

XTIERRA Reports Second Quarter 2020 Results

- **Amendment to Incentive Stock Option Plan**

Toronto, Ontario, August 17, 2020:

Xtierra Inc. (TSXV: XAG) (“Xtierra” or the “Company”) reports its second quarter results for the six months ended June 30, 2020.

This news release should be read in conjunction with the Company’s unaudited financial statements and the associated management’s discussion and analysis (MD&A) for the three and six month period ended June 30, 2020 which are available on the Company’s website at www.Xtierra.com or under the Company’s profile at www.sedar.com. Amounts are stated in US dollars unless otherwise stated.

Company Overview

Xtierra is a natural resource company which holds mineral royalty interests and mineral exploration properties located in the Central Silver Belt of Mexico in the State of Zacatecas and is also pursuing new opportunities, including mineral exploration and development projects, and the potential acquisition of mineral and other royalties.

Xtierra is pursuing a strategy for realizing value on its Bilbao and other Mexican projects in the context of the current resource cycle, as well as identifying and evaluating new potential royalty acquisitions.

Xtierra, through its Mexican subsidiaries, holds a 100% interest in the Bilbao zinc-silver-lead-copper project, in the southeastern part of the State of Zacatecas, on which an independent Technical Report in accordance with NI 43-101 containing an updated resource estimate and preliminary economic assessment (PEA) was completed in 2014. The Company has maintained the Bilbao mineral concessions and title to the property in good standing and, with the much improved outlook for silver prices, now plans to undertake a process to solicit interest in the Bilbao project from operating silver producers with the objective of converting an asset, in which Xtierra invested over \$22 million, into cash flowing royalties in order to maximize value for shareholders.

During the quarter ended June 30, 2020, the Company raised Cdn\$1,000,000 through the issue of 20,000,000 shares at an issue price of Cdn\$0.05 per share, which financing was closed after the end of the quarter.

Mineral Royalty Interests

In July 2019, Xtierra acquired, indirectly through a wholly owned subsidiary, a 1.5% net smelter royalty in the four mining concessions comprising the bulk of the Bilbao zinc-silver-lead-copper property in Zacatecas.

On August 13, 2019, the Company signed a letter of intent, to acquire Minera Portree De Zacatecas, S.A. de C.V (“Minera Portree”), subject to due diligence and final agreement on price, terms and conditions.

On April 22, 2020, the Company entered into an agreement to acquire 88% of the shares of Minera Portree in consideration of the payment of Cdn\$56,000, , and the issue to the vendors of 2,000,000 shares of the Company.

Minera Portree holds various legal or royalty interests in certain mineral properties in Mexico, including the Company's Bilbao property and an asserted claim to a 2% net smelter royalty on six mining concessions located adjacent to the Cozamin Mine in Zacatecas operated by Capstone Mining Corp. (TSX:CS), five of which were acquired by Capstone from a third party in 2017 and 2019. The third-party had acquired the six mining concessions from Minera Portree in 2002, subject to a 2% net smelter royalty retained by Minera Portree. The entitlement of Minera Portree to the royalty may be contested by the third party and/or Capstone.

Results of Operations

The Company recorded no revenue for the six-month period ended June 30, 2020 or 2019.

For the three-month period ended June 30, 2020, the Company recorded a loss of \$257,111 (\$0.002 per share), which included warrants valuation expense of \$186,492 and share-based payment expense of \$42,557.

For the six-month period ended June 30, 2020, the Company recorded a loss of \$280,383 (\$0.003 per share), which included warrants valuation expense of \$186,492 and share-based payment expense of \$42,557.

For the three-month period ended June 30, 2019, the Company recorded a loss of \$30,723 (\$0.000 per share). The main component being exploration expense of \$12,192. For the six-month period ended June 30, 2019, the Company recorded a loss of \$54,612 (\$0.000 per share). The main component being exploration expense of \$12,192.

The book value of total assets at June 30, 2020 were \$242,107 compared to \$60,990 at December 31, 2019. The Company has invested \$22,849,080 on its Bilbao mineral project, which in accordance with the Company's accounting policies has been fully impaired. At June 30, 2020, the Company had cash of \$134,405 to settle current liabilities of \$75,409, excluding \$796,477 due to Buchans Resources Limited.

By an Extension Agreement dated as of February 7, 2020, as amended by an Amending Agreement dated April 30, 2020, the term of the Support and Standstill Agreement with Buchans to defer repayment of principal and accrued interest, was extended for an additional period to April 30, 2021, in consideration of the issue to Buchans of 13,000,000, non-transferable warrants, each warrant entitling Buchans to purchase one common share of Xtierra for Cdn\$0.05 per share for a term to April 30, 2021. During June and July 2020, the Company raised Cdn\$1,000,000 through the issue of 20,000,000 new shares.

Amendment to Company's Stock Option Plan

The Company has amended the Termination provisions (Section 7) of its Incentive Stock Option, previously approved by Shareholders, to comply with the requirements of TSXV Policy 4.4 – *Incentive Stock Options* to limit the time within which an option is exercisable after the retirement, disability or death of an Eligible Participant, to comply with the TSXV Policy requirements.

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