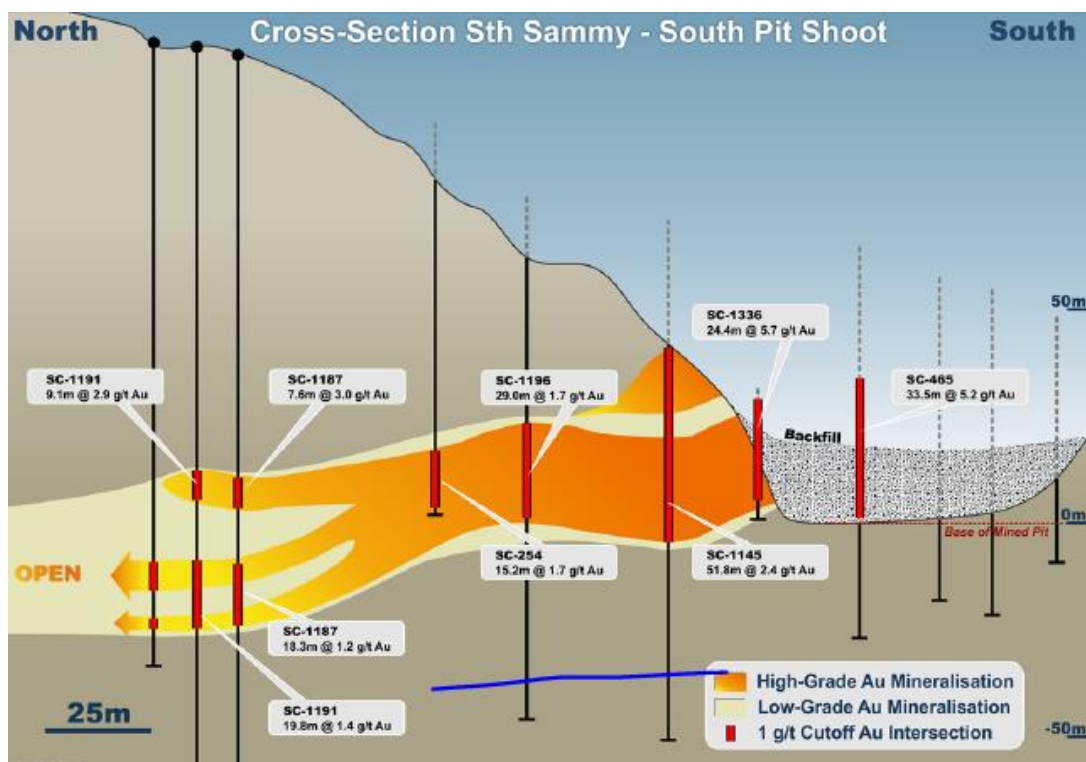


Figure 25 North – South Cross Section through the Southern Zone at the South Sammy gold deposit.

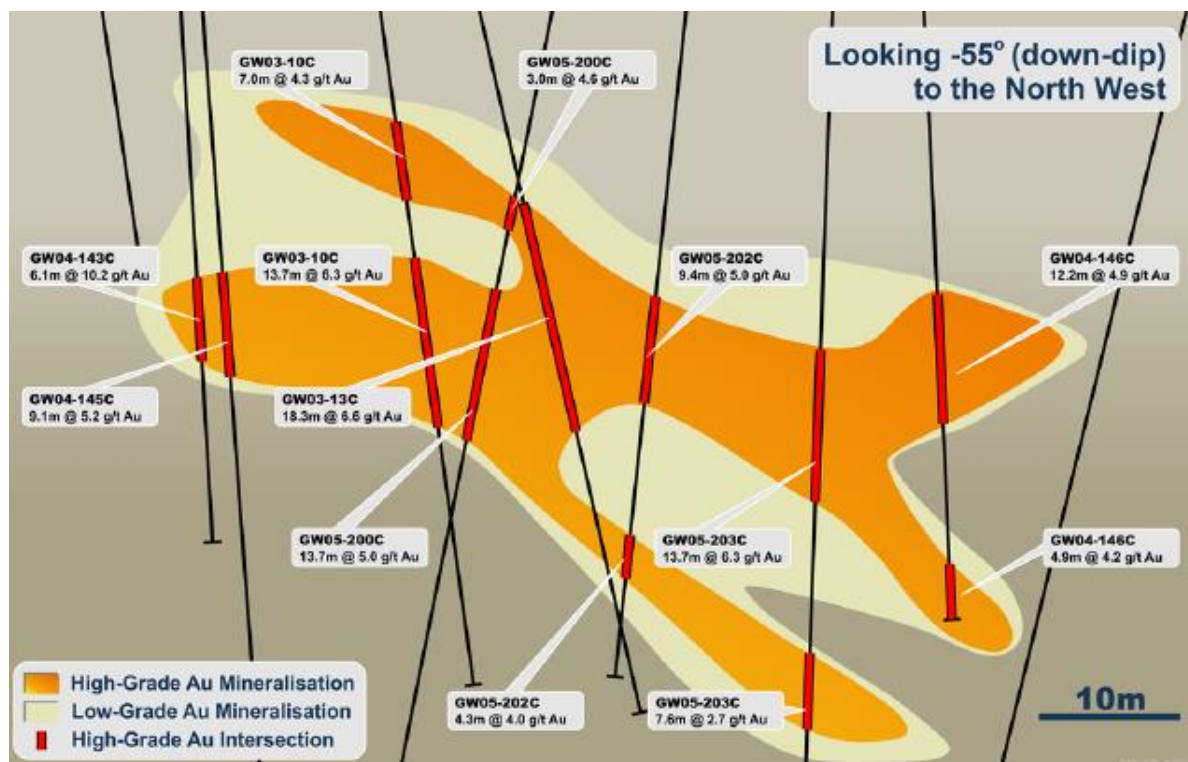


Figure 26 Southwest – Northeast Cross Section through the Beadles Creek Mineralised Zone

4.1.6. Development Studies and Work

Extensive work has been conducted to advance the BSGP Resources toward a decision to mine, this work includes extensive studies that would support the conversion of at least a part of the resource to an ore reserve once the additional work is compiled and the financial modelling is complete.

Grade Control Drilling

Anova undertook a detailed drilling program in late 2014 with the aim to verify and infill the majority of the South Sammy 601 deposit to a drill spacing and pattern that is considered by DRM to effectively a grade control drill pattern. This drilling infilled a large part of the deposit to a 12.5m x 12.5m pattern (Figure 27 and Figure 28). This drilling post-dates the Resource estimates. The resource estimate was not updated as the results from the infill drilling replicated the expected results from the 2014 Resource Estimate, therefore Anova reported to DRM that it expected there would be no material difference if the resource estimate were updated.

Geotechnical

There has been preliminary geotechnical investigations within several of the resource areas where there is the potential of underground development, these studies, while preliminary in nature (at a pre-feasibility level) have shown that the ground conditions are generally good and allow reasonable spans in unsupported openings and large spans where there is ground support. Table 17 below shows the rock mass classification and dimensions for unsupported and supported spans in underground workings.

Table 17 North Sammy – Underground Rock Mass Summary.

Deposit	RMR	Q'	Q	N'	HR Unsupported (ft)	Span Unsupported (ft)	HR Supported (ft)	Span Supported (ft)
SWX SHOOT	28	0.3	0.2	0.1	3.3	13.1	16.7	66.9
303 SHOOT	30	0.4	0.2	0.2	3.9	15.7	17.1	68.2
THUMB SHOOT	40	1.1	0.6	0.5	6.6	26.2	19.7	78.7

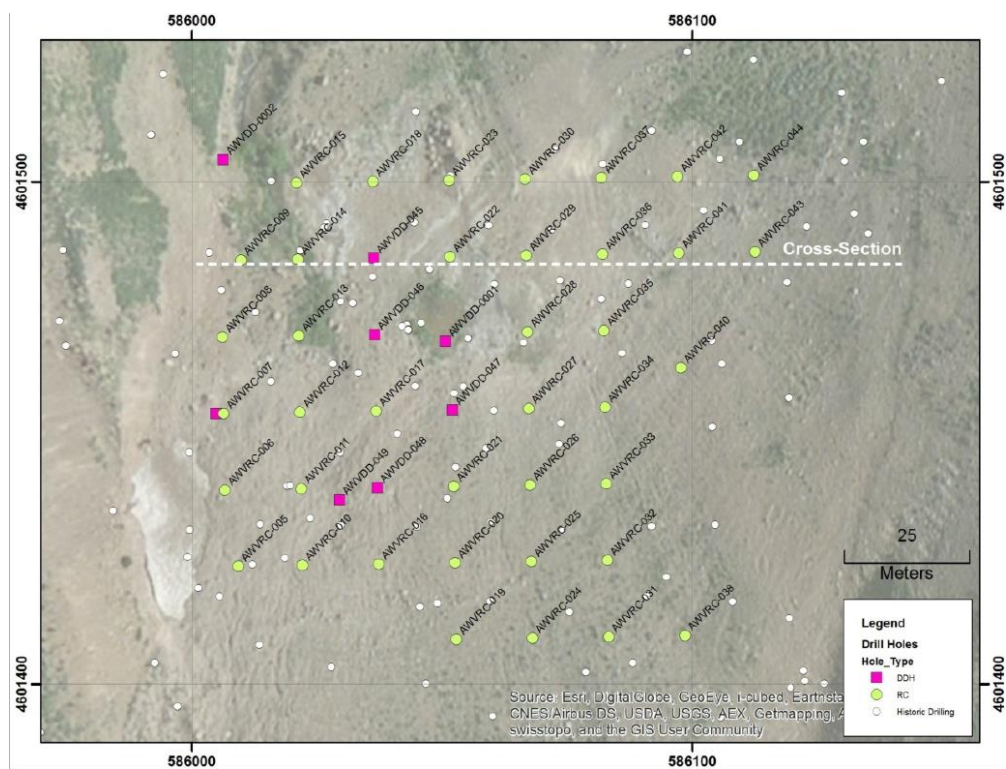


Figure 27 Plan showing the 2014 Anova infill drilling at the 601 zone, South Sammy

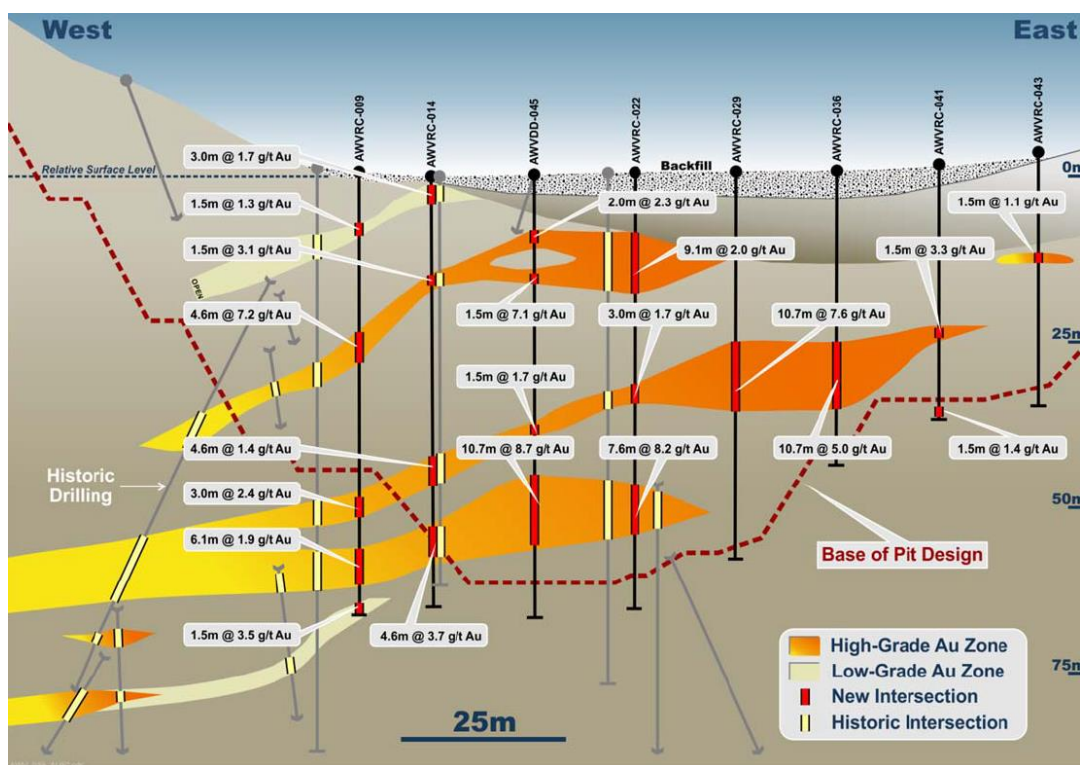


Figure 28 Cross section including the 2014 drilling from the 601 zone, South Sammy.

Hydrology

A detailed report by Anova, (McDonald and Stock 2015) focuses on the surface and groundwater characteristics of Water Canyon and the Sammy Creek catchments and the management of water at possible point sources of pollution during and after operation. There have been extensive previous reports into the hydrology and management on site, some have been as a result of drainage of groundwater aquifers by a previous owner due to poor exploration drill hole completion procedures.

Metallurgy

There has been extensive metallurgical work completed for the project, some of it is based on the historical mining from 1987 to 1993 while additional work, including roasting and leach tests, comminution tests along with carbon, sulphur and multi element geochemical analyses. Comminution tests show that the ore has a bond ball mill index of 16.7 – 20.6kWh/metric tonne (classified as hard to very hard) and a Bond abrasion index of between 0.09 and 0.5 (classified as very soft to hard).

The roasting and leach tests indicate a metallurgical recovery of between 74% and 86% (average 80%). This is in line with many of the Carlin type deposits in the area.

Testing was aimed to replicate the Jerritt Canyon processing facility with the development option based on toll milling at Jerritt Canyon.

Mining Costs

Anova has received quotes and indicative prices for both open pit and underground mining of the deposits. These are summarised in various presentations including the ASX releases of 11 September 2014

Toll Milling

Negotiations are progressing with the owners of the Jerritt Canyon processing facility. A preliminary toll milling cost has been included in various presentations by Anova. The published toll milling cost per tonne is US\$68/tonne, this has been benchmarked against other toll milling agreements both inside the USA and globally. The benchmarking suggests that a toll milling fee should be between US\$25 and US\$35/tonne. DRM understands that negotiations with Jerritt Canyon are ongoing.

Anova submitted a Mine Plan of Operations (Mine Plan) in October 2014. Under the Mine Plan, Anova proposes to conduct open pit mining in the existing partially disturbed 601 Pit and underground mining of ore below both the 601 Pit (once open pit mining has been completed) and the existing 701 Pit, over a period of two years. With the exception of certain storm water management structures, all proposed activities are contained within the existing or reclaimed mining areas.

4.1.7. Other Prospects and Exploration Upside

As shown on these cross sections above most of the mineralisation is open down dip / down plunge and as such it is considered that there is considerable exploration potential in the immediate resource areas along with potential both between the current resources but also within the large tenement holding. Some of the higher priority targets include

700m south-south-west of South Sammy where hole SC-1236 intersected 77.7m @ 2.1g/t gold from 59.4m including 6.1m @ 6.8g/t Au and 6.1m @ 5.7g/t Au,

950m south of South Sammy where hole DC-30 intersected 70.1m @ 0.7g/t gold including 6.1m @ 1.9g/t gold from 32m,

Lower Mac Ridge where hole BC-48 intersected 7.6m @ 3.5g/t gold from 9.1m and

North-east of Beadles Creek where hole BC-48 intersected 3.0m @ 3.4g/t gold from 41.1m

Figure 29 to Figure 38 below show some of the regional prospects that require additional exploration.

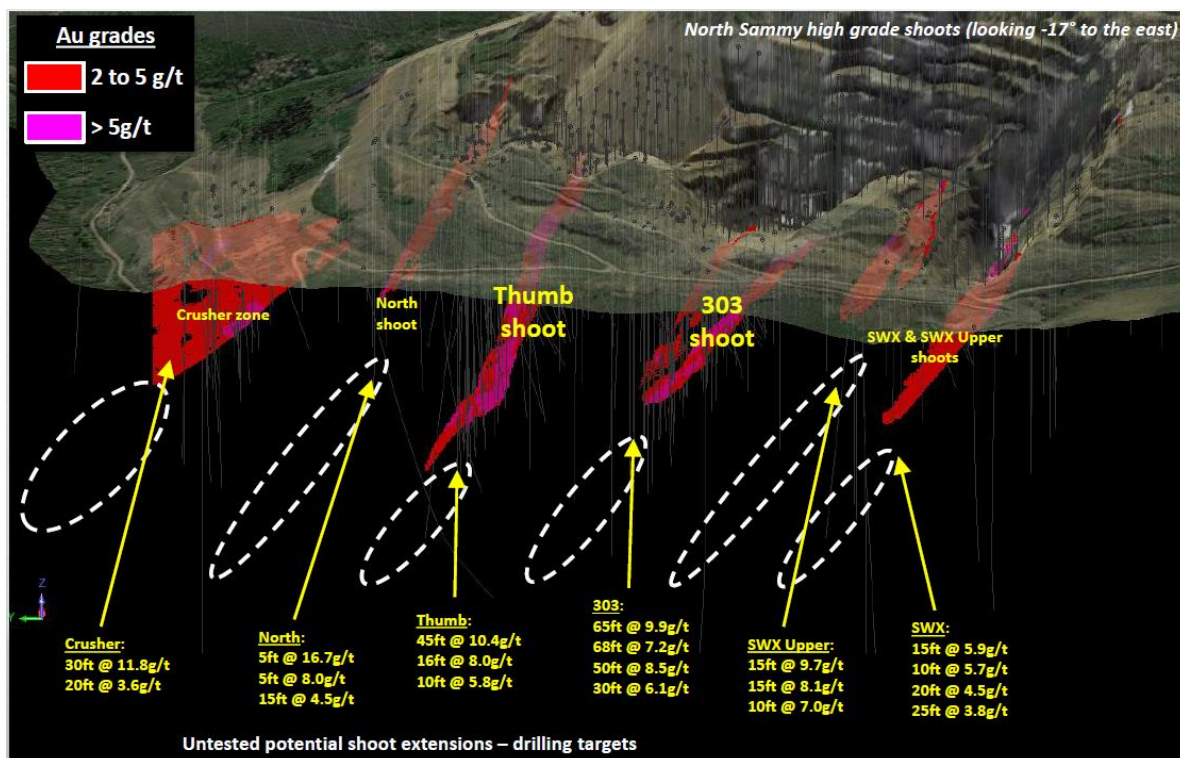


Figure 29 Exploration potential below the North Sammy Deposit

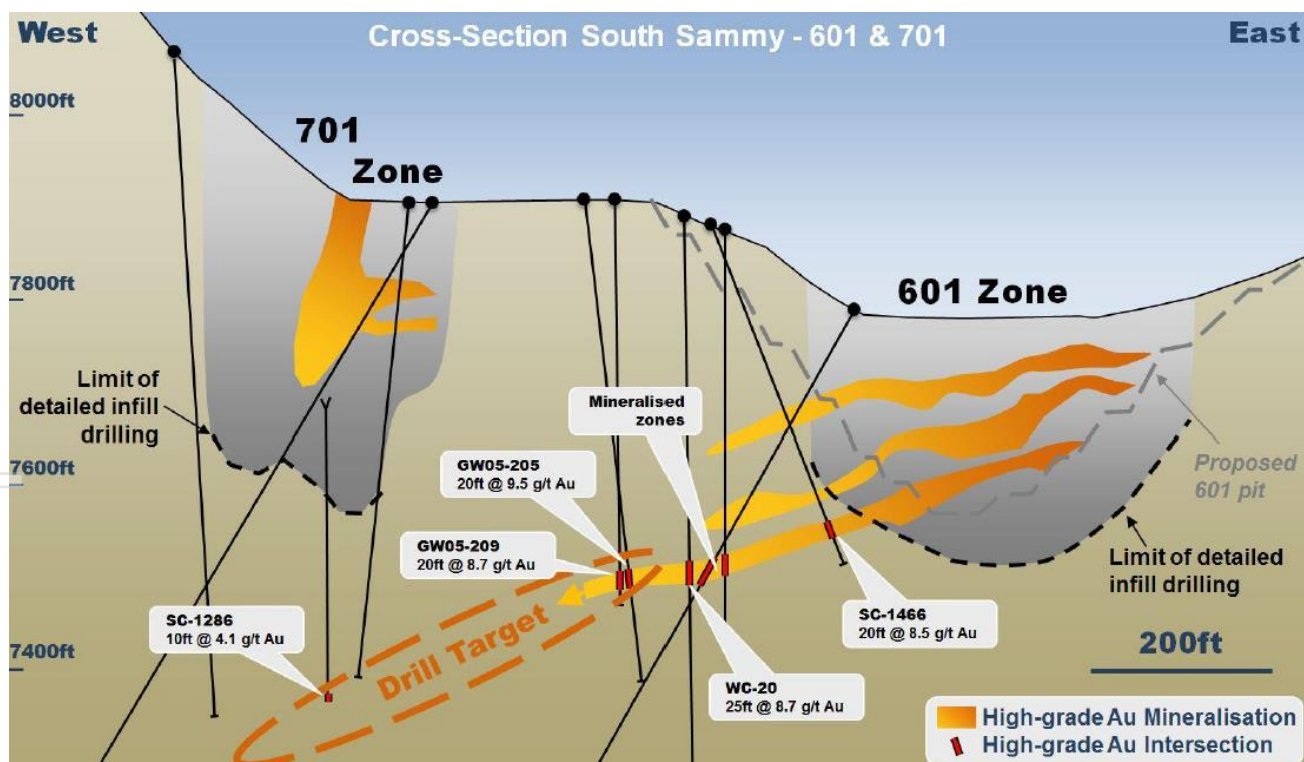


Figure 30 South Sammy underground exploration targets

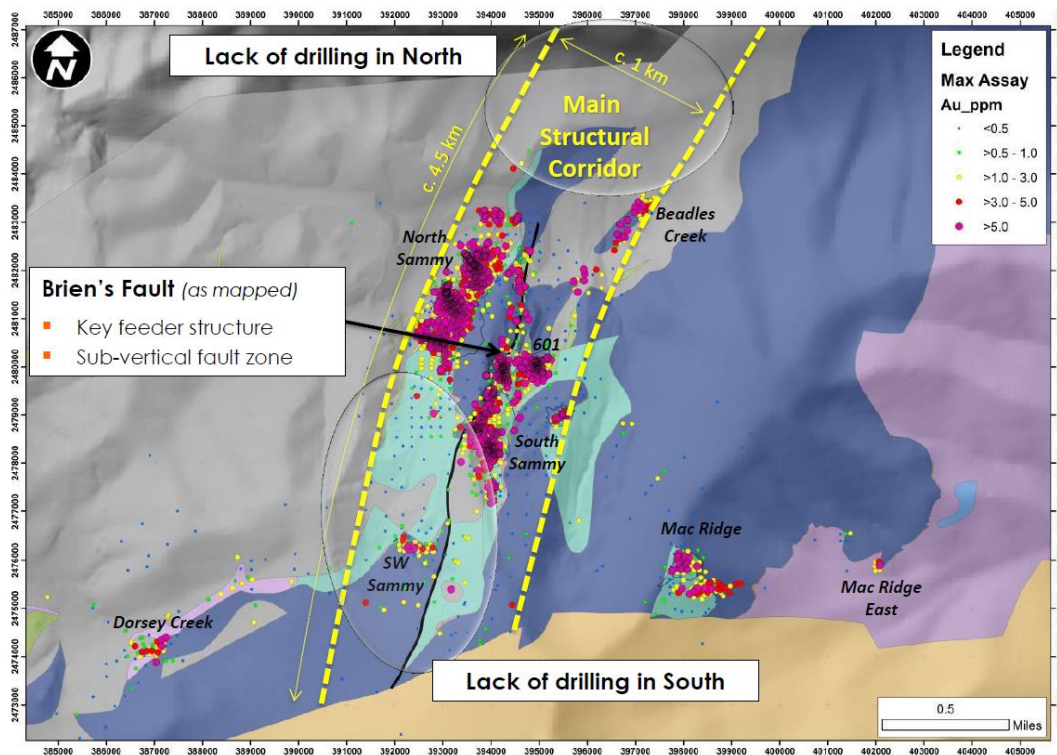


Figure 31 Exploration potential and targets along strike of the main deposits.

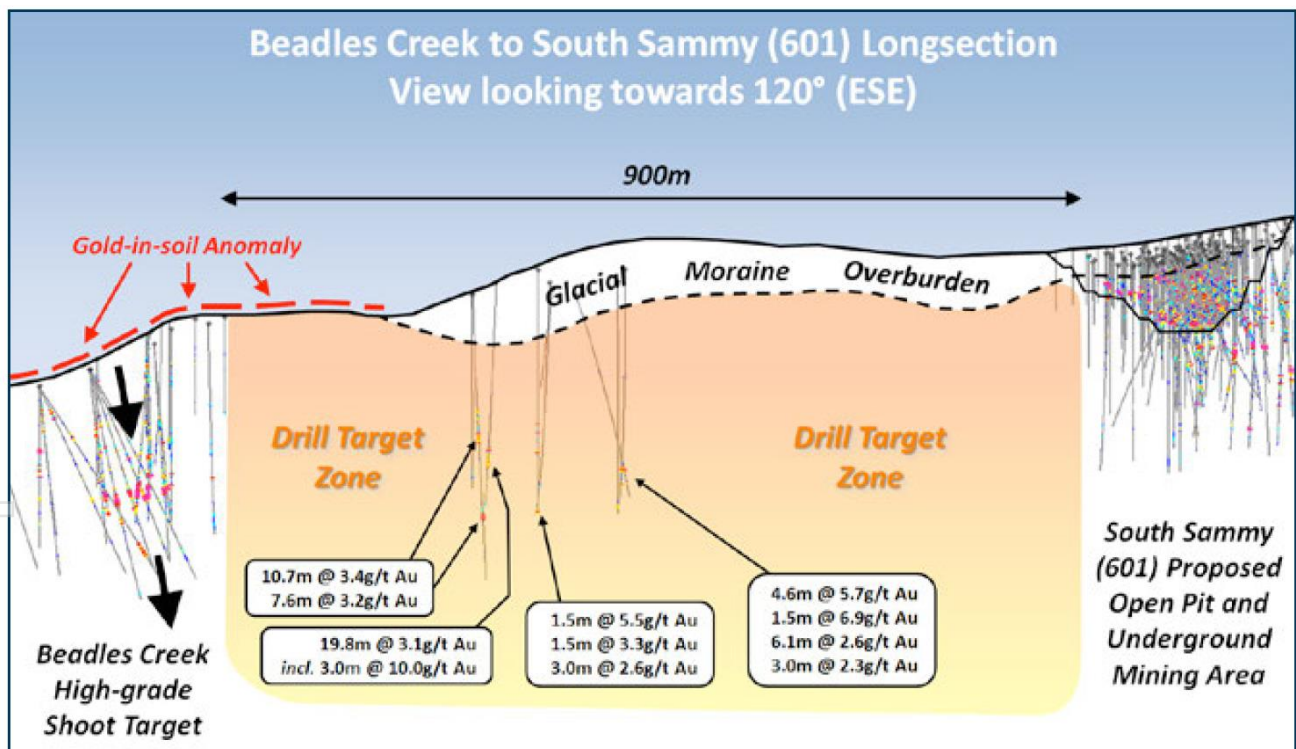


Figure 32 Long Section from Beadles Creek to South Sammy (601) showing exploration potential.

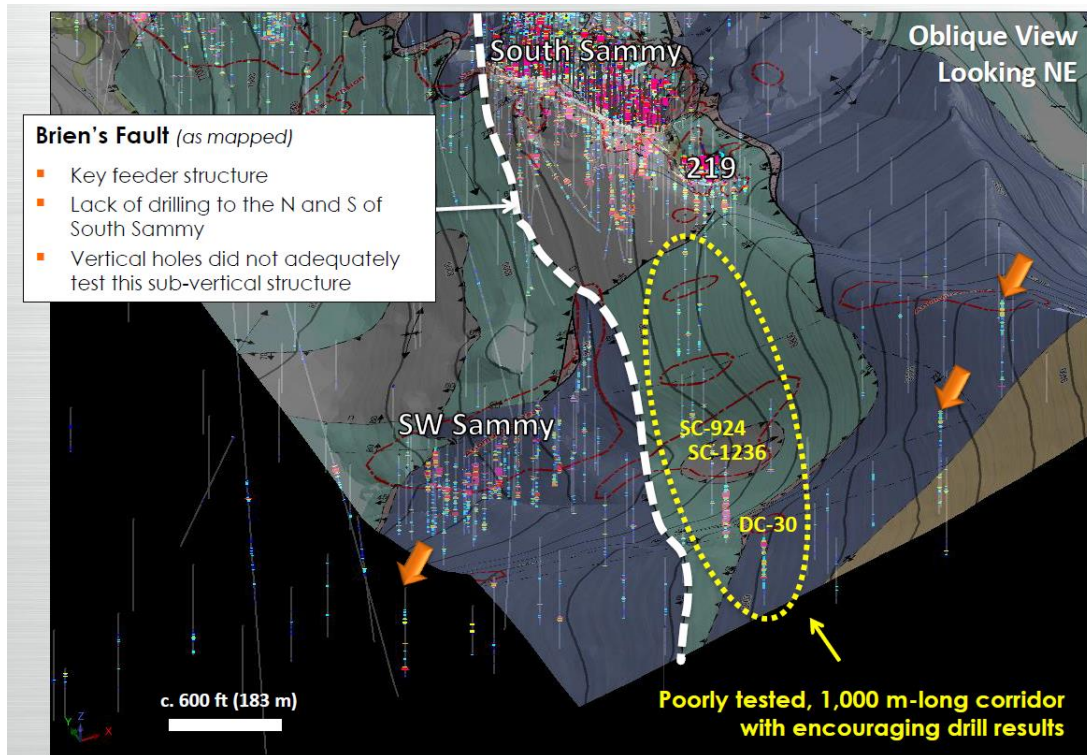


Figure 33 Exploration Targets south of the South Sammy Deposit along the Brien's Fault zone.

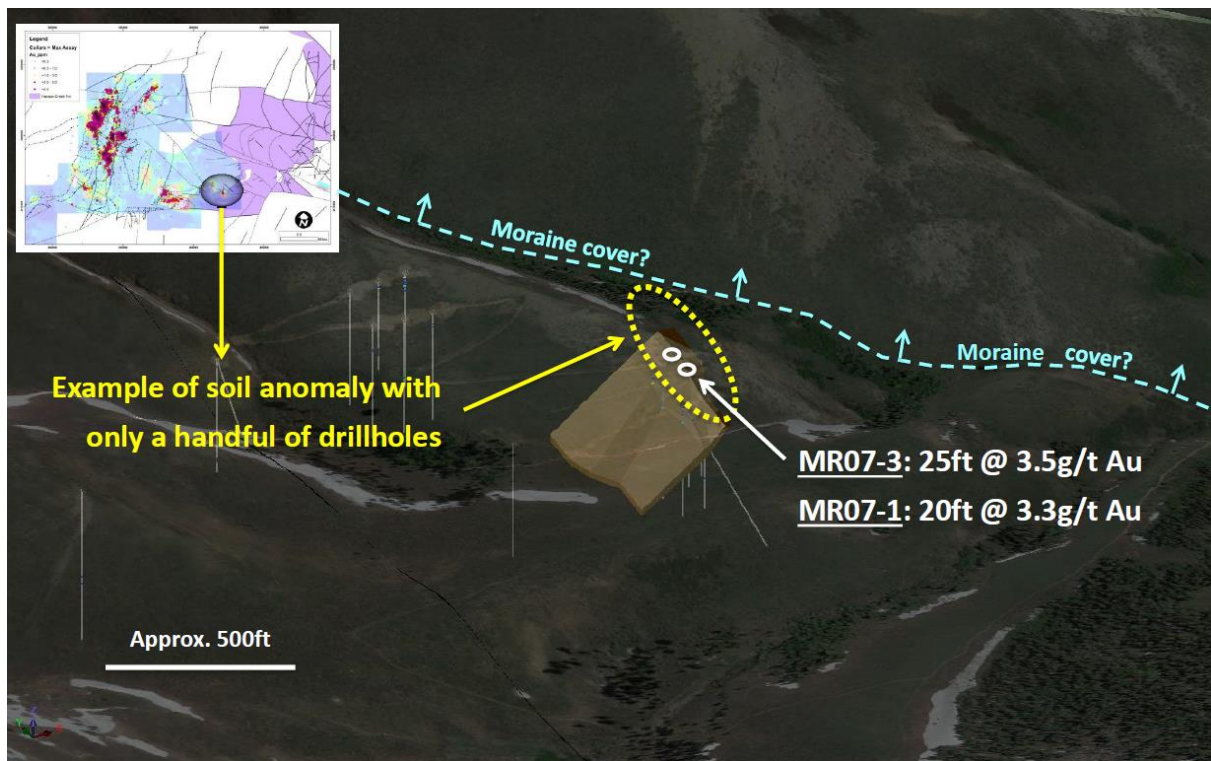


Figure 34 Exploration targets to the east of the main BSGP structural trend

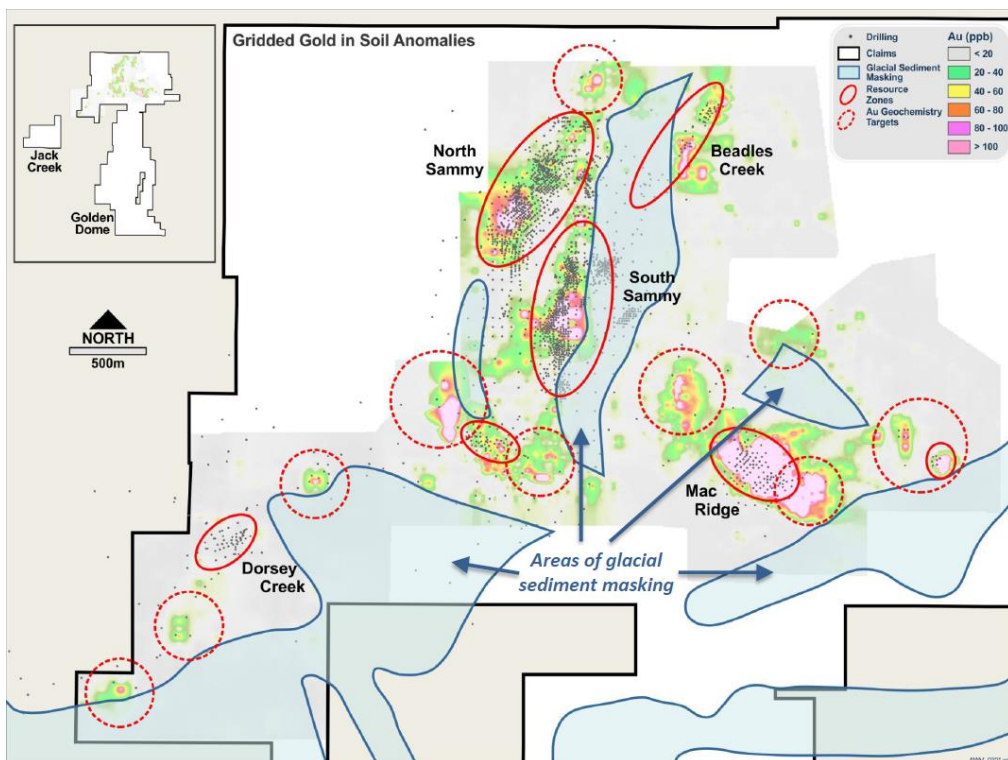


Figure 35 Soil Sample Anomalies and areas of Glacial cover Northern BSGP

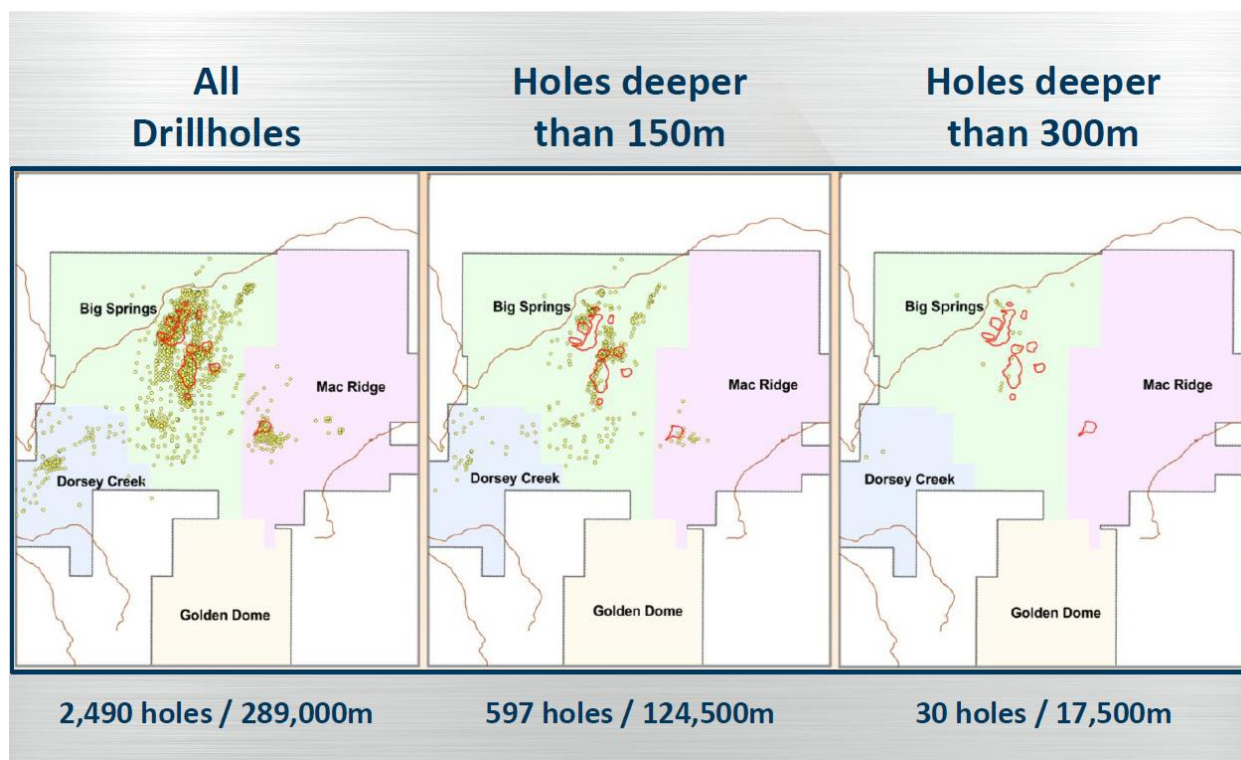


Figure 36 Drilling Depths Northern Big Springs Gold Project

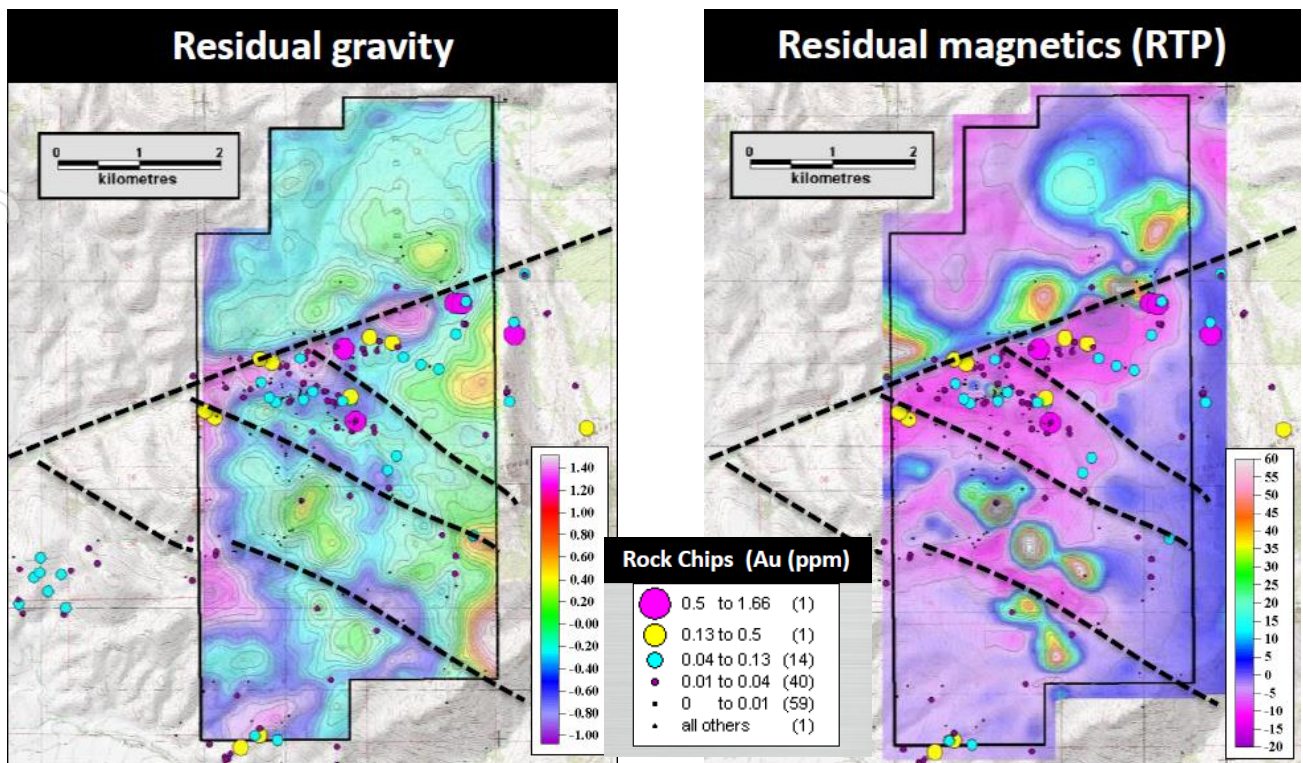


Figure 37 Coffin Creek (Big Springs South West) Rock Chips overlain on geophysical surveys

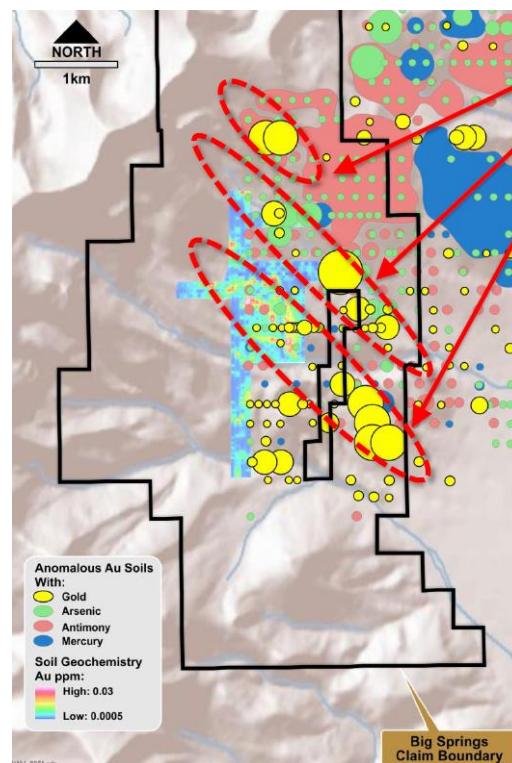


Figure 38 Southern Big Springs Gold Project Soil anomalies and target zones.

5. Valuation Methodology

The VALMIN code outlines various valuation approaches that are applicable for projects at various stages of the development pipeline. These include a valuation based on market based transactions, income based or cost based. Table 18 below, from the VALMIN code provides a guide as to the most applicable valuation techniques for different assets.

Table 18 VALMIN code 2015 valuation approaches suitable for mineral projects

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

DRM has been informed that BDO will value the Second Fortune Gold Deposit (as outlined in the feasibility study) by a Discounted Cashflow model. In undertaking the valuation BDO has requested DRM to review the technical assumptions that underpin the financial model and review the reasonableness of the assumptions used in the model. Therefore, DRM has not undertaken a valuation of the Second Fortune Deposit. DRM has however valued the exploration potential adjacent to the reserves estimated from the May 2017 Feasibility Study along with the exploration potential within the larger Linden project.

The valuation approach for the remaining assets is a Market based approach with the details of the methodology detailed in Section 5.3 below.

5.1. Valuation Subject to Change

The valuation of any mineral project is subject to several critical inputs most of these change over time and this valuation is using information available as of 8 June 2017. This valuation is subject to change due to variations in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the project, the current and future gold prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While DRM has undertaken a review of multiple aspects that could impact the valuation there are numerous factors that are beyond the control of DRM. This valuation assumes several forward-looking production and economic criteria which would be unreasonable for DRM to anticipate.

5.2. General assumptions

Mineral Assets of both Exterra and Anova are valued using appropriate methodologies as described Table 18 in the following sections. The valuation is based on a number of specific assumptions detailed above, including the following general assumptions;

- That all information provided to DRM and its associates is accurate and can be relied upon,
- The valuations only relate to the mineral assets of Anova Metals and Exterra Resources and not Anova Metals or Exterra Resources nor their shares or market value,
- That the mineral rights, tenement security and statutory obligations were fairly stated to DRM by both Exterra and Anova and that the mineral licences will remain active,
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe
- That the owners of the mineral assets can obtain the required funding to advance the project as assumed,
- That the current mineral resource and / or mineral reserve estimates and any modifying factors assumed in their estimation remain reasonable and valid,

- The gold price assumed (where it is used in the valuation) is as at 8 June 2017, being US\$ 1,273.10 and the US\$ - AUS\$ exchange rate of 0.75 has been used.
- All currency in this report are Australian Dollars, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with US\$.

5.3. Market Based Valuations

As all the projects being valued in this report are gold projects it is important to note the current status of the gold market prior to completing the valuation.

5.3.1. Gold Market

The gold price is fundamentally different to many of the other commodities as the gold price is frequently seen as a pseudo currency and is considered by many as a safe haven investment option, especially in the current monetary policies of many of the major countries reserve banks. Figure 39 below shows the gold price over the last five years. Due to the significant variations in the price over such a short period it is considered critical to ensure that any transactions that are used in a market or transactional based valuation are normalised to the current gold price. This allows a more accurate representation of the value of the mineral asset under the current market environment.

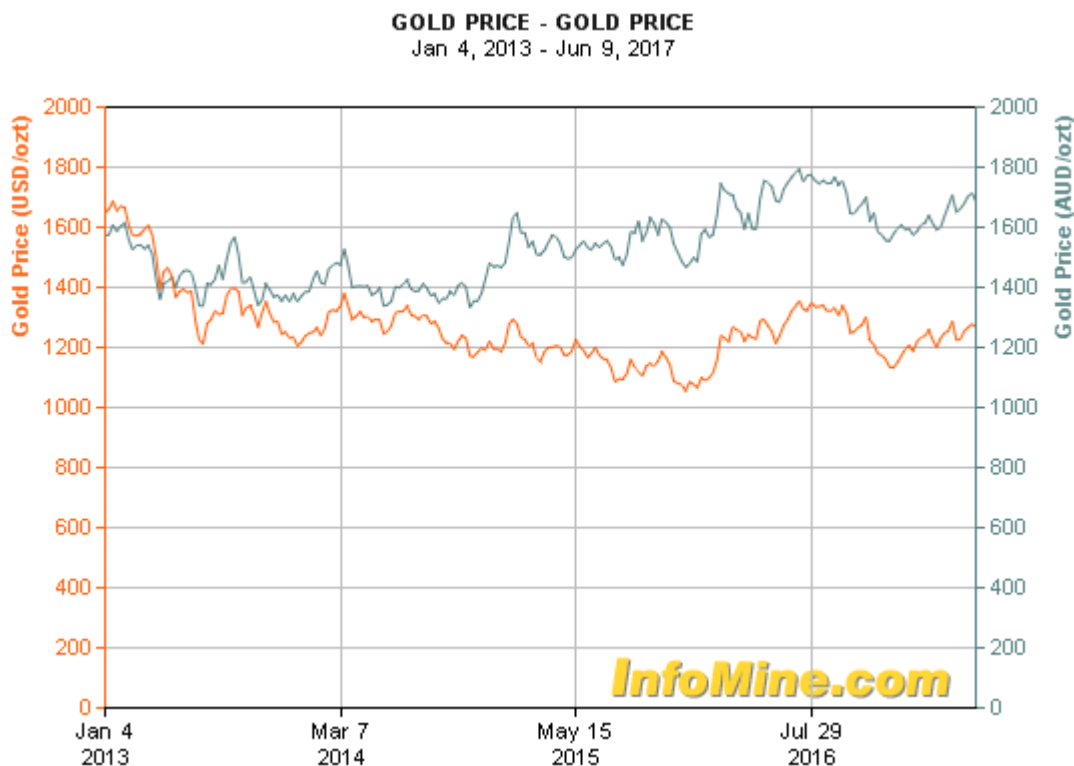


Figure 39 Five year US\$ and AUS\$ Gold Price graph (source www.infomine.com)

5.3.2. Valuation of Advanced Projects

There are several valuation methods that are suitable for advanced projects these include;

- Financial modelling including DCF valuations (limited to projects with published Reserves),
- Comparable Market Based transactions including Resource and Reserve Multiples
- Joint Venture Transactions
- Yardstick valuations

5.3.3. Comparable Market Based Transactions

A comparable Transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal (for projects with Mineral Resource Estimated reported) or on an area basis for non-resource projects. Advantages of this type of

valuation method include that it is easily understood and applied, especially where the resources or tenement area is comparable and the resources are reported according to an industry standard (like the JORC Code or NI43-101) but it is not as robust for projects where the resources are either historic in nature or reported according to a more relaxed standard. If the projects being valued are in the same or a comparable jurisdiction then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions. Difficulties arise when there are a limited number of transactions, where the projects have subtle but identifiable differences that impact the economic viability of one of the projects (for example the requirement for a very fine grind required to liberate gold from a sulphide rich ore).

The information for the comparable transactions has been derived from various sources including the ASX releases associated with these transactions, a database compiled by DRM for advanced stage exploration and development ready projects and a monthly publication by PCF Capital termed the Resource Thermometer.

This valuation method is the primary valuation method for exploration or advanced (pre-development) projects where Resources or Reserves have been estimated but no DCF or financial models have been completed. The preference is to limit the transactions and Resource / Reserve multiples to completed transactions from the past two to three years. Additionally, no transactions have been considered that occurred prior to 2010 due to the changes in the global economy since to 2010.

The validity of these Resource and Reserve multiples used by DRM has been checked by reviewing the June 2017 PCF Capital Resource Thermometer (valid up to the end of May 2017). This report details, amongst other information, the Resource and Reserve multiples for projects at an exploration, development, mining and care and maintenance stage for gold, copper, iron ore and nickel. PCF Capital does not provide any warranty of the accuracy of these resource and reserve multiples. The Resource Thermometer documents the reserve multiplier for development projects as averaging US\$102/oz over the past five years and US\$100/oz over the past three years. There have been no transactions completed over the past year. The Resource multiples have averaged US\$57/oz over the past five years, US\$46/oz over the past three years and US\$60/oz over the past year. There have been less than 5 transactions completed in the past year so the resource multiplier for the past year is potentially biased.

The comparable transactions have been compiled for advanced projects where Resources and Reserves have been estimated. Appendix A details the Resource and Reserve Multiples for North American transactions that are considered comparable to the Big Springs Project.

6. Exploration Asset Valuation

To generate an overall value of the entire project it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced projects (with reserves or resources) the most significant value drivers for the overall project are the Resources or Reserves for earlier stage projects a significant contributor to the projects value is the exploration potential. There are several ways to determine the potential of pre-resource projects, these being;

- A Geoscientific (Kilburn) Valuation
- Comparable transactions based on the projects' area
- Joint Venture Terms
- A prospectivity enhancement multiplier (PEM)

DRM considers the Geoscientific (Kilburn) Valuation method to be the most robust and therefore that is the primary valuation method used for early stage projects. The Geoscientific (Kilburn) Valuation method is checked using the other valuation methods with a preference toward Joint Venture terms and comparable transactions. It is the view of DRM that the least transparent and most variable valuation method is a PEM valuation.

6.1. Geoscientific (Kilburn) Valuation

One valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any mineral resources or reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential. While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly and by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are the proximity to both adjacent to and along strike of a major deposit (Off Property Factors), the occurrence of a mineral system on the tenement (On Property Factors), the success of previous exploration within the tenement (Anomaly Factors) and the geological prospectivity of the geological terrain covered by the mineral claims or tenements (Geological Factors)

While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated with spreading both favourable and unfavourable ranking criteria to be spread over a large tenement. Therefore, DRM either values each tenement or breaks down a larger tenement into areas of higher and lower prospectivity.

Table 19 below documents the ranking criteria while the inputs and assumptions that were used to derive the base acquisition cost (BAC) for each tenement are detailed in the valuation section of each of the projects.

Table 19 Ranking criteria are used to determine the geoscientific technical valuation

Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally favourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within tenement	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified, initial indications positive	
2.0	Resource targets identified	Exploration targets identified	Significant intersections - not correlated on section	Favourable geological setting
2.5				Mineralised zones exposed in prospective host rocks
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production	Several significant ore grade intersections that can be correlated	
3.5				
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

The technical valuation derived from the Kilburn ranking factors are frequently adjusted to reflect the geopolitical risks associated with the location of the project and also the current market conditions toward a specific commodity or geological terrain. These adjustments can either increase or decrease the technical value to derive the fair market valuation.

Using the ranking criteria from Table 19 along with the base acquisition costs tabulated in the Appendices an overall technical valuation was determined.

The technical valuation was discounted to derive a market valuation. A market factor was derived to account for the geopolitical risks of operating in both Australia and the United States of America. While there are low geopolitical risks (governmental risks) there are higher risks of environmental compliance and approvals. Therefore a 5% discount was applied to the Technical Valuation. In addition to the jurisdictional risks there are also market based factors that can dramatically change the market valuation. Therefore an additional discount has been applied for to account for the current state of the commodity price and general market sentiment. While the market for gold projects is currently quite robust that appears to be limited to advanced stage or development ready projects, exploration projects remain difficult to fund and advance toward a development decision. Additionally, the market factors can change depending on the local currency commodity prices. For example, in Australia the gold price, in Australian dollar terms is quite strong however it remains difficult to attract exploration funds to advance a small gold project. therefore, it is considered reasonable to apply a 5% discount for the commodity price environment. For gold projects in the USA the gold price is, in US dollar terms, is currently well below the moving 5-year average therefore it could be considered in a depressed market.

On that basis both the Australian and USA gold projects are discounted by 5% for the geopolitical / environmental regulatory risks and the commodity price discount of 5% is also applied to the technical valuation.

6.2. Cost Based Valuation

As outlined in Table 18 above and in the VALMIN code a cost based or appraised value method is an appropriate valuation technique for an early stage exploration project. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the project. The prospectivity enhancement multiplier (PEM) involves a factor which is directly related to the success of the exploration expenditure to advance the project. There are several alternate PEM factors that can be used depending on the specific project and commodity being evaluated. Onley, (1994) included several guidelines for the use and selection of appropriate PEM criteria. The PEM ranking criteria used in this ITA are outlined in Table 20 below. DRM considers the PEM valuation method as a secondary valuation method and no higher PEM ranges are used as once a resource has been estimated it is, in the opinion of the author, preferable to use resource multiples for comparable transactions once a resource has been estimated. Table 20 below documents the previous expenditure within each of the tenements and the PEM used to determine the upper and lower valuation. The preferred valuation is the midpoint between the upper and lower valuations.

Table 20 Prospectivity Enhancement Multiplier (PEM) ranking criteria

Range	Criteria
0.2 – 0.5	Exploration downgrade the potential
0.5 – 1	Exploration has maintained the potential
1.0 - 1.3	Exploration has slightly increased the potential
1.3 – 1.5	Exploration has considerably increased the potential
1.5 – 2.0	Limited Preliminary Drilling intersected interesting mineralised intersections
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category

7. Valuation of the Anova and Exterra Mineral Assets

7.1. Big Springs Gold Project

7.1.1. Comparable Transactions

As detailed in Appendix A, DRM has reviewed a series of transactions that are considered broadly comparable to the BSGP.

The Big Springs project has advanced most of the mining related studies to a standard where Ore Reserves could be determined it is considered reasonable to value at least the high grade portion of the resource estimates that are within a mine design (both open pit and underground mine designs) at a higher resource multiple than resources where these advanced studies have not been completed. From the analysis of the completed transactions from the United States of America since the start of 2014 DRM considers that, for the Big Springs Gold Project, a reasonable resource multiple for the 277,000 high-grade resources within the current mine designs (where there has been considerable mining and development work completed) is between **US\$65/oz** and **US\$75/oz** with a preferred of **US\$70/oz**. While this Resource multiple, while higher than the average Resource multiple in Appendix A (US\$46/oz.) it is significantly lower than the Reserve Multiple (considered by DRM to be comparable) of US\$93/oz. For the remaining high-grade resource of 138,000oz, a resource multiple of between **US\$40/oz** and **US\$50/oz** with a preferred value of **\$45/oz** has been used. This Resource multiple is in line with the Resource multiples in Appendix A, which given the high-grade nature of these resources (4.2g/t gold) this is considered reasonable. The remaining resources (615,000oz), which are predominantly low grade, are valued at between **US\$10/oz.** and **US\$15/oz.** with a preferred of **US\$12/oz.** Appendix A details the Resource and Reserve multiples and the comparable transaction valuation of the Big Springs Gold Project.

The resource multiples detailed above and supported by the information in Appendix A have been used along with the Resources for the BSGP from section 4.1.5 above to derive the value of the resources shown in Table 21 below.

Table 21 Comparable transaction valuation summary for the Big Springs Gold Project.

	Resources (oz. Au)	Upper Resource Multiple (US\$/oz.)	Preferred Resource Multiple (US\$/oz.)	Lower Resource Multiple (US\$/oz.)	High Valuation	Preferred Valuation	Low Valuation
Low Grade Resources	615,000	15	12	10	9.2	7.4	6.2
High Grade Resources	138,000	50	45	40	6.9	6.2	5.5
“Mineable” Resources	277,000	75	70	65	20.8	19.4	18.0
Total Valuation (US\$)					36.9	33.0	29.7
Total Valuation (AUS\$)					49.2	44.0	39.6

The global Resource is approximately 1.03Moz which contains a high-grade core of 415,000oz at a 2.5g/t cut-off of which 277,000oz lies within optimised and designed open pit shells and where underground mine planning has been completed. An exchange rate of 0.75 has been used in converting the US\$ valuation to AUS\$.

Therefore, DRM considers the Resources within the Big Springs Gold Project to be valued, based on comparable transactions at between **\$39 million** and **\$49 million** with a preferred valuation of **\$44 million**. In addition to this value the exploration potential needs to be included. The exploration potential has been derived via a Geoscientific (Kilburn) valuation method.

7.1.2. Yardstick

A yardstick valuation was undertaken as a check of the comparable transactions. This yardstick valuation is based on a rule of thumb as supported by a large database of transactions where resources and reserves at various degrees of confidence are multiplied by a percentage of the spot price. The spot gold price as of 8 June 2017 of US\$1,273.10/oz. and an exchange rate of 0.75 was used to determine the yardstick valuation. DRM notes that the gold price has fallen significantly since the valuation date (the date the transaction was announced) to approximately US\$1225/oz. while the exchange rate has strengthened to approximately 0.76.

Table 22, below, details the yardstick multiples were used to determine the value of the Resources within the BSGP while Table 23 tabulates the valuation for the project based on the currently Resource estimates.

Table 22 Yardstick Multiples used for the BSGP

Resource or Reserve Classification	Lower Yardstick Multiple	Upper Yardstick Multiple
	(% of Spot price)	(% of Spot price)
Ore Reserves	5%	10%
Measured Resources (less Proved Reserves)	2%	5%
Indicated Resources (less Probable Reserves)	1%	2%
Inferred Resources	0.5%	1%

Table 23 Yardstick Valuation of the Resources within the BSGP

Resource or Reserve Classification	Oz	Low	Preferred	High
Reserves	0	0.0	0.0	0.0
Measured	116,100	3.0	5.2	7.4
Indicated	343,300	4.4	6.6	8.7
Inferred	570,400	3.6	5.4	7.3
Valuation US\$		11.0	17.2	23.4
Valuation AU\$		14.6	22.9	31.2

The Yardstick valuation of uses the gold price as at 8 June 2017 of US\$1,273.10 and an exchange rate of 0.75.

While the yardstick valuation is considerably lower than the comparable transaction valuation it is mainly due to the re-classification by DRM of a significant portion of the resources as being “mineable” Resources and using a higher resource multiple. If the same modification were done to the yardstick valuation then the Yardstick value would be comparable to the Resource multiple valuation.

7.1.3. Geoscientific Valuation

Given the different base acquisition costs (BAC) for different tenure types, especially where there is no minimum expenditure commitment DRM considers it reasonable to use a consistent BAC for broadly similar projects. On that basis the BAC for the Linden project, which was derived from the tenement application fee, the annual tenement rents and the minimum expenditure for the different tenement types resulted in a BAC of between \$3500/km2 to a high of \$155,000/km2. The wide differences are due to the small area for some of the mining leases tenements and which have high expenditure commitments. Overall for a mining lease of approximately 5km2 the BAC is approximately \$11,500 /km2. An exploration licence also has a similar BAC. Therefore, for the Big Springs Gold Project, it is considered reasonable to use a BAC of approximately \$7500/km2 mainly due to the lack of exploration expenditure commitments for those tenements.

Due to the considerable number of individual claims (702) the project was broken down into distinct blocks that had a similar geological potential and exploration stage. This reduced the spreading of high ranking areas over a

larger area, resulting in an unrealistically high valuation and also removed the spreading of low ranking factors over a large area resulting in a low valuation. The location and identifier of these distinct blocks is shown in Figure 40 below where the areas were broken down into zones of similar geological and structural characteristics and where they are at a similar exploration stage.

The Geoscientific rankings were derived for nine separate parts of the overall Big Springs Gold Project, these are tabulated in Appendix B below.

Table 24 below details the technical value of the Big Springs Gold Project while the Fair Marker Valuation is detailed in Table 25.

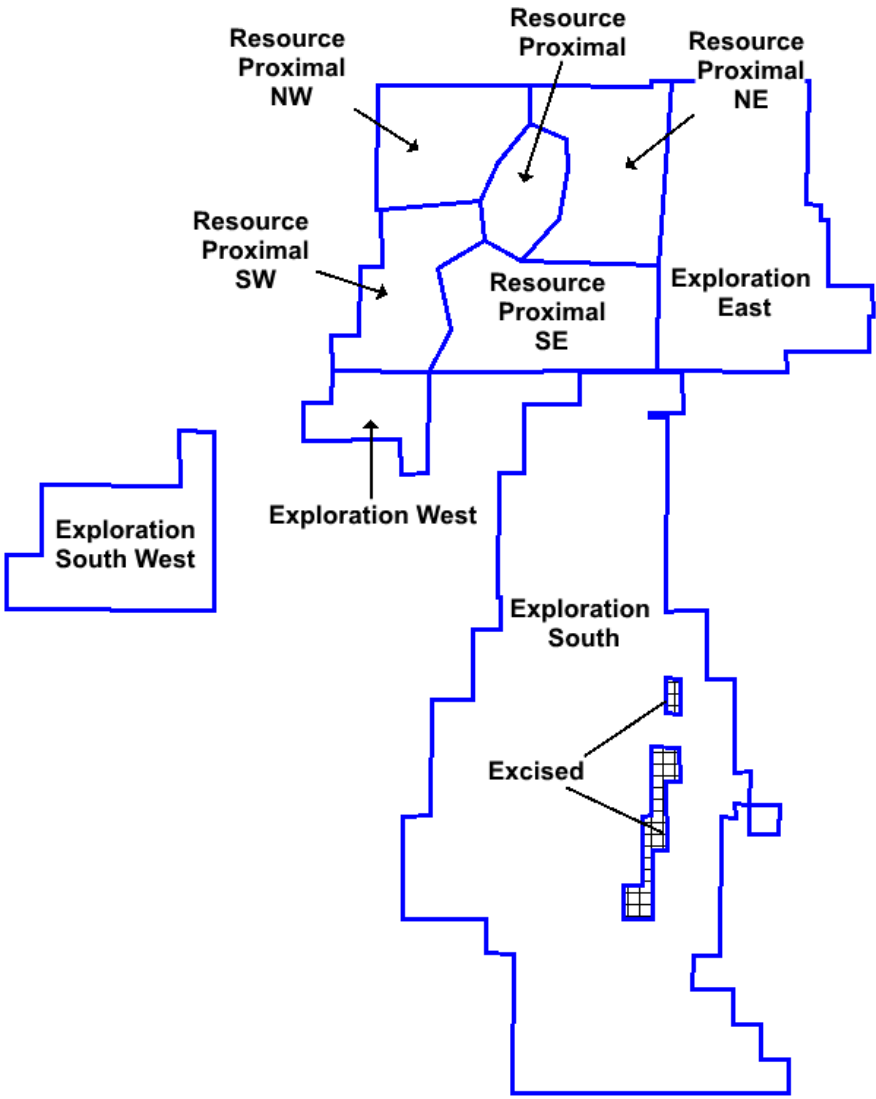


Figure 40 Outline of BSGP Tenements and breakdown of Geoscientific Ranking areas

Table 24 Technical Valuation for the Big Springs Gold Project

Region	Technical Valuation		
	Lower (US\$)	Upper (US\$)	Preferred (US\$)
Resource Proximal	\$1,476,000	\$2,891,700	\$2,183,850
Resource Proximal NW	\$1,220,600	\$2,441,300	\$1,830,950
Resource Proximal SE	\$2,787,800	\$5,203,800	\$3,995,800
Resource Proximal NE	\$1,855,500	\$3,562,700	\$2,709,100
Resource Proximal SW	\$1,801,400	\$3,362,600	\$2,582,000
Exploration South	\$2,459,400	\$8,328,000	\$5,393,700
Exploration East	\$713,200	\$1,932,000	\$1,322,600
Exploration West	\$134,700	\$456,000	\$295,350
Exploration SW	\$398,700	\$1,350,000	\$874,350
Total	\$12,847,300	\$29,528,100	\$21,187,700

Table 25 Fair Market Valuation for the Big Springs Gold Project

Region	Fair Market Valuation (AUS\$M)		
	Lower	Upper	Preferred
Resource Proximal	\$1.33	\$2.61	\$1.97
Resource Proximal NW	\$1.10	\$2.20	\$1.65
Resource Proximal SE	\$2.52	\$4.70	\$3.61
Resource Proximal NE	\$1.67	\$3.22	\$2.44
Resource Proximal SW	\$1.63	\$3.03	\$2.33
Exploration South	\$2.22	\$7.52	\$4.87
Exploration East	\$0.64	\$1.74	\$1.19
Exploration West	\$0.12	\$0.41	\$0.27
Exploration SW	\$0.36	\$1.22	\$0.79
Total	\$11.6	\$26.7	\$19.1

Based on this Geoscientific (Kilburn) valuation, DRM considers a reasonable valuation for the exploration potential within the Big Springs Gold Project to be between \$11.6 and \$26.7 million with a preferred valuation of \$19.1million.

7.2. Exterra Resources Mineral Assets

7.2.1. Linden Gold Project Geoscientific Valuation

For the Linden project, each tenement was ranked separately and the BAC was determined from the Western Australian Department of Mines and Petroleum. The exploration potential and historic exploration success has been summarised in Section 3.1 above. There are remnant resources within the main lode that are not included in the mine plan and the Hangingwall, Footwall and Western Lodes are not valued using a Resource multiple due to the small resource size. As these resources are not included in the mine plan DRM considers that a resource multiple of around \$US10/oz. would be appropriate, this would result in approximately US\$0.5M for the remaining resources. This potential has been accounted for in the Kilburn ranking criteria and as such these remaining resources are included in the exploration potential for the project.

The Geoscientific rankings for each of the tenements that constitute the Linden Project are tabulated in Appendix C below.

Table 26 below details the technical value of the Linden Gold Project while the Fair Marker Valuation is detailed in **Table 27**.

Table 26 Technical Valuation for the Linden Gold Project

Tenements	Technical Valuation		
	Lower (AUS\$)	Upper (AUS\$)	Preferred (AUS\$)
E39/1232	\$893,200	\$2,791,100	\$1,842,150
E39/1539	\$228,900	\$1,589,600	\$909,250
E39/1754	\$65,800	\$246,700	\$156,250
E39/1977	\$23,900	\$47,900	\$35,900
M39/255	\$340,300	\$1,323,500	\$831,900
M39/386	\$37,000	\$191,800	\$114,400
M39/387	\$144,500	\$749,500	\$447,000
M39/500	\$503,600	\$1,740,900	\$1,122,250
M39/629	\$78,600	\$407,400	\$243,000
M39/649	\$2,665,100	\$6,995,800	\$4,830,450
M39/650	\$2,415,800	\$5,504,700	\$3,960,250
M39/780	\$71,400	\$370,400	\$220,900
M39/781	\$71,800	\$372,200	\$222,000
M39/794	\$334,200	\$1,732,700	\$1,033,450
P39/5599	\$59,500	\$308,500	\$184,000
Total Linden	\$6,721,800	\$19,697,400	\$13,209,600

Note M39/255 contains the Second Fortune Gold Deposit however the ranking criteria have been reduced so the exploration potential and reserves are not valued twice.

Table 27 Fair Market Valuation for the Linden Gold Project

Tenements	Fair Market Valuation (AUS\$M)		
	Lower	Upper	Preferred
E39/1232	\$0.81	\$2.52	\$1.66
E39/1539	\$0.21	\$1.43	\$0.82
E39/1754	\$0.06	\$0.22	\$0.14
E39/1977	\$0.02	\$0.04	\$0.03
M39/255	\$0.31	\$1.19	\$0.75
M39/386	\$0.03	\$0.17	\$0.10
M39/387	\$0.13	\$0.68	\$0.40
M39/500	\$0.45	\$1.57	\$1.01
M39/629	\$0.07	\$0.37	\$0.22
M39/649	\$2.41	\$6.31	\$4.36
M39/650	\$2.18	\$4.97	\$3.57
M39/780	\$0.06	\$0.33	\$0.20
M39/781	\$0.06	\$0.34	\$0.20
M39/794	\$0.30	\$1.56	\$0.93
P39/5599	\$0.05	\$0.28	\$0.17
Total Linden	\$6.1	\$17.8	\$11.9

Note M39/255 contains the Second Fortune Gold Deposit however the ranking criteria have been reduced so the exploration potential and reserves are not valued twice.

7.2.2. Grass Flat, Zelica and Malcolm Projects - Geoscientific Valuation

Using the same methodology as detailed above the three remaining Exterra projects have been valued using a geoscientific valuation method. These three projects are generally small, they have minimal exploration potential when compared to the Linden Project. Exterra has focussed the majority of its exploration attention on Linden therefore these are considered to be non-critical and have a low potential.

Table 28 Technical Valuation of the Zelica, Malcolm and Grass Flat projects

Tenements	Project	Technical Valuation		
		Lower (AUS\$)	Upper (AUS\$)	Preferred (AUS\$)
E39/1897	Zelica	\$16,700	\$84,600	\$50,650
M39/1101	Zelica	\$26,900	\$136,300	\$81,600
M37/1164	Malcolm	\$12,800	\$64,600	\$38,700
P77/4351	Grass Flat	\$8,800	\$44,600	\$26,700
P77/4352	Grass Flat	\$8,800	\$44,600	\$26,700
P77/4353	Grass Flat	\$8,800	\$44,600	\$26,700
P77/4354	Grass Flat	\$8,000	\$40,700	\$24,350
P77/4355	Grass Flat	\$7,000	\$35,400	\$21,200
E77/2355	Grass Flat	\$80,400	\$407,000	\$243,700
E77/2364	Grass Flat	\$22,400	\$113,200	\$67,800
Total		\$200,600	\$1,015,600	\$608,100

Table 29 Fair Market Valuation of the Zelica, Malcolm and Grass Flat projects

Tenements	Project	Fair Market Valuation (AUS\$M)		
		Lower	Upper	Preferred
E39/1897	Zelica	\$0.02	\$0.08	\$0.05
M39/1101	Zelica	\$0.02	\$0.12	\$0.07
M37/1164	Malcolm	\$0.01	\$0.06	\$0.03
P77/4351	Grass Flat	\$0.01	\$0.04	\$0.02
P77/4352	Grass Flat	\$0.01	\$0.04	\$0.02
P77/4353	Grass Flat	\$0.01	\$0.04	\$0.02
P77/4354	Grass Flat	\$0.01	\$0.04	\$0.02
P77/4355	Grass Flat	\$0.01	\$0.03	\$0.02
E77/2355	Grass Flat	\$0.07	\$0.37	\$0.22
E77/2364	Grass Flat	\$0.02	\$0.10	\$0.06
Total		\$0.2	\$0.9	\$0.5

DRM considers that the non-Linden tenements (excluding Bar Twenty) are worth between \$0.2 and \$0.9M with a preferred valuation of \$0.5M.

7.2.3. Bar Twenty Gold

Due to the Bar Twenty Joint Venture Project being acquired after the announcement of the Scheme of Arrangement and post the valuation date in this report, DRM has elected to report the value of the Bar Twenty Joint Venture project separately.

The Kilburn Valuation is considered the most appropriate valuation technique for this project even though a small-scale operation is reported as being approved. There is currently no JORC 2012 Resource nor a Reserve for the mineralisation at Bar Twenty however it is considered, based on the geological information provided that a modest resource is likely in the near future.

Table 30 Technical Valuation of the Bar Twenty Joint Venture project

Tenements	Project	Technical Valuation		
		Lower (AUS\$)	Upper (AUS\$)	Preferred (AUS\$)
M39/1106	Bar Twenty	\$236,100	\$612,000	\$424,050
P39/5736	Bar Twenty	\$15,500	\$82,800	\$49,150
P39/5737	Bar Twenty	\$9,900	\$44,700	\$27,300
P39/5541	Bar Twenty	\$10,700	\$48,100	\$29,400
Total Other		\$272,200.0	\$787,600.0	\$529,900.0

Table 31 Fair Market Valuation of the Bar Twenty Joint Venture Project

Tenements	Project	Fair Market Valuation (AUS\$M)		
		Lower	Upper	Preferred
M39/1106	Bar Twenty	\$0.21	\$0.55	\$0.38
P39/5736	Bar Twenty	\$0.01	\$0.07	\$0.04
P39/5737	Bar Twenty	\$0.01	\$0.04	\$0.02
P39/5541	Bar Twenty	\$0.01	\$0.04	\$0.03
Total Other		\$0.2	\$0.7	\$0.5

Overall DRM considers the Bar Twenty Project is worth between \$0.2 million and \$0.7 million with a preferred valuation of \$0.5 million.

8. Preferred Valuations

Based on the valuation techniques detailed above Table 32 provides a summary of the various valuation techniques with the preferred valuation techniques for both the Development and Exploration assets in bold

Table 32 Summary of the Valuations completed for Anova Metals and Exterra Resources.

Mineral Asset	Valuation Technique	Lower Valuation (AUS\$ million)	Preferred Valuation (AUS\$ million)	Upper Valuation (AUS\$ million)
Big Springs Gold Project	Comparable Transactions	39.6	44	49.2
	Yardstick	20.5	30.8	41
	Geoscientific / Kilburn	11.6	19.1	26.7
Anova Metals	Total	51.2	63.1	75.8
Linden Gold Project	Geoscientific / Kilburn	6.1	11.9	17.8
Non-Linden Projects	Geoscientific / Kilburn	0.2	0.5	0.9
Bar Twenty JV	Geoscientific / Kilburn	0.2	0.5	0.7

Note The valuations considered by DRM as the preferred valuations are **bold**

The preferred valuation method for the exploration assets is a Geoscientific or Kilburn valuation while the advanced development projects that have had resource estimates completed are best valued using comparable transactions (resource multiples). As these valuations are mutually exclusive therefore it is reasonable to combine these valuations to determine an overall preferred valuation for the Big Springs Gold Project.

9. Conclusion

DRM considers the Big Springs Gold Project to be an advanced development ready gold project. It has a total resource base of 1.03Moz of gold with a high-grade zone of 415,000oz of gold (using a 2.5g/t cut-off). There is extensive infrastructure associated with the project. The only aspect that is constraining the project is the extremely high toll milling rate that the nearest gold mill has indicated is the processing cost. Overall the Big Springs Gold Project is considered to have a Fair Market Value of between **\$51M** and **\$76M** with a preferred value of **\$63M**.

BDO has requested DRM to review the technical inputs for the financial (DCF) model. All of the inputs are reasonable and reflect the current mining, transport, labour, processing and ore sorting costs. A benchmarking exercise has suggested that all the OPEX and CAPEX costs are within the expected costs. One of the inputs in the financial model is based on the ore sorting, with one sighter test resulting in a 96% recovery with a 43% mass pull while a larger pilot test returned 92% of the gold in 30% of the material. DRM has reviewed the assumptions and considers the lower in gold recovery in the larger trial is offset by the lower tonnage of material trucked and treated at the Lakewood mill, some 220km away from the project. The optimisation of the recovery and mass pull from the ore sorter is considered an operational optimisation that has an insignificant impact on the overall financial evaluation of the project.

The exploration potential within the Linden project is high. There has been minimal exploration since the late 1980's with significant exploration being limited to the Second Fortune gold deposit. There are multiple other high priority targets within the Linden project. Overall the Linden project, including the remnant resources (outside the Second Fortune Reserve) has a preferred value of between **\$6.1M** and **\$17.8M** with a preferred valuation of **\$11.9M**.

The non-Linden projects add negligible value to Exterra with them combining to a total preferred valuation of **\$0.5M** (within a range of **\$0.2M** to **\$0.9M**).

Since the announcement of the scheme of arrangement and the post the valuation date of this ITA Exterra has entered into a Joint Venture whereby they can acquire up to 75% of the Bar Twenty gold project which consists of one mining lease and three prospecting licences. This project was valued using a geoscientific valuation method with several highly encouraging shallow gold intersections. Overall as there are currently no resources or reserves on the recently acquired Joint Venture tenements. The Bar Twenty project is valued at between **\$0.2M** and **\$0.7M** with a preferred value of **\$0.5M**. Given the lack of exploration, the high grade shallow intersections DRM considers the project has considerable exploration potential that could supplement the development of the Second Fortune Gold Project.

10. References

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11. Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral www.webmineral.com, Wikipedia www.wikipedia.org.

The following terms are taken from the 2015 VALMIN Code

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Australasian means Australia, New Zealand, Papua New Guinea and their off-shore territories.

Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

Corporations Act means the Australian Corporations Act 2001 (Cth).

Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.

Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.

Independent Expert Report means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as either:

- (a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;
- (b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;
- (c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;
- (d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study;
- (e) **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power and other technical requirements spanning commissioning, operation and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis or composition.

Mineral Project means any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resources is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Mining means all activities related to extraction of Minerals by any method (e.g. quarries, open cast, open cut, solution mining, dredging etc).

Mining Industry means the business of exploring for, extracting, processing and marketing Minerals.

Modifying Factors is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Ore Reserves is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resource and **Petroleum Reserve** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers. Refer to <http://www.spe.org> for further information.

Practitioner is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

(a) admits members primarily on the basis of their academic qualifications and professional experience;

(b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and

(c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade or build good will.

Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to,

Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.

Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Reasonableness implies that an assessment which is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

Royalty or Royalty Interest means the amount of benefit accruing to the royalty owner from the royalty share of production.

Securities has the meaning as defined in the Corporations Act.

Securities Expert are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.

Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

Specialist are persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

Status in relation to Tenure means an assessment of the security of title to the Tenure.

Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.

12. Appendices

Appendix A – Comparable Transactions

The Table below includes all gold projects within the United States where a transaction was completed that included Reserves since 1/1/2014. The dollars in this table are all US\$.

Project / Projects	Date	Buyer	Seller	Equity	Consideration (US\$)	Total of All Reserves	Total of All Resources	US\$ / Reserve oz	US\$ / Resource oz
Hollister	25/07/2016	Klondex Mines	Waterton GRM	100.0	91.18	180,832	769,961	504	118
Churchill, Coffee, IME, Needle Lake, Osceola, Voigtberg	12/05/2016	Goldcorp	Kaminak Gold	100.0	395.35	2,157,000	5,180,000	183	76
Moss	12/05/2016	Northern Vertex Mining	Patriot Gold	30.0	1.15	73,576	146,314	16	8
Gold Rock, Golden Eagle, Pan, Pinyon	28/04/2016	GRP Minerals	Midway Gold	100.0	5.25	302,400	3,629,900	17	1
Bayberry, Elm, Haile, Hickory, Ironwood, Locust	30/07/2015	OceanaGold	Romarco Minerals	100.0	656.94	2,018,000	4,840,000	326	136
Black Rock Canyon	15/07/2015	Undisclosed	Pacific Gold Corp.	100.0	0.40	138,000	138,000	3	3
Mount Hamilton	10/06/2015	Waterton	Investor Group	100.0	30.00	611,325	960,151	49	31
Stibnite	25/02/2015	Undisclosed	Vista Gold Corporation	5.7	2.92	287,246	408,107	10	7
Golden Reward, Wharf	12/01/2015	Coeur Mining	Goldcorp	100.0	105.00	758,748	898,652	138	117
Clover, Reward	17/11/2014	Waterton GRM	Atna Resources	100.0	10.00	249,516	494,300	40	20
Soledad Mountain	9/06/2014	Investor Group	Golden Queen Mining	50.0	110.00	813,432	1,670,093	135	66
Copperstone, Gold Bar, Manotaur	14/04/2014	Kerr Mines	American Bonanza Gold	100.0	5.11	256,431	606,395	20	8
Average								120	49

While the average of these transactions is **US\$120/reserve ounce and US\$49/resource ounce** if the highest and lowest resource or reserve multiplier were removed then the average (excluding the outliers) would change to **US\$93/reserve ounce and US\$46/resource ounce**.
 DRM has used a range between US\$65 and US\$75/oz. (preferred of US\$70/oz. for the Resources that are within the current mine designs, between US\$40 and US\$50/oz. (preferred of US\$45/oz. for the remaining high-grade resources and between US\$10 and US\$15/oz. (preferred of US\$12/oz. for the remaining low-grade resources.

Appendix B – Big Springs Gold Project Geoscientific (Kilburn) Ranking

Region	BAC (AUS\$)	Equity	Off Property		On Property		Anomaly Factor		Geology Factor	
			Low	High	Low	High	Low	High	Low	High
Resource Proximal	11,475	100%	3.5	4	3.5	4.5	3.5	4	3	3.5
Resource Proximal NW	22,733	100%	3.5	4	2	2.5	2.5	3	2	2.5
Resource Proximal SE	34,470	100%	3.5	4	2.5	3	3	3.5	3	3.5
Resource Proximal NE	29,198	100%	3.5	4	2.5	3	2.5	3	3	3.5
Resource Proximal SW	21,705	100%	3.5	4	2.5	3	3	3.5	3	3.5
Exploration South	231,845	100%	3.5	4	1.5	2	1.5	2	1.5	2.5
Exploration East	67,500	100%	3.5	4	1.5	2	1.5	2	1.5	2
Exploration West	12,375	100%	3.5	4	1.5	2	1.5	2	1.5	2.5
Exploration SW	36,000	100%	3.5	4	1.5	2	1.5	2	1.5	2.5

Notes

The BAC is based on AUS\$7500 per km2 discounted from the BAC for mining leases in Western Australia
The location of each of the regions is shown in Figure 40 with the size and rankings determined on how much exploration has occurred in a region, the geological domains and structural position and potential for each of the areas.

Tenement	Project	Grant	Expiry	Area		BAC (AUS\$)	Equity	Off Property		On Property		Anomaly Factor		Geology Factor	
				Blocks	Hectares			Low	High	Low	High	Low	High	Low	High
E39/1232	Linden	8/12/2009	7/12/2019	6		74,429	100%	2	3	2	2.5	1.5	2	2	2.5
E39/1539	Linden	18/11/2010	17/11/2020	5		33,912	100%	2	3	1.5	2.5	1.5	2.5	1.5	2.5
E39/1754	Linden	12/03/2014	11/03/2019	3		21,928	100%	2	2.5	1	1.5	1	1.5	1.5	2
E39/1977	Linden	5/01/2017	4/01/2022	1		10,642	100%	1.5	2	1	1	1.5	1.5	1	1.5
L39/12	Linden	26/05/1988	25/05/2018		30	N/A	100%								
L39/13	Linden	26/05/1988	25/05/2018		1	N/A	100%								
L39/14	Linden	26/05/1988	25/05/2018		0.24	N/A	100%								
L39/230	Linden	3/12/2014	2/12/2035		26	N/A	100%								
M39/255	Linden Second Fortune	8/05/1991	7/05/2033		19.4	10,804	100%	2	3.5	3	3.5	3.5	4	1.5	2.5
M39/386	Linden	24/08/2010	23/08/2031		0.759	5,480	100%	2	3.5	1.5	2	1.5	2	1.5	2.5
M39/387	Linden	24/08/2010	23/08/2031		178.1936	21,415	100%	2	3.5	1.5	2	1.5	2	1.5	2.5
M39/500	Linden	20/12/2013	19/12/2034		420.3156	49,741	100%	3	3.5	1.5	2	1.5	2	1.5	2.5
M39/629	Linden	9/05/2011	8/05/2032		68.2044	11,639	100%	2	3.5	1.5	2	1.5	2	1.5	2.5
M39/649	Linden	8/07/2008	7/07/2029		754.965	88,836	100%	3	3.5	2	2.5	2.5	3	2	3
M39/650	Linden	8/07/2008	7/07/2029		855.737	100,658	100%	3	3.5	2	2.5	2	2.5	2	2.5
M39/780	Linden	24/08/2010	23/08/2031		6.7932	10,582	100%	2	3.5	1.5	2	1.5	2	1.5	2.5
M39/781	Linden	24/08/2010	23/08/2031		9.677	10,633	100%	2	3.5	1.5	2	1.5	2	1.5	2.5
M39/794	Linden	8/07/2008	7/07/2029		419	49,507	100%	2	3.5	1.5	2	1.5	2	1.5	2.5
P39/5599	Linden	7/09/2016	6/09/2020		200	8,814	100%	2	3.5	1.5	2	1.5	2	1.5	2.5

Note These rankings and the Geoscientific valuation excludes the Reserves for Second Fortune

Tenements	Project	Grant	Expiry	Area		BAC (AUS\$)	Equity	Off Property		On Property		Anomaly Factor		Geology Factor	
				Blocks	Hectares			Low	High	Low	High	Low	High	Low	High
E39/1897	Zelica	4/05/2016	3/05/2021	3		16,712	100%	1	1.5	1	1.5	1	1.5	1	1.5
M39/1101	Zelica	19/05/2016	18/05/2037		255.0714	26,916	100%	1	1.5	1	1.5	1	1.5	1	1.5
M37/1164	Malcolm	8/12/2004	7/12/2025		105	12,753	100%	1	1.5	1	1.5	1	1.5	1	1.5
P77/4351	Grass Flat	30/09/2016	29/09/2020		200	8,814	100%	1	1.5	1	1.5	1	1.5	1	1.5
P77/4352	Grass Flat	30/09/2016	29/09/2020		200	8,814	100%	1	1.5	1	1.5	1	1.5	1	1.5
P77/4353	Grass Flat	30/09/2016	29/09/2020		200	8,814	100%	1	1.5	1	1.5	1	1.5	1	1.5
P77/4354	Grass Flat	30/09/2016	29/09/2020		182	8,049	100%	1	1.5	1	1.5	1	1.5	1	1.5
P77/4355	Grass Flat	30/09/2016	29/09/2020		157	6,986	100%	1	1.5	1	1.5	1	1.5	1	1.5
E77/2355	Grass Flat	13/10/2016	12/10/2021	70		80,389	100%	1	1.5	1	1.5	1	1.5	1	1.5
E77/2364	Grass Flat	4/01/2017	3/01/2022	8		22,360	100%	1	1.5	1	1.5	1	1.5	1	1.5

Tenements	Project	Grant	Expiry	Area		BAC (AUS\$)	Equity	Off Property		On Property		Anomaly Factor		Geology Factor	
				Blocks	Hectares			Low	High	Low	High	Low	High	Low	High
M39/1106	Bar Twenty	21/11/2016	20/11/2037		187	23,315	75%	1.5	2	2	2.5	3	3.5	1.5	2
P39/5736	Bar Twenty	5/05/2017	4/05/2021		185	9,205	75%	1.5	2	1	1.5	1.5	2	1	2
P39/5737	Bar Twenty	5/05/2017	4/05/2021		176	8,821	75%	1.5	2	1	1.5	1	1.5	1	1.5
P39/5541	Bar Twenty	8/07/2015	7/07/2019		192	9,503	75%	1.5	2	1	1.5	1	1.5	1	1.5

Appendix F – Anova Schedule of Mineral Claims

All claims are 100% held.

Project Name	Prospect	Mining Claim Name
Big Springs	Big Springs	NDEEP-31, NDEEP-32
Big Springs	Big Springs	TT-108 to TT-157, TT-163, TT-164, TT-185, TT-187, TT-189 to TT-204, TT-220 to TT-267, TT-327 to TT-344
Big Springs	Dorsey Creek	NDEEP-18, NDEEP-19, NDEEP-35, NDEEP-36, NDEEP-52, NDEEP-53
Big Springs	Dorsey Creek	TT-158 to TT-162, TT-169 to TT-184, TT-186, TT-188, TT-275 to TT-277, TT-290, TT-291, TT-297 to TT-301, TT-305 to TT-311
Big Springs	Golden Dome	DOM-1 to DOM-51
Big Springs	Golden Dome	GD-52 to GD-61, GD-63, GD-67 to GD-76, GD-79 to GD-90, GD-92 to GD-136, GD-139 to GD-154, GD-157, GD-164 to GD-173, GD-176, GD-181, GD-182, GD-185, GD-186, GD-189, GD-190, GD-193, GD-194, GD-197 to GD-199, GD-201, GD-203, GD-205, GD-207, GD-209, GD-211, GD-213, GD-215, GD-217, GD-219, GD-221, GD-223, GD-225, GD-265 to GD-286, GD-297 to GD-318, GD-381 to GD-428
Big Springs	Golden Dome	MP-14, MP-16, MP-18, MP-41, MP-43, MP-45, MP-47, MP-49 to MP-54
Big Springs	Golden Dome	NDEEP-1 to NDEEP-16, NDEEP-44 to NDEEP-90
Big Springs	Jack Creek	JAK-14, JAK-16, JAK-18, JAK-20 to JAK-38, JAK-99 to JAK-116, JAK-170, JAK-172, JAK-174, JAK-176, JAK-178 to JAK-186
Big Springs	Mac Ridge	BS-500 to BS-550, BS-557 to BS-579
Big Springs	Mac Ridge	MR-500 to MR-524, MR-526, MR-528, MR-530 to MR-537
Big Springs	Mac Ridge	NDEEP-33, NDEEP-34
Big Springs	Mac Ridge	TT-205 to TT-219

Private lands, which include all minerals, subject to a 2% NSR royalty to Ellison Minerals, Inc. Per below:

Township 42 North, Range 54 East (148.552 Hectares):

Section 7 - Lot 4 (SW¼ SW¼); SE¼ SW¼; NE¼ SE¼

Section 8 - N ½ SW¼

Section 31 - Lot 2 (SW¼ NW¼); Lot 4 (SW¼ SW¼); NE¼ SW¼; SW¼ SE¼

Annexure B – Scheme of Arrangement

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Share Scheme of Arrangement

pursuant to section 411 of the Corporations Act

Exterra Resources Limited
ACN 138 222 705

and

Each Scheme Shareholder

Table of contents

1.	Definitions and interpretation	1
1.1	Definitions	1
1.2	Interpretation	3
2.	Preliminary	5
2.1	Exterra	5
2.2	Anova	5
2.3	Scheme summary	5
2.4	Implementation	6
3.	Conditions precedent and effectiveness	6
3.1	Conditions precedent	6
3.2	Certificate	6
3.3	Merger Implementation Agreement	7
3.4	Sunset Date	7
4.	Implementation of the Scheme	7
4.1	Court order	7
4.2	Lodgement with ASIC	7
4.3	Transfer of Scheme Shares	7
4.4	Consideration under this Scheme	8
4.5	Joint holders	8
4.6	Fractional entitlements	8
4.7	Shareholding splitting or division	8
4.8	Scheme Shareholders bound	9
4.9	Ineligible Foreign Holders	9
4.10	Small Shareholders	10
4.11	Authority given to Exterra	11
4.12	Appointment of sole proxy	11
5.	Anova's obligations and ancillary matters	12
5.1	Exterra notice and Scheme Shareholder consent	12
5.2	Provision of Share Scheme Consideration	12
5.3	Status of New Anova Shares	12
5.4	Deferred settlement trading	12
5.5	Appointment of Anova as attorney and agent	13
6.	Dealings in Exterra Shares	13
6.1	No allotment or issue	13
6.2	No dealings after Record Date	13
6.3	No registration of transfers	13

6.4	Statements of holding	13
6.5	Maintenance of Share Register	13
7.	Quotation of Exterra Shares	14
7.1	Suspension of trading	14
7.2	Termination of quotation	14
8.	General	14
8.1	Scheme binding	14
8.2	Enforcement of Share Scheme Deed Poll	14
8.3	Modifications and amendments.....	14
8.4	Accidental omissions and non-receipt of notice.....	14
8.5	Status of Scheme Shares	15
8.6	Binding instruction or notification.....	15
8.7	Notices.....	15
8.8	Further obligations	15
8.9	No liability	15
8.10	Costs and stamp duty	16
8.11	Governing law	16

Share Scheme of Arrangement

Date

2017

Parties

Exterra Resources Limited ACN 138 222 705 of Ground Floor, 20 Kings Park Road, West Perth, Western Australia (**Exterra**)

Each Scheme Shareholder

1. Definitions and interpretation

1.1 Definitions

Anova means Anova Metals Limited ACN 147 678 779 of Suite 1, 245 Churchill Avenue, Subiaco, Western Australia.

Anova Register means the register of members of Anova maintained by Link Market Services and Anova Registry has a corresponding meaning.

Anova Share means a fully paid ordinary share in the capital of Anova.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it known as the "Australian Securities Exchange".

ASX Operating Rules means the operating rules of ASX Settlement.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532.

Business Day means a day as defined in the Listing Rules other than any day which banks are not open for general banking business in Perth, Western Australia.

CHESS means the Clearing House Electronic Sub-register System, for the electronic transfer of securities, operated by ASX Settlement.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia.

Duty means a tax on a dutiable transaction under the *Duties Act 2008* (WA) or a similar tax imposed in another jurisdiction, including a jurisdiction outside Australia.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Exterra means Exterra Resources Limited ACN 138 222 705.

Exterra Option means an option to subscribe for an Exterra Share.

Exterra Share means a fully paid ordinary share in Exterra.

Implementation Date means the fifth Business Day immediately following the Record Date or such other date after the Record Date agreed to in writing between the parties.

Ineligible Foreign Holder means a Scheme Shareholder whose address in the Share Register is in a jurisdiction outside Australia and its external territories, New Zealand and Hong Kong, except where Anova and Exterra are reasonably satisfied that the issue of New Anova Shares in that jurisdiction under the Scheme would be neither prohibited by law nor unduly onerous.

Listing Rule means a listing rule of ASX.

Merger Implementation Agreement means the merger implementation agreement between Exterra and Anova dated 5 June 2017.

New Anova Shares means those Anova Shares to be issued to Scheme Shareholders in consideration for their Scheme Shares under the terms of this Scheme.

Record Date means 5.00pm on the day which is 5 Business Days after the Effective Date, or any other date agreed by the parties in writing.

Registered Address means, in relation to a Scheme Shareholder, the address of the Scheme Shareholder shown in the Share Register.

Sale Agent means the person approved by Exterra, Anova and (if necessary) ASIC to sell the New Anova Shares that are attributable to Ineligible Foreign Holders and Small Shareholders under the terms of this Scheme (or any nominee of such person).

Scheme or **Share Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act recorded in this document subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act.

Scheme Meeting means the meeting of Shareholders, to be convened by the Court pursuant to section 411(1) of the Corporations Act, to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Shares means the Exterra Shares on issue as at the Record Date.

Scheme Shareholder means each person who is registered in the Share Register as a holder of Scheme Shares as at the Record Date.

Second Court Date means the first day of the Second Court Hearing, or if the application at such hearing is adjourned or subject to an appeal for any reason, the first day on which the adjourned or appealed application is heard.

Second Court Hearing means the hearing of the Court of the application for an order pursuant to section 411(4)(b) of the Corporations Act approving this Scheme.

Shareholder means a holder of an Exterra Share.

Share Register means the register of Exterra members maintained by Security Transfer Australia Pty Ltd and Share Registry has a corresponding meaning.

Share Scheme Consideration means the consideration to be provided by Anova to Scheme Shareholders for the transfer of their Scheme Shares under the terms of the Scheme, being one (1) New Anova Share for every two (2) Scheme Shares held as at the Record Date.

Share Scheme Deed Poll means the deed poll executed by Anova on or about 4 August 2017 in favour of each Scheme Shareholder as set out in Annexure A.

Small Shareholder means a Scheme Shareholder who is entitled to receive 4,000 or less New Anova Shares (or such other number as may be agreed between Anova and Exterra in writing) as at 5.00pm on the Record Date.

Subsidiary of an entity means another entity which is a subsidiary of the first within the meaning of Division 6 of Part 1.2 of the Corporations Act or is a subsidiary or otherwise controlled by the first within the meaning of any approved accounting standard.

Sunset Date means the date that is 6 months after date of the merger implementation agreement 2017.

1.2 Interpretation

In this Scheme:

(a) headings are for convenience only and do not affect interpretation; and

unless the context indicates otherwise:

(b) a word or phrase in the singular number includes the plural, a word or phrase in the plural number includes the singular, and a word indicating a gender includes every other gender;

(c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;

(d) a reference to:

(i) a clause or schedule is a reference to a clause or schedule of this Scheme;

(ii) a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation;

(iii) a document in writing includes a document produced by means of typewriting, printing, lithography, photography and other modes of representing or reproducing words in a visible form, recorded by any

electronic, magnetic, photographic or other medium by which information may be stored or reproduced;

- (iv) a document (including this Scheme) includes a reference to all schedules, exhibits, attachments and annexures to it, and is to that document as varied, novated, ratified or replaced from time to time;
 - (v) legislation or to a provision of legislation includes any consolidation, amendment, re-enactment, substitute or replacement of or for it, and refers also to any regulation or statutory instrument issued or delegated legislation made under it;
 - (vi) a person includes an individual, the estate of an individual, a corporation, an authority, an unincorporated body, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (e) a reference to a day is to a period of time commencing at midnight and ending twenty four (24) hours later;
 - (f) a reference to a Chapter, Part, Division or section is a reference to a Chapter, Part, Division or section of the Corporations Act;
 - (g) the word “**includes**” in any form is not a word of limitation;
 - (h) a reference to “**information**” is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programmes, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets;
 - (i) the words “**entity**” and “**officer**” have the same meaning as in section 9 of the Corporations Act, and “control” has the same meaning as in section 50AA of the Corporations Act;
 - (j) time is a reference to time in Perth, Western Australia;
 - (k) a reference to “\$” or “**dollar**” is to Australian currency;
 - (l) a contravention of or a breach of any of the representations and warranties includes any of the representations and warranties not being complete, true and correct;
 - (m) each representation and warranty is a separate representation and warranty, and its meaning is not affected by any other representation or warranty;
 - (n) a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; and
 - (o) when a day on or by which anything to be done is not a Business Day, that thing may be done on or by the next Business Day.

2. Preliminary

2.1 Exterra

- (a) Exterra is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) As at the date of this document:
 - (i) 345,188,706 Exterra Shares were on issue; and
 - (ii) 67,832,474 Exterra Options were on issue.
- (c) Exterra has been admitted to the official list of ASX and its shares have been granted official quotation.

2.2 Anova

- (a) Anova is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) As at the date of this document:
 - (i) 453,400,292 Anova Shares were on issue; and
 - (ii) 2,250,000 performance rights entitling the holder to subscribe for Anova Shares on their terms of issue, were on issue.
- (c) Anova has been admitted to the official list of ASX and its shares have been granted official quotation.

2.3 Scheme summary

If this Scheme becomes Effective, then:

- (a) in consideration for the transfer of each Scheme Share to Anova, Anova will be obliged to provide the Share Scheme Consideration to each Scheme Shareholder (other than Ineligible Foreign Holders who will be dealt with in accordance with clause 4.9 and those Small Shareholders who elect to receive cash proceeds instead of New Anova Shares in accordance with clause 4.10);
- (b) each Scheme Shareholder will be bound to transfer their Scheme Shares, and all rights and obligations attaching to them as at the Implementation Date, to Anova;
- (c) Exterra will enter Anova's name and registered address in the Share Register as the holder of all Scheme Shares; and
- (d) on the transfer of all Scheme Shares to Anova, Exterra will become a wholly owned Subsidiary of Anova.

2.4 Implementation

- (a) Anova has entered into the Share Scheme Deed Poll pursuant to which it has, among other things, covenanted to carry out its obligations (including its obligation to provide the Share Scheme Consideration, subject to clauses 4.9 and 4.10 of this Scheme, to Scheme Shareholders) as contemplated by this Scheme.
- (b) Exterra and Anova have also entered into the Merger Implementation Agreement, which sets out the terms on which Exterra and Anova have agreed to implement the Scheme.

3. Conditions precedent and effectiveness

3.1 Conditions precedent

The conditions precedent to this Scheme becoming Effective are:

- (a) **(Scheme approval)** this Scheme being approved with or without modification, in accordance with section 411(4)(a) of the Corporations Act, at the Scheme Meeting or, if the Scheme is not agreed to by the requisite majority of Shareholders, the Court orders otherwise in accordance with section 411(4)(a) of the Corporations Act;
- (b) **(Conditions precedent to Merger Implementation Agreement)** all of the conditions set out in clause 3.2 of the Merger Implementation Agreement being satisfied or waived in accordance with the terms of the Merger Implementation Agreement by the times indicated in the Merger Implementation Agreement;
- (c) **(No termination)** the Merger Implementation Agreement or Share Scheme Deed Poll not being terminated prior to 8.00am on the Second Court Date;
- (d) **(Court approval)** the approval by the Court of this Scheme, pursuant to section 411(4)(b) of the Corporations Act, being given with or without modifications which are acceptable to both Anova and Exterra; and
- (e) **(Court conditions)** such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Anova and Exterra being satisfied.

The satisfaction of each of paragraphs (a) to (e) of this clause 3.1 is a condition precedent to the operation of this Scheme and this Scheme will be of no effect unless the conditions precedent in this clause 3.1 are satisfied.

3.2 Certificate

- (a) Anova and Exterra will provide to the Court at the Second Court Hearing a certificate confirming whether or not all of the conditions in clause 3.2 of the Merger Implementation Agreement (other than those set out in clauses 3.2(e) and (f) of the Merger Implementation Agreement) have been satisfied or waived in accordance with the terms of the Merger Implementation Agreement.

- (b) The giving of a certificate by each of Anova and Exterra in accordance with clause 3.2(a) will, in the absence of manifest error, be conclusive evidence of the matters referred to in the certificate.

3.3 Merger Implementation Agreement

If the Merger Implementation Agreement is terminated in accordance with its terms prior to 8.00am on the Second Court Date, Anova and Exterra are each immediately released from:

- (a) any further obligation to take steps to implement the Scheme; and
(b) any liability with respect to the Scheme,

provided that Anova and Exterra will retain the rights they have against each other in respect of any prior breach of the Merger Implementation Agreement in accordance with the terms of that agreement.

3.4 Sunset Date

This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the Sunset Date.

4. Implementation of the Scheme

4.1 Court order

This Scheme will become binding on Exterra and each Scheme Shareholder if and only if the Court makes an order under section 411(4)(b) of the Corporations Act approving this Scheme and that order becomes effective under section 411(10) of the Corporations Act.

4.2 Lodgement with ASIC

Exterra will lodge with ASIC an office copy of the order of the Court made under section 411(4)(b) of the Corporations Act approving this Scheme as soon as practicable and, in any event, by 5.00pm on the first Business Day after:

- (a) the Court approves the Scheme; or
(b) the date of satisfaction of the conditions precedent referred to in clause 3.1 of this Scheme,

whichever is the later.

4.3 Transfer of Scheme Shares

Subject to clause 4.4, all of the Scheme Shares (together with all rights and entitlements attaching to the Scheme Shares) will be transferred to Anova on the Implementation Date (without the need for any further act by a Scheme Shareholder other than acts performed by Exterra pursuant to the authority in clause 4.10) by Exterra effecting a valid transfer or transfers under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) Exterra executing and delivering to Anova, pursuant to the authority in clause 4.10, a valid share transfer form or forms (which may be a master transfer) to transfer all of the Scheme Shares to Anova;
- (b) Anova executing and delivering that share transfer form or those forms to Exterra; and
- (c) Exterra, immediately upon receipt of the executed share transfer form or forms, entering the name and address of Anova in the Share Register as the holder of all Scheme Shares.

4.4 Consideration under this Scheme

Subject to and in accordance with the other terms and conditions of this Scheme (including clauses 4.6, 4.7, 4.9 and 4.10) and the Share Scheme Deed Poll, in consideration for the transfer of each Scheme Share to Anova, Anova will on the Implementation Date issue to each Scheme Shareholder the number of New Anova Shares as are due to that Scheme Shareholder as Share Scheme Consideration.

4.5 Joint holders

In the case of Scheme Shares held in joint names, any certificates or uncertificated holding statements for New Anova Shares to be issued to Scheme Shareholders will be issued in the names of the joint holders and will be forwarded to the holder whose name appears first in the Share Register on the Record Date.

4.6 Fractional entitlements

Where the calculation of the total number of New Anova Shares to be issued to (or in respect of) a particular Scheme Shareholder would result in a fractional entitlement to a New Anova Share, then, any such fractional entitlement will be rounded up to the nearest whole number.

4.7 Shareholding splitting or division

If Anova is of the reasonable opinion that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 4.6 or each of whom holds less than or equal to the number of Scheme Shares required to classify as a Small Shareholder) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Anova may give notice to those Scheme Shareholders:

- (a) setting out their names and Registered Addresses;
- (b) stating that opinion; and
- (c) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of this Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and

Registered Addresses are set out in the notice will, for the purposes of the other provisions of this Scheme, be taken to hold no Scheme Shares. Anova, in complying with the other provisions of this Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of this Scheme.

4.8 Scheme Shareholders bound

Each Scheme Shareholder who is to receive New Anova Shares under this Scheme agrees (for all purposes including section 231 of the Corporations Act) to:

- (a) become a member of Anova and to accept the New Anova Shares issued to them under this Scheme subject to, and to be bound by, Anova's constitution and other constituent documents; and
- (b) have their name and address entered into the Anova Register.

4.9 Ineligible Foreign Holders

- (a) Anova will be under no obligation under this Scheme to issue, and will not issue, any New Anova Shares to Ineligible Foreign Holders, and instead:
 - (i) all the New Anova Shares which would otherwise be required to be issued to any Ineligible Foreign Holder under the Scheme, if they were eligible to receive them, will be issued to the Sale Agent;
 - (ii) Anova will procure that, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date), the Sale Agent sells on ASX all of the New Anova Shares issued to the Sale Agent pursuant to clause 4.9(a)(i) in such manner, at such price and on such other terms as the Sale Agent determines in good faith (and at the risk of the Ineligible Foreign Holders), and remits to Anova the proceeds of sale (after deducting any applicable brokerage and other selling costs, taxes and charges) (**Proceeds**); and
 - (iii) Anova will pay to each Ineligible Foreign Holder such fraction of the Proceeds as is equal to the number of New Anova Shares which would have been issued to that Ineligible Foreign Holder (if they were eligible to receive New Anova Shares) divided by the total number of New Anova Shares issued to the Sale Agent under clause 4.9(a)(i), promptly after the last sale of New Anova Shares by the Sale Agent,

in full satisfaction of Anova's obligations to those Ineligible Foreign Holders under the Scheme in respect of the Share Scheme Consideration.

- (b) Anova will pay the relevant fraction of the Proceeds to each Ineligible Foreign Holder by either:
 - (i) dispatching, or procuring the dispatch, to that Ineligible Foreign Holder by prepaid post to that Ineligible Foreign Holder's Registered Address

(at the Record Date), a cheque in the name of that Ineligible Foreign Holder; or

- (ii) making a deposit in an account with any ADI (as defined in the *Banking Act 1959* (Cth)) in Australia notified by that Ineligible Foreign Holder to Exterra (or the Share Registry) and recorded in or for the purposes of the Share Register at the Record Date,

for the relevant amount, with that amount being denominated in Australian dollars.

- (c) Each Ineligible Foreign Holder appoints Exterra as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Ineligible Foreign Holders under the Corporations Act.

4.10 Small Shareholders

Each Small Shareholder may elect to either:

- (a) be allotted its entitlement to Anova Shares in accordance with clause 4.4; or
- (b) have the New Anova Shares to which it is entitled issued to the Sale Agent, in which case:
 - (i) Anova will procure that, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date), the Sale Agent sells on ASX all of the New Anova Shares issued to the Sale Agent pursuant to this clause 4.10(b) in such manner, at such price and on such other terms as the Sale Agent determines in good faith (and at the risk of the Small Shareholder), and remits to Anova the proceeds of sale (after deducting any applicable brokerage and other selling costs, taxes and charges) (**Proceeds**);
 - (ii) Anova will pay to each Small Shareholder such fraction of the Proceeds as is equal to the number of New Anova Shares which would have been issued to that Small Shareholder divided by the total number of New Anova Shares issued to the Sale Agent under clause 4.10(b)(i), promptly after the last sale of New Anova Shares by the Sale Agent, in full satisfaction of Anova's obligations to those Small Shareholders under the Scheme in respect of the Share Scheme Consideration;
 - (iii) Anova will pay the relevant fraction of the Proceeds to each Small Shareholder by either:
 - A. dispatching, or procuring the dispatch, to that Small Shareholder by prepaid post to that Small Shareholder's Registered Address (at the Record Date), a cheque in the name of that Small Shareholder; or
 - B. making a deposit in an account with any ADI (as defined in the *Banking Act 1959* (Cth)) in Australia notified by that Small

Shareholder to Exterra (or the Share Registry) and recorded in or for the purposes of the Share Register at the Record Date,

for the relevant amount, with that amount being denominated in Australian dollars; and

- (c) for the purposes of clause 4.10(b), each Small Shareholder appoints Exterra as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Small Shareholders under the Corporations Act.

4.11 Authority given to Exterra

Each Scheme Shareholder will be deemed (without the need for any further act) to have irrevocably authorised Exterra (and each of its directors and officers, jointly and severally) as agent and attorney to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary to implement and give full effect to this Scheme and the transactions contemplated by it, including (without limitation):

- (a) executing a proper instrument of transfer (including for the purposes of section 1071B of the Corporations Act) of their Scheme Shares in favour of Anova, which may be a master transfer of some or all Scheme Shares; and
- (b) where Scheme Shares are held in a CHESS holding, causing a message to be transmitted to ASX Settlement in accordance with the ASX Operating Rules to transfer the Scheme Shares held by the Scheme Shareholder from the CHESS sub-register to the issuer sponsored sub-register operated by Exterra and subsequently completing a proper instrument of transfer under paragraph (a) above.

4.12 Appointment of sole proxy

Upon the Share Scheme Consideration being issued by Anova pursuant to this clause 4 and until Exterra registers Anova as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed Anova as attorney and agent (and directed Anova in such capacity) to appoint the chairman of Anova as its sole proxy and, where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution, and no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 4.12(a)); and
- (b) must take all other actions in the capacity of a registered holder of Scheme Shares as Anova reasonably directs.

5. Anova's obligations and ancillary matters

5.1 Exterra notice and Scheme Shareholder consent

- (a) As soon as practicable after the Record Date, and in any event at least 2 Business Days before the Implementation Date, Exterra will give to Anova (or procure that Anova be given) details of the names and addresses shown in the Share Register of all Scheme Shareholders and the number of Scheme Shares held by each of them at the Record Date (in such form as may be reasonably requested by Anova).
- (b) Scheme Shareholders agree that any information referred to in clause 5.1(a) may be disclosed to Anova, Anova's advisors, Exterra's advisors and other service providers (including the Anova Registry) to the extent necessary to effect the Scheme.

5.2 Provision of Share Scheme Consideration

Subject to clauses 4.6, 4.7 and 4.9, Anova will provide to each Scheme Shareholder the Share Scheme Consideration to which that Scheme Shareholder is entitled by:

- (a) on the Implementation Date, issuing to that Scheme Shareholder 1 New Anova Share for every 2 Scheme Shares registered in the name of that Scheme Shareholder in the Share Register at the Record Date, which obligation will be satisfied by causing the name and Registered Address (at the Record Date) of that Scheme Shareholder to be entered into the Anova Register as the holder of the New Anova Shares issued to that Scheme Shareholder; and
- (b) within 5 Business Days after the Implementation Date, procuring the dispatch to that Scheme Shareholder of a certificate or uncertificated holding statement in the name of that Scheme Shareholder relating to the number of New Anova Shares issued to that Scheme Shareholder.

5.3 Status of New Anova Shares

The New Anova Shares to be issued in accordance with this Scheme will:

- (a) be validly issued;
- (b) be fully paid;
- (c) be free from any mortgage, charge, lien, encumbrance or other security interest; and
- (d) rank equally in all respects with all other Anova Shares then on issue (other than in respect of any dividend already declared and not yet paid by Anova, where the record date for entitlement to that dividend occurred prior to the Implementation Date).

5.4 Deferred settlement trading

Anova will use its best endeavours to ensure that the New Anova Shares are quoted on ASX initially on a deferred settlement basis on and from the Business Day after

the Effective Date, and on an ordinary settlement basis on and from the Business Day following the Implementation Date.

5.5 Appointment of Anova as attorney and agent

Each Scheme Shareholder, without need for any further act, irrevocably appoints Anova and each of its directors and officers, jointly and severally, as that Scheme Shareholder's attorney and agent for the purpose of executing any form of application required for New Anova Shares to be issued to that Scheme Shareholder under the Scheme.

6. Dealings in Exterra Shares

6.1 No allotment or issue

No Exterra Shares will be allotted or issued by Exterra after the Effective Date and before the Implementation Date.

6.2 No dealings after Record Date

Where this Scheme becomes binding as provided by clause 4.1, for the purposes of determining who are Scheme Shareholders, dealings in Exterra Shares will only be recognised if:

- (a) in the case of dealings of a type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the Exterra Shares at the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Share Registry at or before the Record Date.

Exterra will register registrable transfers or transmission applications of the kind referred to in clause 6.2(b) on or before the Record Date.

6.3 No registration of transfers

Exterra will not accept for registration nor recognise for any purpose any transmission application, transfer or other dealing in respect of Scheme Shares received after the Record Date, other than a transfer to Anova in accordance with this Scheme.

6.4 Statements of holding

All statements of holdings (or certificates) for Scheme Shares will cease to have any effect from the Record Date as documents of title in respect of such Scheme Shares. As from the Record Date, each entry current at that date on the Share Register relating to Scheme Shares will cease to be of any effect other than as evidence of entitlement to the Share Scheme Consideration.

6.5 Maintenance of Share Register

In order to determine entitlements to the Share Scheme Consideration, Exterra will maintain, or procure the maintenance of, the Share Register in accordance with this

clause 6 until the Share Scheme Consideration has been provided to Scheme Shareholders, and the Share Register in this form will solely determine entitlements to the Share Scheme Consideration.

7. Quotation of Exterra Shares

7.1 Suspension of trading

Exterra will apply to ASX for suspension of trading of Exterra Shares on ASX after the close of trading on ASX on the Effective Date. It is expected that suspension of trading in Exterra Shares will occur from the commencement of the Business Day following the day on which Exterra notifies ASX of this Scheme becoming Effective.

7.2 Termination of quotation

After the Implementation Date, Exterra will apply for termination of the official quotation of Exterra Shares and to have itself removed from the official list of ASX.

8. General

8.1 Scheme binding

Each Scheme Shareholder will transfer their Scheme Shares to Anova (together with all rights and entitlements attaching to those Scheme Shares) in accordance with the terms of this Scheme and this Scheme binds Exterra and all Scheme Shareholders (including those who do not attend the Scheme Meeting, do not vote at the Scheme Meeting, or vote against this Scheme at the Scheme Meeting).

8.2 Enforcement of Share Scheme Deed Poll

- (a) Each Scheme Shareholder appoints Exterra as its agent and attorney to enforce the Share Scheme Deed Poll against Anova.
- (b) Exterra undertakes in favour of each Scheme Shareholder to enforce the Share Scheme Deed Poll against Anova on behalf of, and as agent and attorney for, the Scheme Shareholders.

8.3 Modifications and amendments

Exterra may by its counsel or solicitors (but only with the prior consent of Anova, which consent may not be unreasonably withheld or delayed) consent on behalf of all persons concerned (including the Scheme Shareholders) to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of this Scheme.

8.4 Accidental omissions and non-receipt of notice

The accidental omission to give notice of the Scheme Meeting to any holder of Exterra Shares or the non-receipt of such a notice by any holder of Exterra Shares will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings at the Scheme Meeting.

8.5 Status of Scheme Shares

- (a) Each Scheme Shareholder is deemed to have warranted to Exterra, in its own right and for the benefit of Anova, that all of their Scheme Shares which are transferred to Anova under the Scheme will, at the date of transfer of them to Anova, and to the extent permitted by law, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares to Anova.
- (b) Anova will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Exterra of the name and registered address of Anova in the Share Register as the holder of the Scheme Shares.

8.6 Binding instruction or notification

Except for a Scheme Shareholder's tax file number, any binding instruction or notification from a Scheme Shareholder to Exterra relating to Scheme Shares at the Record Date (including any instructions relating to the payment of dividends or communications) will, from the Record Date, be deemed (except to the extent inconsistent with the other provisions of this Scheme or as determined otherwise by Anova in its sole discretion) to be a similarly binding instruction or notification to Anova in respect of the New Anova Shares issued to the Scheme Shareholder until such time as it is revoked or amended in writing addressed to Anova at the Anova Registry.

8.7 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post:

- (a) to Exterra, it will not be deemed to be received in the ordinary course of post or on a day other than the date (if any) on which it was actually received at Exterra's registered office or the Share Registry; and
- (b) to a Scheme Shareholder, it will be sent by ordinary pre-paid post (or by airmail in the case of Scheme Shareholders with overseas Registered Addresses) or courier to the Registered Address of the relevant Scheme Shareholder at the Record Date, or delivered to that address by any other means at no cost to the recipient.

8.8 Further obligations

Exterra and Anova must each execute all deeds and other documents (including transfers) and do all acts and things as may be necessary or expedient on its part to implement and give full effect to this Scheme in accordance with its terms.

8.9 No liability

Neither Exterra nor Anova, nor any of their respective officers, is liable to Scheme Shareholders for anything done or for anything omitted to be done in performance of this Scheme in good faith.

8.10 Costs and Duty

Exterra will pay the costs of the Scheme other than Duty. All Duty (if any) payable and any related fines, interest and penalties in connection with the transfer of the Scheme Shares to Anova will be payable by Anova.

8.11 Governing law

- (a) The Scheme is governed by the laws of Western Australia.
- (b) Exterra, Scheme Shareholders and Anova each submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waive any right they might have to claim that those courts are an inconvenient forum.

Annexure A – Share Scheme Deed Poll

Share Scheme Deed Poll not reproduced here.
Refer to Annexure C of this Scheme Booklet.

Annexure C – Deed Poll

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Share Scheme Deed Poll

Anova Metals Limited
ACN 147 678 779

Date

4 August 2017

Parties

Anova Metals Limited ACN 147 678 779 of Suite 1, 245 Churchill Avenue, Subiaco, Western Australia (**Anova**)

In favour of each holder of fully paid ordinary shares in the capital of Exterra Resources Limited ACN 138 222 705 (**Exterra**) on issue as at 5.00pm on the Record Date (each a **Scheme Shareholder**)

Recitals

- A. Anova and Exterra have entered into the Merger Implementation Agreement.
- B. Exterra has agreed in the Merger Implementation Agreement to propose the Share Scheme.
- C. Under the Share Scheme, all Exterra Shares held by Scheme Shareholders will be transferred to Anova for the Share Scheme Consideration.
- D. In accordance with the Merger Implementation Agreement, Anova is entering into this Deed to covenant in favour of the Scheme Shareholders to perform its obligations under the Share Scheme.

1. Definitions and interpretation

1.1 Definitions

In this Deed, unless the context requires otherwise:

Deed means this Share Scheme Deed Poll.

Merger Implementation Agreement means the merger implementation agreement between Exterra and Anova dated 5 June 2017.

Scheme or **Share Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between Exterra and the Scheme Shareholders, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and agreed to by Exterra and Anova.

Terms that are not defined in this Deed and that are defined in the Merger Implementation Agreement or the Scheme have the same meaning in this Deed as given to the term in the Merger Implementation Agreement, unless the context makes it clear that a definition is not intended to apply.

1.2 Interpretation

The rules specified in clause 1.2 of the Merger Implementation Agreement apply in interpreting this Deed, unless the context makes it clear that a rule is not intended to apply.

1.3 Nature of Deed Poll

Anova acknowledges that:

- (a) this Deed may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Exterra and any of Exterra's directors as its agent and attorney, inter alia, to enforce this Deed against Anova.

2. Condition precedent and termination

2.1 Condition

Anova's obligations under clause 3 are subject to the Share Scheme becoming Effective.

2.2 Termination

If the Share Scheme does not become Effective on or before the Sunset Date, or the Merger Implementation Agreement is terminated in accordance with its terms, Anova's obligations under this Deed will automatically terminate and the terms of this Deed will be of no further force or effect, unless Anova and Exterra otherwise agree in writing in accordance with the Merger Implementation Agreement.

2.3 Consequences of termination

If this Deed is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Anova is released from its obligations to further perform this Deed except those obligations contained in clause 9.3; and
- (b) each Scheme Shareholder retains any rights, power or remedies it has against Anova in respect of any breach of this Deed by Anova which occurred before termination of this Deed.

3. Payment of Scheme Consideration

3.1 Performance of obligations generally

Anova must comply with its obligations under the Merger Implementation Agreement and do all things necessary or desirable on its part to implement the Scheme.

3.2 Undertaking to pay Scheme Consideration

Subject to clauses 2, 3.4 and 3.5, in consideration of the transfer of each Exterra Share to Anova, Anova must:

- (a) acquire all Exterra Shares on issue at the Record Date from Scheme Shareholders, in accordance with the provisions of the Share Scheme;

- (b) on the Implementation Date issue and allot the Scheme Consideration to each Scheme Shareholder (other than to Ineligible Foreign Holders who will be dealt with in accordance with clause 3.4 and those Small Shareholders who elect to receive cash proceeds instead of New Anova Shares in accordance with clause 3.5); and
- (c) otherwise do all things necessary or expedient on its part to implement the Share Scheme.

3.3 Satisfaction of obligation to provide Scheme Consideration

The obligation of Anova to provide the Scheme Consideration referred to in clause 3.2(b) will be satisfied by Anova:

- (a) on the Implementation Date, passing a resolution of directors and doing all other things necessary to validly issue the New Anova Shares comprising the Scheme Consideration due to that Scheme Shareholder (other than an Ineligible Foreign Holder and Small Shareholders who elect to receive cash proceeds instead of New Anova Shares) and entering in the register of members of Anova the name and registered address of each Scheme Shareholder, in relation to all the New Anova Shares issued to each Scheme Shareholder as Scheme Consideration in accordance with the Share Scheme;
- (b) on the Implementation Date, passing a resolution of directors and doing all other things necessary to validly issue to the Sale Agent all the New Anova Shares required to be issued to the Sale Agent under the Scheme rather than to an Ineligible Foreign Holder or a Small Shareholder who elects to receive cash proceeds instead of New Anova Shares, and entering the name and registered address of the Sale Agent in the register of members of Anova as the holder of those New Anova Shares;
- (c) on or as soon as practicable after the Implementation Date (and in any event within 5 Business Days), dispatching to each Scheme Shareholder, by pre-paid post to his or her address as recorded in Exterra's share register at the Record Date or to the Sale Agent (as the case may be), a certificate or uncertificated holding statement in the name of that Scheme Shareholder representing the number of New Anova Shares issued to that Scheme Shareholder;
- (d) on the Implementation Date, if required by Exterra, executing a valid share transfer form or forms (which may be a master transfer) as contemplated by clause 4.3 of the Scheme effecting the transfer of the Scheme Shares from the Scheme Shareholders to Anova and must deliver such executed share transfer form or forms to Exterra for registration; and
- (e) procuring, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date) that the Sale Agent sell any New Anova Shares issued to it and remit the proceeds to the relevant Ineligible Foreign Holders and Small Shareholders, in accordance with the Scheme.

3.4 Ineligible Foreign Holders

Anova will be under no obligation under the Share Scheme to issue, and will not issue, any New Anova Shares to an Ineligible Foreign Holder, and instead where a Scheme Shareholder is an Ineligible Foreign Holder, the number of New Anova Shares to which the Scheme Shareholder would otherwise be entitled, will be allotted to a nominee approved by Anova, Exterra and (if necessary) ASIC who will sell those New Anova Shares as soon as practicable (at the risk of that Ineligible Foreign Holder) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Ineligible Foreign Holder in full satisfaction of that Ineligible Foreign Holder's rights under the Share Scheme to Scheme Consideration.

3.5 Small Shareholders

Scheme Shareholders who are entitled to receive 4,000 or less New Anova Shares (or such other number as may be agreed between Anova and Exterra in writing) under the Share Scheme will be given the option to have those New Anova Shares allotted to a nominee approved by Anova, Exterra and (if necessary) ASIC who will sell those New Anova Shares as soon as practicable (at the risk of the Scheme Shareholder) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Scheme Shareholder in full satisfaction of that Scheme Shareholder's rights under this Agreement to Share Scheme Consideration.

3.6 Joint holders

In the case of Exterra Shares held by Scheme Shareholders in joint names:

- (a) any entry in the register of members of Anova required to be made must record the names and registered addresses of the joint holders; and
- (b) any certificates or uncertificated holding statement for New Anova Shares must be issued to Scheme Shareholders in the names of the joint holders and must be forwarded to the holder whose name first appears in Exterra's share register at the Record Date.

4. Quotation of New Anova Shares

Anova must use its best endeavours to procure that the New Anova Shares to be issued pursuant to the Share Scheme will be quoted on ASX initially on a deferred settlement basis on and from the Business Day after the Effective Date, and on an ordinary settlement basis on and from the Business Day following the Implementation Date.

5. Representations and warranties

Anova represents and warrants that:

- (a) **(status)** it is a company limited by shares and validly existing;
- (b) **(power)** it has full legal capacity and power to enter into this Deed and to carry out the transactions that this Deed contemplates;

- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this Deed and its carrying out the transactions this Deed contemplates;
- (d) **(Deed effective)** this Deed constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditor's rights generally) subject to any necessary stamping; and
- (e) **(Rank equally)** the New Anova Shares to be issued pursuant to the Scheme will be validly issued, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest and will rank equally in all respects with all other Anova Shares then on issue (other than in respect of any dividend already declared and not yet paid by Anova, where the record date for entitlement to that dividend occurred prior to the Implementation Date).

6. Continuing obligations

This Deed is irrevocable and, subject to clause 2, remains in full force and effect until Anova has completely performed its obligations under this Deed or the earlier termination of this Deed under clause 2.

7. Notices

Each communication (including each notice, consent, approval, request and demand) under or in connection with this Deed:

- (a) must be in writing;
- (b) must be addressed to the address notified by the recipient to the sender from time to time; at the date of this Deed, Anova's address is the address as set out at the start of this Deed;
- (c) must be signed by the sender or (on the sender's behalf) by the solicitor for or any attorney, director, secretary or authorised agent of that sender;
- (d) must be delivered by hand or posted by prepaid post to the address, or sent by fax to the number, or sent by email to the email address, of the addressee in accordance with (c); and
- (e) is taken to be received by the addressee:
 - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
 - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting;
 - (iii) (in the case of facsimile) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the facsimile machine from which it was sent or other verification from the time of sending;

(iv) (in the case of email) at the time that the email reaches the addressee's email address; and

(v) (in the case of delivery by hand) on delivery,

but if the communication would, on the application of clauses (i) to (v), be taken to be received on a day that is not a Business Day or after 5.00pm on a Business Day, it is taken to be received at 9.00am on the next Business Day.

8. Amendment and assignment

8.1 Amendment

This Deed may not be varied unless:

- (a) before the Second Court Date, the variation is agreed to in writing by Exterra; or
- (b) on or after the Second Court Date, the variation is agreed to in writing by Exterra and is approved by the Court,

and, in which case, Anova will enter into a further deed poll in favour of Scheme Shareholders giving effect to that amendment.

8.2 Assignment

The rights and obligations of a person under this Deed are personal. They cannot be assigned, novated, encumbered, charged or otherwise dealt with, and no person shall attempt or purport to do so.

9. General

9.1 Governing law

This Deed is governed by and must be construed according to the law applying in Western Australia.

9.2 Jurisdiction

Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Western Australia, and any courts competent to determine appeals from any of those courts, with respect to any proceedings that may be brought at any time relating to or in connection with this Deed; and
- (b) waives any objection that it may now or in the future have to the venue of any proceedings, and any claim that it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 9.2(a).

9.3 Liability for expenses

Anova is solely responsible for, and must indemnify each Scheme Shareholder against, and must pay each Scheme Shareholder on demand the amount of, any duty that is payable and any related fines, interest and penalties in respect of or in connection with this Deed, the performance of this Deed and each transaction effected by or made or any instrument executed under this Deed or the Scheme, including the transfer of Scheme Shares under the Scheme.

9.4 Waiver of rights

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement, of a right provided by law or under this Deed by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this Deed.
- (b) A waiver or consent given by a party under this Deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this Deed operates as a waiver of another breach of that term or of a breach of any other term of this Deed.

9.5 Consent

Anova consents to Exterra producing this Deed to the Court.

9.6 Further acts and documents

Anova must promptly do all further acts and execute and deliver all further documents (in such form and content reasonably satisfactory to Exterra) required by law or reasonably requested by Exterra to give full effect to this Deed and the transactions contemplated by this Deed.

9.7 Severance and enforceability

Any provision, or the application of any provision, of this Deed that is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Deed in that or any other jurisdiction.

Executed as a deed poll by)
Anova Metals Limited ACN 147 678 779)
pursuant to section 127 of the Corporations)
Act:



Signature of Director

Gregory Fry

Print name of Director



Signature of Director/Secretary

Steven Jackson

Print name of Director/Secretary

Annexure D – Notice of Scheme Meeting

Exterra Resources Limited ACN 138 222 705

Notice of meeting

Notice is hereby given that, by an order of the Federal Court of Australia pursuant to section 411(1) of the *Corporations Act 2001* (Cth), a meeting of ordinary shareholders of Exterra Resources Limited will be held at Level 6, 123 St Georges Terrace, Perth, Western Australia on 15 September 2017 at 10.00 am (Perth time).

Business of meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a Scheme of Arrangement (with or without modification) to be made between Exterra and Exterra's Shareholders.

Resolution

The Scheme Meeting will be asked to consider, and, if thought fit, to pass the following resolution:

"That pursuant to and in accordance with section 411 of the Corporations Act, the Scheme of Arrangement (the terms of which are described in the Scheme Booklet of which the notice convening this meeting forms part) is agreed to (with or without modification as approved by the Federal Court of Australia)."

By order of the board of Exterra Resources Limited



Company Secretary

Dated 11 August 2017

Explanatory notes

Material accompanying this notice

This notice of meeting and the Scheme Resolution should be read in conjunction with the booklet of which this notice forms part (**Scheme Booklet**). Terms used in this notice, unless otherwise defined, have the same meaning as set out in the glossary in Section 11 of this Scheme Booklet.

A copy of the Scheme of Arrangement is contained in Annexure B to this Scheme Booklet.

A Proxy Form also accompanies this notice.

Voting

Your vote is important. For the Scheme to proceed, it is necessary that the requisite majority of Exterra Shareholders vote in favour of the Scheme.

The Exterra Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal. They each intend to vote all Exterra Shares held or controlled by them in favour of the Scheme Resolution, in the absence of a Superior Proposal.

Majorities required

In accordance with section 411(4)(a) of the Corporations Act, for the Scheme of Arrangement to be Effective, the Scheme Resolution must be passed by:

- unless the court orders otherwise, a majority in number of holders of ordinary shares present and voting (either in person or by proxy); and
- at least 75% of the votes cast on the resolution.

Quorum

A quorum for a meeting of Exterra Shareholders is 2 or more members present at the meeting who are entitled to vote on a resolution at the meeting as at 5.00 pm (Perth time) on 13 September 2017 (in person, by proxy or representative).

Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme of Arrangement must be approved by the order of the Court. If the Scheme Resolution set out in this notice is agreed to by the required majorities set out above and the Conditions Precedent set out in the Scheme of Arrangement are satisfied or waived, Exterra will apply to the Court for the necessary orders to give effect to the Scheme of Arrangement.

Determination of entitlement to attend and vote

The Court has ordered that, for the purposes of the Scheme Meeting, Exterra Shares will be taken to be held by the persons who are registered as members at 5.00 pm (Perth time) on 13 September 2017. Accordingly, registrable transmission applications to transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

How to vote

If you are an Exterra Shareholder entitled to attend and vote at the Scheme Meeting, you may vote by:

- attending the Scheme Meeting in person;

- appointing an attorney to vote on your behalf;
- appointing a proxy to attend on your behalf; or
- in the case of a corporation which is an Exterra Shareholder, by appointing an authorised corporate representative to attend on its behalf.

Voting at the Scheme Meeting will occur by poll

All persons attending the Scheme Meeting are asked to arrive at least 30 minutes prior to the time the Scheme Meeting is to commence, so that either their shareholding may be checked against the Register, their power of attorney or appointment as corporate representative can be verified (as the case may be), and their attendance noted.

Jointly held securities

If the Exterra Shares are jointly held, each of the joint shareholders is entitled to vote. However, if more than one shareholder votes in respect of jointly held Exterra Shares, only the vote of the shareholder whose name appears first on the Register will be counted.

Voting in person

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting to be held at Level 6, 123 St Georges Terrace, Perth, Western Australia on 15 September 2017. The Scheme Meeting will commence at 10.00 am (Perth time).

An Exterra Shareholder who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card on disclosure at the point of entry to the meeting of their name and address.

Voting by proxy

An Exterra Shareholder entitled to attend and vote at the meeting is also entitled to appoint a proxy to vote on their behalf. The Proxy Form is enclosed with this Scheme Booklet. You may appoint not more than 2 proxies to attend and act for you at the Scheme Meeting. A proxy need not be an Exterra Shareholder. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half of your votes.

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the Scheme Meeting.

A proxy will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting written evidence of their name and address.

The sending of a Proxy Form will not preclude an Exterra Shareholder from attending in person and voting at the Scheme Meeting if the Exterra Shareholder is entitled to attend and vote.

Please refer to the enclosed Proxy Form for instructions on completion and lodgement. A reply paid envelope is enclosed for shareholders who wish to post back their Proxy Form. Please note that Proxy Forms must be received by the Exterra Registry by no later than 10.00 am (Perth time) on 13 September 2017.

Voting by attorney

Powers of attorney must be received by the Exterra Registry, at the registered office of the Exterra Registry, by no later than 10.00 am (Perth time) on 13 September 2017 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the Scheme Meeting).

An attorney will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry of the Scheme Meeting written evidence of their appointment, their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude an Exterra Shareholder from attending in person and voting at the Scheme Meeting if the Exterra Shareholder is entitled to attend and vote.

Voting by corporate representative

To vote at the Scheme Meeting (other than by proxy or attorney), a corporation that is an Exterra Shareholder must appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act.

An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer.

Lodgement of proxies and queries

Proxy Forms powers of attorney and authorities should be sent to:

- the Exterra Registry using the enclosed reply paid envelope, or if you are outside of Australia or do not use the reply paid envelope to Security Transfer Australia Pty Ltd, PO Box 52, Collins Street West, Victoria 8007; or
- successfully transmitted by facsimile to Security Transfer Australia Pty Ltd on (08) 9315 2233.

Corporate Directory

Directors

John Davis (Executive Chairman)
Geoff Laing (Executive Director)
Justin Brown (Non-Executive Director)

Company Secretary

Dennis Wilkins

Registered Address

Suite 2, 11 Ventnor Avenue
West Perth WA 6005

Postal Address

PO Box 162
Subiaco WA 6904

Legal Adviser

Corrs Chambers Westgarth
Brookfield Place Tower 2, Level 6
123 St Georges Terrace
Perth WA 6000

Auditors

Rothsay Chartered Accountants
GPO Box 542
Sydney NSW 2001

Share Registry

Suite 913, Exchange Tower
530 Little Collins Street
MELBOURNE VIC 3000

Phone: 1300 992 916
Fax: +61 8 9315 2233

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