

XTIERRA TO RE-ASSESS BILBAO WITH INCREASED SILVER PRICES

Toronto, Ontario, August 27, 2020 Xtierra Inc. (TSXV: XAG) (“Xtierra” or the “Company”) intends to re-assess the value of its Bilbao Silver-Lead-Zinc project in the context of the current market. “The Bilbao project has historically been challenged by relatively low tonnage and low silver prices, however, with the much improved outlook for silver prices, approaching the level estimated in the PEA, combined with the 2010-2013 drill results which outlined the potential to expand tonnage and the unexplored high grade silver vein systems, the time is right to attract an operating producer with the experience to take the deposit to the next level. Xtierra invested over \$30 million into Bilbao and ideally, it would like to convert this asset into a cash flowing royalty and enable the company to focus on further cash flowing gold, silver and copper royalty acquisitions in order to maximize value for shareholders,” commented Tim Gallagher, President.

The following disclosure is based on and/or derived from the PEA. The PEA is preliminary in nature in that it includes in part inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the results projected by the PEA will be realized with further work and actual results may vary substantially. Because inferred resources are speculative, the modifying factors that are applied to assess the potential economic viability of the project are also speculative.

Runge Pincock Minarco (Canada) Limited (“RPM”) delivered an independent Technical Report in accordance with NI 43-101 containing a resource estimate and preliminary economic assessment (PEA) on the Bilbao Project, dated April 28, 2014 which was based on 3 year trailing average prices of:

Zinc US\$0.94/lb, Lead US\$1.01/lb and Silver US\$30.24/ounce,

compared to current (mid 2020) prices of:

Zinc US\$1.11/lb, Lead US\$0.89/lb and Silver US\$27.65/ounce.

The mine plan incorporated in the PEA targeted the extraction of only the lower, unoxidized, sulphide zone based on a production rate of 2,000 tonnes per day, or 720,000 tonnes per year for a total of 5.2 million tonnes with an average grade of 2.1% zinc, 1.4% lead and 63.96 g/t silver over a mine life of approximately 8 years. The mineral processing plant proposes the treatment of the silver-lead-zinc sulphide material, which is expected to produce an average of 16,913 dry tonnes per year of silver-rich lead concentrate, and 26,966 dry tonnes per year of zinc concentrate, containing an average of 25 million pounds of zinc, 20 million pounds of lead, and 800,000 ounces of silver, for estimated revenue of US\$65 million and cash flow of US\$17 million per year and total production of 7.8 million ounces of silver over an 8 year mine life. As of April 2014, RPM estimated project capital costs of US\$99.5 million, including contingencies of US\$8.7 million and after-tax net cash flow of US\$32.6 million over the eight year mine plan. Economic results of the Project after-tax cash flow model indicate an IRR of 8.1% and an after-tax NPV of negative US\$5.8 million at a 10% discount rate and a NPV of US\$359,000 at an 8% discount rate.

Key RPM Recommendations

- Further metallurgical test work on the transition zone and oxide material to optimize metal recoveries on 791,082 tonnes of indicated and 3,069,852 tonnes of inferred oxide resources, excluded from the mine plan in the PEA which focused on the mineable sulphide resources
- Exploration drilling approximately 1.5 km south of Bilbao has potential to offer additional tonnage based on similar results from trenching, sampling and soil geochemistry which could increase tonnage
- Exploration work in and around the Bilbao deposit area in search for similar mineralized bodies which may occur along the La Blanca granodiorite contact in stacked lenses

In 2014, the Company conducted a desktop analysis of an alternative development scenario of extracting only the high grade portion of the Bilbao resources and milling of the ore mined from Bilbao at an existing mill within a reasonable trucking distance. By focusing only on the higher grade portion of the resource, this alternative development scenario would necessarily reduce the projected mining and processing rate, as well as subsequent metal concentrate production but maintain an eight year mine life. This scenario would also reduce the projected capital costs by reducing the amount of mine development required and eliminating the proposed mill at Bilbao. An external review of this report in 2016, concluded there was an opportunity to upgrade the deposit with underground definition drilling once a ramp is completed, which could also lead to the intersection of bonanza-grade silver veins not currently recognized and thereby lead to increased tonnage and extended mine life. Specifically, the recommendation was to drill the El Cabezón vein system target area which is exposed for a length of 600 meters and extends for several kilometers to the southeast (von Boeck 2005).

In 2016, the Company focused its field exploration activities on the identification of additional resource potential at ten (10) favorable target sites on the wider Bilbao property. Activities carried out included ground magnetometer and associated topographic surveys aimed at further identification and location of potential drill targets outside the immediate limits of the existing Bilbao deposit. In addition, petrographic, structural, lithological, and lithogeochemical studies were carried out on both sulphide and oxide zone mineralization to further enhance information presented in the 2014 PEA. The results confirmed there is potential for additional vein and skarn-type potential mineralization on the property.

Qualified Person

Scientific and technical information disclosed in this press release was prepared by or under the supervision of and approved by Gerry J. Gauthier, P. Eng., a Director and former President of the Company and a 'qualified person' within the meaning of NI 43-101.

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About Xtierra Inc.

Xtierra is a natural resource company with precious and base metal mineral properties in the Central Silver Belt of Mexico in the State of Zacatecas and is pursuing new opportunities including identifying and evaluating new potential royalty acquisitions.

Xtierra holds a 100% interest, subject to a 1.5% net smelter royalty repurchased in July 2019, on the Bilbao project silver-lead-zinc-copper project located in the southeastern part of the State of Zacatecas.

Xtierra owns 88% of the shares of Minera Portree de Zacatecas, S.A. de C.V. ("Minera Portree") which 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 operated by Capstone Mining Corp., which claim is challenged by Capstone.

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