

FORM 51-102F3
Material Change Report

**MATERIAL CHANGE REPORT UNDER SECTION 7.1(2) OR (3) OF
NATIONAL INSTRUMENT NO. 51-102**

Item 1. Reporting Issuer

Xtierra Inc. 220 Bay Street, Suite 700, Toronto, Ontario M5W 2J4

Item 2. Date of Material Change

January 20, 2011

Item 3. Press Release

On January 20, 2011, a news release in respect of the material change was disseminated.

Item 4. Summary of Material Change

Xtierra Inc. completed a \$4.0 million placement to Sprott Asset Management and Pacific Road Resources Funds.

Item 5. Full Description of Material Change

Xtierra completed a non-brokered private placement of 14,331,210 units ("Units") for gross proceeds of \$4.013 million or \$0.28 per unit. Each Unit consists of one common share of Xtierra (a "Common Share") and one Common Share purchase warrant (each a "Warrant"), each Warrant entitles the holder to purchase one common share at \$0.40 per share for two years.

The Pacific Road Resources Fund group, a substantial shareholder in the Company, purchased an aggregate of 5,331,210 Units for gross proceeds of \$1.493 million thereby increasing their group shareholdings in Xtierra to approximately 29.07 million (32.2% undiluted). In connection with the placement to The Pacific Road Resources Fund group, the Company has paid a cash transaction fee of \$57,010 or 4% of the proceeds of such placement.

Pacific Road Holdings NV, a member of the Pacific Road Resources Group, acquired 4,272,432 common shares in the placement and now holds 23,298,036 common shares which is more than 10% of the issued shares of Xtierra. Consequently Pacific Road Holdings NV is an insider and related party of Xtierra. Accordingly, the private placement is a related party transaction under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101").

The directors of the Company, excluding an interested director, have determined, on the advice of counsel, that MI 61-101 is not applicable to this transaction pursuant to s.5.1(h)(iii) as Xtierra is obligated to and has completed this placement under the terms of a previous transaction, the terms of which were generally disclosed on April 30, 2009 and such previous transaction was carried out in compliance with MI 61-101.

Notwithstanding the inapplicability of MI 61-101, the placement to Pacific Road Holdings NV would otherwise be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to the exemptions contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 (*Fair Market Value Not More Than 25% of Market Capitalization*) on the basis that at the time the private placement was agreed to, neither the fair market value of the securities being issued, nor the fair

market value of the consideration for such securities, insofar as the private placement involves Pacific Road Holdings NV, exceeded 25 per cent of Xtierra's market capitalization.

Prior to the completion of the private placement, Pacific Road Holdings NV held 19,025,604 common shares of Xtierra representing 22.41% of the Xtierra's then issued and outstanding shares. On completion of the private placement, Pacific Road Holdings NV held 23,298,036 common shares representing 25.82% of the Company's issued and outstanding shares.

Xtierra did not file a material change report more than 21 days before the expected closing of the private placement as the details of the private placement and the participation therein by related parties of Xtierra were not settled until shortly prior to closing and Xtierra wished to close the private placement on an expedited basis for sound business reasons. However, the substantial likelihood of the participation of Pacific Road Holdings NV in the placement was disclosed in a press release disseminated on December 29th, 2010. In addition, Xtierra determined that only the completion of the private placement constituted a material change under applicable securities laws.

As announced on December 29th, 2010, Sprott Asset Management LP for and on behalf of certain funds purchased 9 million Units for gross proceeds of \$2.52 million. In connection with the placement to Sprott Asset Management LP, Xtierra paid a cash finder's fee of 4% of the proceeds of such placement.

All securities issued are subject to a hold period of four months and one day from the date of issue in accordance with applicable securities laws and the requirements of the TSX Venture Exchange.

The proceeds of the placement are for feasibility work on Xtierra's Bilbao silver-zinc-lead-copper project in Zacatecas, Mexico, exploration and working capital.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

The report is not being filed on a confidential basis.

Item 7. Omitted Information

No information has been omitted.

Item 8. Executive Officer

Neil Steenberg, Secretary

Item 9. Date of Report

DATED at Toronto, in the Province of Ontario, this 25th day of January 2011.