

EARLY WARNING REPORT
PURSUANT TO NATIONAL INSTRUMENT 62-103 – THE EARLY WARNING SYSTEM
AND RELATED TAKE-OVER BID AND INSIDER REPORTING ISSUES

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

1. Security and Reporting Issuer

- 1.1 *State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.*

Common shares (“**Common Shares**”) and secured promissory notes (“**Notes**”) Xtierra Inc.
(the “**Corporation**”)

Xtierra Inc.
Suite 1805
55 University Ave.
Toronto, ON M5J 2H7

- 1.2 *State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.*

The transactions described in this Early Warning Report were effected through a private agreement.

2. Identity of the Acquiror

- 2.1 *State the name and address of the acquiror.*

Pacific Road Resources Fund A
Level 2, 88 George Street
Sydney, NSW 2000
Australia
Pacific Road Holdings S.a.r.l.
L-2346 Luxembourg,
rue de la Poste 20,
Grand Duchy of Luxembourg

Pacific Road Resources Fund B
Level 2, 88 George 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 S.a.r.l. and Pacific Road Resources Fund L.P. are hereinafter referred to collectively as the “**Offeror**”.

- 2.2 *State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.*

On January 16, 2018, the Offeror entered into an transaction agreement (the “**Amending Agreement**”) with the Corporation pursuant to which, subject to the satisfaction of certain conditions, the Corporation would issue an aggregate of 18,442,721 common shares

(“**Common Shares**”) at a deemed issue price of C\$0.05 per Common Share in satisfaction of the outstanding secured promissory notes payable by the Corporation to the Offeror (“**Notes**”). In addition, the Corporation has agreed to use commercially reasonable efforts to identify purchasers for an aggregate of 50,000,000 Common Shares from the Offeror for an aggregate purchase price of C\$1,000,000 (or C\$0.02 per Common Share), which share purchase would occur concurrently with the settlement of the outstanding Notes.

2.3 *State the names of any joint actors.*

Not applicable.

3. Interest in Securities of the Reporting Issuer

3.1 *State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror’s securityholding percentage in the class of securities.*

The Offeror has not acquired or disposed of any securities at this time. Upon the satisfaction of the applicable closing conditions, including TSX Venture Exchange approval and the identification of purchasers by the Corporation, the Offeror will dispose of 50,000,000 Common Shares held by it, which represent approximately 37.1% of the currently issued and outstanding Common Shares. Upon completion of the transactions contemplated by the Transaction Agreement, the Offeror is expected to hold an aggregate of 15,708,375 Common Shares, representing approximately 11.65% of the then outstanding Common Shares.

3.2 *State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.*

See Item 3.1.

3.3 *If the transaction involved a securities lending arrangement, state that fact.*

Not applicable.

3.4 *State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.*

The Offeror has not acquired or disposed of any securities at this time. Upon the satisfaction of the applicable closing conditions, including TSX Venture Exchange approval and the identification of purchasers by the Corporation, the Offeror will dispose of 50,000,000 Common Shares held by it, which represent approximately 37.1% of the currently issued and outstanding Common Shares. Upon completion of the transactions contemplated by the Transaction Agreement, the Offeror is expected to hold an aggregate of 15,708,375 Common Shares, representing approximately 11.65% of the then outstanding Common Shares.

Prior to the entry into the Transaction Agreement, the Offeror held an aggregate of 47,265,654 Common Shares, representing approximately 40.6% of the currently issued and outstanding Common Shares.

3.5 *State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which*

- (a) *the acquiror, either alone or together with any joint actors, has ownership and control,*

See Item 3.4.

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

Not applicable.

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

Not applicable.

3.6 *If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.*

Not applicable.

3.7 *If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.*

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 *If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.*

See Item 2.2.

4. Consideration Paid

- 4.1 *State the value, in Canadian dollars, of any consideration paid or received per security and in total.*

On completion of the transactions contemplated by the Transaction Agreement, the Offeror will sell 50,000,000 Common Shares for an aggregate of C\$1,000,000, or C\$0.02 per Common Share.

See Item 2.2.

- 4.2 *In the case of a transaction or other 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, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.*

See Item 4.1.

- 4.3 *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.*

See Item 2.2.

5. Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) *the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;*
- (b) *a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;*
- (c) *a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;*
- (d) *a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;*
- (e) *a material change in the present capitalization or dividend policy of the reporting issuer;*
- (f) *a material change in the reporting issuer's business or corporate structure;*
- (g) *a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;*
- (h) *a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;*
- (i) *the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;*
- (j) *a solicitation of proxies from securityholders;*

(k) *an action similar to any of those enumerated above.*

The Offeror originally purchased the securities for investment purposes and has entered into the Transaction Agreement for investment purposes. The Offeror currently has no other plans or intentions that relate to its investment in the Corporation. Depending on market conditions, general economic and industry conditions, the Corporation's business and financial condition and/or other relevant factors, the Offeror may develop other plans or intentions in the future relating to one or more of the above items.

6. Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

See Item 2.2 and Item 5.

7. Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

See Item 2.2.

8. Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

[Signature page follows]

9. Certification

I, as the acquiror, certify, or I, as the agent filing the report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

January 17, 2018

Date

**PACIFIC ROAD RESOURCES FUND A
by its trustee, PACIFIC ROAD CAPITAL
A PTY LTD.**

By: "Greg Dick"

Name: Greg Dick

Title: Director

**PACIFIC ROAD RESOURCES FUND B by its
trustee, PACIFIC ROAD CAPITAL B PTY LTD.**

By: "Michael H. Stirzaker"

Name: Michael H. Stirzaker

Title: Director

**PACIFIC ROAD RESOURCES FUND
L.P. by its general partner, PACIFIC
ROAD CAPITAL MANAGEMENT
GP LIMITED**

By: "Evan Burton"

Name: Evan Burton

Title: Director

PACIFIC ROAD HOLDINGS S.A.R.L.

By: "Sharon Callahan"

Name: Sharon Callahan

Title: Manager