

XTIERRA Reports First Quarter 2020 Results

Toronto, Ontario, May 21, 2020: Xtierra Inc. (TSXV: XAG) (“Xtierra” or the “Company”) reports its results for the first quarter ended March 31, 2020.

This news release should be read in conjunction with the Company’s unaudited interim financial statements and the associated management’s discussion and analysis (MD&A) for the three months ended March 31, 2020 which are available on the Company’s website at www.xtierra.ca or under the Company’s profile on SEDAR (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 some 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 maintains the Bilbao property in good standing while at the same time examining strategic alternatives for further exploring and /or development of the property.

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.

In April 2020, Xtierra acquired 88% of the shares of Minera Portree de Zacatecas, S.A. de C.V (“Minera Portree”), in consideration of the payment of Cdn\$56,000, less the deposit of \$20,000 previously paid, with the remaining Cdn\$30,000 payable in installments subject to certain milestones, 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.

The Cozamin Mine is an operating polymetallic copper-silver underground mine, located 3.6 km north-northwest of Zacatecas City, with a 3,990 tonne per day milling capacity, which is expected to increase its production to 50 to 55 million pounds of copper and 1.4 to 1.5 million ounces of silver starting in early 2021, upon completion of the underground debottlenecking development project. The current mine plans maintain the Cozamin Mine operations life to 2024.

Based on public disclosure, Capstone reported that during the third quarter of 2019 Cozamin acquired the Portree claim block that laid within the Mala Noche Footwall Zone area. The claim block is surrounded by high grade Inferred Mineral Resources and provides access to continuously infill drill and eventually mine the Portree area.

During the fourth quarter of 2019, Cozamin started drilling into the Portree claim block. Prior to this, Portree was an untested inlier within Cozamin's land position covering the Mala Noche Footwall Zone area. Portree is surrounded by high grade Inferred Mineral Resources that future drilling is expected to increase to Indicated categorization. Capstone has reported that mining has already started within the Portree claim.

In the first quarter of 2020, Capstone reported that drilling of the Mala Noche Footwall Zone, associated with infilling or stepping out from regions of Inferred Mineral Resource category of the Mineral Resource estimate, was undertaken with 5 surface and 1 underground diamond drilling rigs. The drill program is aiming to upgrade Inferred Mineral Resources to the Indicated category to maximize subsequent conversion to Mineral Reserves in support of a doubling of mine life.

Support Extension Agreement

By an Extension Agreement dated as of February 7, 2020, the term of the Support and Standstill Agreement ("Support Agreement") with Buchans Resources Limited to defer repayment of outstanding Notes, was extended for an additional one year expiring February 7, 2021. At March 31, 2020, \$800,000 was due to Buchans.

Subsequent to the end of the quarter, by an Amending Agreement dated April 30, 2020, the term of the Extension Agreement was extended 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. Following receipt of TSXV approval 13,000,000 warrants were issued to Buchans.

Results of Operations

The Company recorded no revenue for the three-month period ended March 31, 2020 or 2019.

For the three-month period ended March 31, 2020, the Company recorded a loss of \$23,272 (\$0.00 per share). The main component being exploration expense of \$10,078.

For the three-month period ended March 31, 2019, the Company recorded a loss of \$21,634 (\$0.00 per share). The main component being exploration expense of \$12,057.

The Company has minimized its administrative and holding costs to maintain its properties and has curtailed all other expenditures, while examining strategic alternatives for realizing some value on its Bilbao and other Mexican projects and identifying and evaluating new potential royalty acquisitions.

The Company invested \$22,848,776 on its Bilbao mineral project, which in accordance with the Company's accounting policies is expensed as incurred.

At March 31, 2020, the Company had cash of \$9,832 to settle current liabilities of \$63,887, excluding \$796,477 due to Buchans and a \$2,000,000 contingent liability of a subsidiary.

The continuing operations of Xtierra in the short term are dependent upon continued support from its major shareholder and the ability to raise adequate working capital to continue as a going concern. Additional funding will be required for exploration and development and /or to pursue new potential royalty acquisitions or other initiatives.

The Company's operations and ability to finance its operations could be significantly adversely affected by the effects of the global spread of the contagious coronavirus, causing the outbreak of COVID-19 respiratory disease. The Company cannot predict the impact the COVID-19 pandemic will have on its operations. On March 31, 2020, the Federal Government of Mexico, as part of its nationwide effort to slow the spread of the COVID-19 coronavirus, issued a Decree requiring non-essential businesses, including mining and mineral exploration, to suspend all activities until April 30, 2020. On April 22, 2020 the Decree was extended until May 31, 2020.

For further information contact Xtierra Inc. at info@xtierra.ca

John F. Kearney Chairman (416) 362-6686	Tim Gallagher President & Director (416) 925-0090
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