

- **\$1.25M USD CONVERTIBLE NOTE FINANCING**
- **FEASIBILITY STUDY ON BILBAO PROJECT STARTS**

Toronto, April 14, 2009, Xtierra Inc. (TSXV – XAG) (“Xtierra” or the “Company”), Xtierra and the Pacific Road Resources Funds (“PRRF”) are pleased to announce that they have reached agreement, subject to regulatory and other approvals, for the sale to PRRF of a USD\$1.25 million convertible note financing arranged through Xtierra’s wholly-owned subsidiary, Orca Minerals Limited.

Xtierra is also pleased to announce that it has initiated the first phase of an independent Feasibility Study on its wholly-owned Bilbao Silver-Zinc-Lead-Copper Project in Zacatecas, Mexico. Proceeds from this financing will be used to fund this next phase of the Feasibility Study.

#### **Financing**

PRRF will subscribe for an aggregate principal amount of USD\$1.25 million in non-interest bearing notes (the “Notes”) issued by Orca Minerals Limited (“Orca Minerals”), an Ontario corporation wholly-owned by the Company. The Notes have a term of five years and are convertible, at the holders’ option, into a number of common shares of Orca Minerals which will equal ten percent (10%) of the issued shares of Orca Minerals. PRRF has a further right to exchange their holdings in Orca Minerals into either: (i) a number of shares of Bilbao Resources, S.A. de C.V. (“Bilbao Resources”), an indirectly-owned Mexican subsidiary of Orca Minerals which holds the Company’s interest in the Bilbao project, which will equal ten percent (10%) of the issued shares of Bilbao Resources or (ii) a number of common shares of Xtierra equal to the value of PRRF’s equity interest in Orca Minerals at the time of exchange divided by the volume-weighted average trading price of Xtierra’s shares during a 30-day period prior to such exchange. If exchanged into shares of Bilbao Resources, the Bilbao Resources shares are further exchangeable into a number of common shares of Xtierra equal to the value of PRRF’s equity interest in Bilbao Resources at the time of exchange divided by the volume-weighted average trading price of Xtierra’s shares during a 30-day period prior to such exchange. PRRF also has a put right, exercisable at its option at any time prior to maturity to require Xtierra to purchase the Notes for a number of common shares equal to the principal amount of the Notes divided by the volume weighted average trading price of Xtierra’s common shares during the 30 day period prior to the exercise of such right. The Notes provide for a minimum conversion price of \$0.10 per Xtierra common share.

PRRF purchased the securities for investment purposes and may or may not purchase or sell securities of Xtierra or its subsidiaries in the future on the open market or in private transactions, depending on market conditions and other factors material to PRRF’s investment decisions.

#### **Related Party Transaction**

PRRF is a related party to Xtierra and accordingly, this financing is subject to the rules contained in Multilateral Instrument 61-101 of the Canadian Securities Administrators (“MI 61-101”) and Policy 5.9 of the TSX Venture Exchange. PRRF currently holds 11,240,000 common shares (or approximately 22.5% of the issued shares of Xtierra) and warrants to purchase a further 5,620,000 common share for \$0.75 per share until September 3, 2009 and thereafter for \$1.00 per share until September 3, 2010.

As the number of shares of Xtierra issuable to PRRF is contingent, in part, upon future values and share prices, the number of such shares which PRRF may acquire should it exercise its exchange rights, cannot be determined at this time. However, in respect of the Notes, due to the minimum exchange

price noted above, PRRF will not likely acquire more than 15,537,500 additional shares (based on a conversion rate of \$1.243 for USD\$1.00, being the Bank of Canada's noon-day rate on April 6, 2009) increasing its potential holdings in Xtierra to 26,777,500 shares or approximately 40.9% of the issued and outstanding shares. Minco plc ("Minco") of London, England currently holds 30,000,003 shares of Xtierra amounting to 60.2% of the common shares of Xtierra. If PRRF were to increase its holdings to 26,777,500 as noted above, Minco's holdings would be reduced to approximately 45.9%. Minco concurs with and supports the issue of the Notes to PRRF.

The issue of the Notes to PRRF was considered and approved by the Board of Directors of Xtierra, two of the five members of which are neither officers nor employees of Xtierra. Mr. Lee Graber, a director of Xtierra and an Investment Director with Pacific Road Capital Management Pty. Limited, which acts as investment manager or advisor to PRRF declared an interest in the transaction and neither voted on nor participated in the Board's deliberations concerning the issue of the Notes.

Xtierra does not intend to complete a formal valuation in accordance with section 5.4 of MI 61-101 based upon Xtierra being a TSX-V listed company **and** the support of the transaction by Minco plc. Xtierra consequently relies on the exemptions contained in subsections 5.5(b) and (c) of MI 61-101. Minority shareholder approval of the issue of the Notes will not be sought based upon the exemption contained in subsection 5.7(c) which is applicable in these circumstances.

#### **Feasibility Study**

The first phase of the Feasibility Study will comprise metallurgical testwork and process optimization of the oxide, mixed oxide/sulphide and sulphide ores. Environmental baseline studies, hydrological studies, geotechnical analyses (rock mechanics) for both open pit and underground design purposes and mine design for both open pit and underground extraction methods will also be completed. The second phase of the Feasibility Study, to be completed by the end of the first quarter 2010, would include all the required drilling, any pilot plant testwork if deemed required, all permits and engineering design.

#### **Comment by CEO**

Commenting on the financing, Xtierra's President & CEO, Terence McKillen, said, *"We are very pleased that the Pacific Road Resources Funds share our optimism for the Bilbao project and have agreed to provide additional financing to support the proposed Feasibility Study at a time when capital and equity markets are not particularly receptive to junior resource developers. We anticipate completion of the first phase of the feasibility study in the Fourth Quarter of 2009."*

#### **About Xtierra Inc.**

Xtierra Inc. is a Toronto based exploration and development company listed on the TSX Venture Exchange. Xtierra's shares trade under the symbol "XAG". Xtierra has 49,862,003 shares issued and outstanding.

Xtierra's objective is to become a mid-tier producer of silver and base metals through the development of its Bilbao and Laguna projects, both located in the Central Mexican Silver Belt in the State of Zacatecas, as well as through organic growth and M & A opportunities.

#### **About Pacific Road Resources Funds**

PRRF is a private equity fund investing in the global mining industry. PRRF provides expansion and buyout capital for mining projects, mining-related infrastructure and mining services businesses located throughout resource-rich regions of the world. PRRF is managed or advised by Pacific Road Capital Management Pty. Limited ("PRCM"). The PRCM team, located in Sydney, Australia and San Francisco, USA, is comprised of experienced investment and mining professionals. For further information about PRRF and PRCM, please go to their website at [www.pacroad.com.au](http://www.pacroad.com.au).

**ON BEHALF OF THE BOARD OF DIRECTORS OF XTIERRA INC.**

Terence N. McKillen  
President and CEO

**Cautionary Notes:**

*This press release may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this release.*

**For further information visit [www.xtierra.ca](http://www.xtierra.ca) or contact:**

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