

EARLY WARNING REPORT
FILED UNDER NATIONAL INSTRUMENT 62-103

1. **Name and address of the offeror.**

Pacific Road Resources Fund A
Level 23, Gold Fields House
1 Alfred Street
Sydney, NSW 2000
Australia

Pacific Road Holdings NV
Avenue Louise 331-333
1050 Brussels
Belgium

Pacific Road Resources Fund B
Level 23, Gold Fields House
1 Alfred Street
Sydney, NSW 2000
Australia

Pacific Road Resources Fund L.P.
89 Nexus Way,
Camana Bay,
Grand Cayman, KY1-9007,
Cayman Islands

Pacific Road Resources Fund A, Pacific Road Resources Fund B, Pacific Road Holdings NV and Pacific Road Resources Fund L.P. are hereinafter referred to collectively as the “**Offeror**”.

2. **The designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances.**

The Offeror announced that it had exchanged an aggregate principal amount of US\$1,075,000 of outstanding convertible notes of a subsidiary of Xtierra Inc. (the “**Company**”) for an aggregate of 11,944,444 common shares of the Company, at an effective exchange price of approximately CDN\$0.1098 per Company common share, representing in the aggregate approximately 11.5% of the issued and outstanding common shares of the Company. The exchange was made pursuant to the terms of the note purchase agreement dated April 28, 2009, which provided for a right of PRRF to put the outstanding indebtedness to the Company in consideration for the issuance of Company common shares. The balance of the outstanding notes, being US\$175,000, will remain outstanding as an obligation of the Company.

3. **The designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file a news release.**

Following closing of the transaction, PRRF holds 47,265,654 common shares, which represent approximately 40.97% of the issued and outstanding shares of the Company. In addition, PRRF holds non-convertible, secured interest bearing notes of the Company in the aggregate principal amount of approximately US\$550,000. The notes are secured by a pledge of shares of the Company’s principal holding company.

4. **The designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:**

- (i) **the offeror, either alone or together with joint actors, has ownership and control,**

See paragraph 2 above.

- (ii) **the offeror, either alone or together with joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor,**

Not applicable.

- (iii) **the offeror, either alone or together with joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

- 5. **The name of the market in which the transaction or occurrence that gave rise to the news release took place.**

Not applicable.

- 6. **The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release.**

\$0.1098 per common share.

- 7. **The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer.**

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

- 8. **The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer, entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any securities.**

The securities were acquired pursuant to the terms of an Exchange and Investment Agreement dated April 25, 2014 (the "**Agreement**"), which preserves certain pre-existing rights of the Offeror, including anti-dilution and participation rights and information rights. The Agreement contains representations and warranties of the Company as well as certain ongoing operating covenants that must be satisfied by the Company. In addition, the Offeror will also be entitled to nominate such number of directors as equates to its pro rata percentage interest in the Company and, in any event, at least one nominee.

The form of promissory note agreed between the Offeror and the Company also contains certain events of default that could, if triggered, result in early repayment of the notes, including where the Corporation fails to repay the indebtedness when due, cross-defaults on other debts, fails to carry on business (including an event of insolvency), undergoes a change of control transaction or has otherwise breached the Agreement.

9. **The names of any joint actors in connection with the disclosure required by this form.**

Pacific Road Resources Fund A
Pacific Road Resources Fund B
Pacific Road Holdings NV
Pacific Road Resources Fund L.P.

10. **In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value in Canadian dollars of the consideration paid by the offeror.**

CDN\$1,301,502.51 (being the principal amount of notes converted (US\$1,075,000) into CAD on the basis of the Bank of Canada noon-day exchange rate on April 27, 2009 of US\$1.00 = CDN\$1.2107, the exchange rate stipulated in the April 2009 note purchase agreement pursuant to which the convertible notes were originally issued).

11. **If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities.**

Not applicable.

12. **If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance.**

The Offeror is relying on section 2.42 of National Instrument 45-106 – Prospectus and Registration Exemptions, being that the Company previously issued a put right to each of the purchasers comprising the Offeror providing each such purchaser the right to put its convertible promissory notes to the Company in consideration for the issuance of Company common shares.

DATED April 30, 2014

PACIFIC ROAD RESOURCES FUND A

By: Greg Dick

Name: Greg Dick

Title: Director

PACIFIC ROAD RESOURCES FUND B

By: Louis I Rozman

Name: Louis I Rozman

Title: Director

PACIFIC ROAD HOLDINGS NV

By: Caroline Hoogsteyns

Name: Caroline Hoogsteyns

Title: Director

By: Vinh Nguyen

Name: Vinh Nguyen

Title: Director

**PACIFIC ROAD CAPITAL MANAGEMENT GP
LIMITED, as general partner of
PACIFIC ROAD RESOURCES FUND L.P.**

By: Evan Burtton

Name: Evan Burtton

Title: Director