

XTIERRA DEBT RESTRUCTURING AGREEMENTS

Toronto, Ontario, January 16, 2018, Xtierra Inc. (“Xtierra” or the “Company”) announces that it has concluded agreements with its secured creditors and principal shareholders, the Pacific Road Resources Funds (“**PACIFIC ROAD**”) and Buchans Resources Limited (“**Buchans**”) to partially settle and restructure the Company’s US\$1.15 million principal amount of secured promissory notes (the “**Notes**”) upon certain conditions.

Under these agreements:

- (i) Pacific Road will, subject to regulatory approval, accept settlement of its Notes and accrued interest by the issuance of approximately 18.4 million common shares of Xtierra;
- (ii) Pacific Road will sell an aggregate of 50 million shares of the Company to purchasers identified by Xtierra for CDN\$1.0 million; and
- (iii) Buchans will enter into a Support and Standstill Agreement to defer repayment of principal and accrued interest, and suspend further interest accruals, for a term of two years and also provide additional financial support of \$100,000 to fund working capital and maintain the Company’s properties.

Completion of each of these restructurings is conditional upon simultaneous completion of the other. The targeted closing date is February 7, 2018.

“These debt-restructuring agreements will stabilize and significantly improve Xtierra’s financial position and are considered in the best interest of the Company”, said **Tim Gallagher, Director.**

“The debt due to Pacific Road will be discharged in full by the issuance of shares, while the debt due to Buchans will be deferred for two years, interest free, but with put and call provisions whereby Xtierra can repay the debt in cash at any time, or in kind at maturity, In addition, although Pacific Road’s share control block will be distributed, Pacific Road will continue to hold approximately 11.7% of Xtierra’s outstanding shares as a significant and supportive shareholder.”

PACIFIC ROAD DEBT SETTLEMENT AGREEMENT

The Company has entered into an agreement dated January 15, 2018 (the “**Transaction Agreement**”) with Pacific Road, which currently holds, in the aggregate, approximately 47.27 million (40.62%) shares of Xtierra. As of February 7, 2018, the amount due to PACIFIC ROAD under the Notes will amount to US\$735,062.61. The Transaction Agreement provides, among other things, that,

- Pacific Road will settle such debt for approximately 18.4 million Xtierra shares, increasing the total issued shares of Xtierra to approximately 134.8 million shares;

- Concurrently with such debt settlement, Pacific Road will sell 50 million Xtierra shares for CDN\$1.0 million to purchasers to be identified by Xtierra and who will be accredited investors within the meaning of applicable securities laws. Pacific Road will retain approximately 15.7 million shares (representing approximately 11.7% of the then outstanding shares)
- Completion of the above steps is conditional on, among other things,
 - Approval of the debt for share settlement by the TSX Venture Exchange and other regulatory authorities having jurisdiction;
 - The sale proceeds for the 50.0 million shares being deposited in trust with Pacific Road's counsel prior to Closing; and
 - Xtierra shall have completed its restructuring agreement with Buchans as described below.

As PACIFIC ROAD is currently a control person of Xtierra, the debt for share settlement constitutes a “related party transaction” within the meaning of NI61-102 *Protection of Minority Security Holders in Special Transactions* (“**NI61-102**”) but is exempt from the requirements for a formal valuation and minority shareholder approval under NI61-102 by virtue of sections 5.5((g) *financial hardship* (valuation) and s. 5.7(e) (minority approval).

The directors of Xtierra who are independent of Pacific Road have confirmed their view that the transaction with Pacific Road is designed to improve XAG's financial position.

BUCHANS SUPPORT AND STANDSTILL AGREEMENT

Buchans [as the successor to Minco plc] currently holds approximately 30.0 million (25.78%) shares of Xtierra. As of February 7, 2018, the amount due to Buchans under the secured Notes will be to US\$691,477.31.

Buchans has agreed to enter into a two-year support and standstill agreement (the “**Support Agreement**”) with Xtierra, to be effective upon completion of the debt conversion and share sale transaction with Pacific Road.

The Support Agreement provides, among other things, that:

- The terms of Xtierra's debt due to Buchans of approximately CAD\$ 867,000 will be modified as follows:
 - Mandatory repayment of the amount due to Buchans will be deferred for the term of the Support Agreement;
 - Buchans will advance an additional \$100,000 to fund Xtierra's working capital and maintain its mineral properties;
 - The accrual of interest will be suspended during the term of the Support Agreement;
 - The debt, including the additional advances, will remain secured by a pledge of the shares of Orca Minerals limited, which indirectly holds Xtierra's mineral properties in Mexico (the “Secured Property”)
 - Xtierra will have the right to repay the debt in cash at any time;
 - Buchans have the option at any time, upon 60 days written notice, to require the transfer of the Secured Property and any related liabilities in full satisfaction of the debt, unless the debt is repaid in full, in cash, during that 60-day period;
 - Upon expiry of the term of the Support Agreement, Xtierra may fully discharge the debt by transferring the Secured Property to Buchans.

- In consideration for the Support Agreement, Xtierra will issue to Buchans 13.0 million non-transferable warrants each entitling the holder to purchase one common share of Xtierra at \$0.05 per share, with a term of two years. Buchans will also continue to hold 30 million shares, representing approximately 22% of the then outstanding shares.
- Completion the above is conditional on, among other things,
 - Approval of the warrant issue by the TSX Venture Exchange and other regulatory authorities having jurisdiction;
 - The debt settlement and share sale transactions with Pacific Road described above shall have been completed.

As Buchans currently holds more than 10% of the issued shares of Xtierra, the Support Agreement and the issue of warrants contemplated therein would constitute a “related party transaction” within the meaning of NI61-102 but will be exempt from the requirements for a formal valuation and minority shareholder approval under NI61-102 by virtue of sections 5.5(g) *financial hardship* (valuation) and s. 5.7(e) (minority approval).

The directors of Xtierra who are independent of Buchans have confirmed their view that the transaction with Buchans is designed to improve XAG`s financial position.

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About Xtierra Inc.

Xtierra is a natural resource company with the primary business objective of exploring for and developing precious and base metal deposits on its mineral properties located in the Central Silver Belt of Mexico in the State of Zacatecas.

The Pacific Road group currently holds, in the aggregate, approximately 47.27 million (40.62%) shares of Xtierra.

Buchans Resources Limited currently holds approximately 30.0 million (25.78%) shares of Xtierra.

For further information contact:

Xtierra Inc.

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