

**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 Resources Fund B
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 A, Pacific Road Resources Fund B and Pacific Road Holdings NV 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.**

On January 20, 2011, the Offeror announced that it had purchased 5,331,210 units (“**Units**”) issued by Xtierra Inc. (the “**Company**”) by way of private placement for gross proceeds to the Company of approximately \$1.5 million. Each Unit consists of one common share and one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share at a price of \$0.40 for a term of two years. The common shares purchased by the Offeror represent approximately 5.9% of the issued and outstanding shares 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, the Offeror holds 29,071,210 common shares, 17,201,210 common share purchase warrants and convertible non-interest bearing notes in the aggregate principal amount of USD\$1,250,000. The common shares held by the Offeror represent approximately 32.2% of the issued and outstanding shares.

As the number of common shares of the Company issuable to the Offeror under the existing convertible notes is contingent, in part, upon future values and share prices, the number of such shares which the Offeror 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, Offeror will not likely acquire more than 12,330,000 additional common shares (based on a conversion rate of \$0.9864 for USD\$1.00, being the Bank of Canada noon-day rate on January 12, 2011); assuming the issuance of such number of common shares under the convertible notes and full exercise of the warrants held by the Offeror, the Offeror would hold a total of 58,602,420 common shares, representing approximately 48.9% of the common shares of the 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.**

\$0.28

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 Units were acquired pursuant to a standard form subscription agreement, which provides representations, warranties and covenants of the Company to the Offeror and of the Offeror to the company.

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

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.**

\$1,492,738.80.

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.**

Not applicable.

DATED January 20, 2011

PACIFIC ROAD RESOURCES FUND A

By: *"Paul Espie"*

Name: Paul Espie

Title: Director

PACIFIC ROAD RESOURCES FUND B

By: *"Louis Rozman"*

Name: Louis Rozman

Title: Director

PACIFIC ROAD HOLDINGS NV

By: *"Ann Lavrysen"*

Name: Ann Lavrysen

Title: Director

By: *"Caroline Hoogsteyns"*

Name: Caroline Hoogsteyns

Title: Director