

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**ITEM 1 — Name and Address of Company**

Xtierra Inc. (the “Company”)  
55 University Avenue, Suite 1805  
Toronto, Ontario  
M5J 2H7

**ITEM 2 — Date of Material Change**

November 30, 2022.

**ITEM 3 — News Release**

A news release was disseminated on December 2, 2022 through the facilities of Newsfile and subsequently filed on SEDAR ([www.sedar.com](http://www.sedar.com)). A copy of this news release is attached hereto as Schedule “A”.

**ITEM 4 — Summary of Material Change**

The Company has now completed the acquisition (the “**Acquisition**”) for a royalty stream of entertainment-based royalties through the purchase of 2,000,000 common shares (the “**MRI Shares**”) of Music Royalties Inc. (“**MRI**”). The Acquisition was completed pursuant to the terms of a share exchange agreement dated September 30, 2022.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).

**(a) a description of the transaction and its material terms:**

The Company acquired the MRI Shares from Timothy Gallagher. Mr. Gallagher is the Chairman and Chief Executive Officer and a director of MRI and the President and Chief Executive Officer and a director of the Company. As consideration for the MRI Shares, the Company issued 20,000,000 common shares in the capital of the Company (“**Common Shares**”) at a price of \$0.05 per Common Share to Mr. Gallagher.

**(b) the purpose and business reasons for the transaction:**

The Acquisition has been entered into in connection with the Company’s proposed change of business from a mineral resource exploration company to a company focused on seeking cash flow generating royalty opportunities in various industries, as described in the press release of the Company dated September 23, 2022.

**(c) the anticipated effect of the transaction on the issuer’s business and affairs:**

The Acquisition has been entered into in connection with the Company's proposed change of business from a mineral resource exploration company to a company focused on seeking cash flow generating royalty opportunities in various industries, as described in the press release of the Company dated September 23, 2022. Management views the Acquisition as supporting the proposed change of business as MRI is a Canadian-based private company that acquires passive music royalties from rightsholders (including but not limited to artists, producers and songwriters) and currently holds a portfolio of approximately 25 cash-flowing music royalties.

**(d) a description of:**

**(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:**

In connection with the Acquisition, 20,000,000 Common Shares were issued to Timothy Gallagher at a price of \$0.05 per Common Share, for an aggregate value of \$1,000,000. Mr. Gallagher is the Chairman and Chief Executive Officer and a director of MRI and the President and Chief Executive Officer and a director of the Company. Mr. Andrew Robertson is also a director of each of MRI and the Company.

**(e) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person referred to in subparagraph (i) for which there would be a material change in that percentage.**

Prior to the completion of the Acquisition, Mr. Gallagher beneficially owned or controlled, directly or indirectly, 10,775,000 Common Shares and stock options to acquire an additional 3,600,000 Common Shares, which represented approximately 6.1% of the issued and outstanding Common Shares on an undiluted basis. Upon closing of the Acquisition, Mr. Gallagher beneficially owns and controls, directly or indirectly, 30,775,000 Common Shares and options to acquire an additional 3,600,000 Common Shares, representing approximately 15.7% of the issued and outstanding Common Shares on an undiluted basis.

**(f) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee.**

A resolution of the board of directors approving the Acquisition was passed on September 30, 2022, with Mr. Gallagher and Mr. Robertson abstaining. No special committee was established in connection with the Acquisition and no materially contrary view was expressed by any director.

- (g) **a summary, in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction.**

Not applicable.

- (h) **disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) **that has been made in the 24 months before the date of the material change report:**

Not applicable.

- (ii) **the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer:**

Not applicable.

- (i) **the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction.**

The Company entered into an asset purchase agreement dated September 30, 2022 with Mr. Gallagher (the “**Asset Purchase Agreement**”) in connection with the Acquisition. The Asset Purchase Agreement sets out the purchase price of the MRI Shares (being \$1,000,000) and the method of payment therefor (being the issuance of 20,000,000 Common Shares to Mr. Gallagher, and also contains other customary terms for an agreement of this nature.

- (j) **disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The Company has relied on the exemptions from the formal valuation and minority approval requirements set out in sections 5.5(a) and 5.7(1)(a) of MI 61-101 in connection with the issuance of the Common Shares to Mr. Gallagher pursuant to the Acquisition, as described below.

***Section 5.5(a) of MI 61-101***

At the time the Acquisition was agreed to, neither the fair market value of the MRI Shares, nor the fair market value of the consideration for the MRI Shares

(being the 20,000,000 Common Shares issued to Mr. Gallagher), exceeded 25 per cent of the Company's market capitalization.

***5.7(1)(a) of MI 61-101***

At the time the Acquisition was agreed to, neither the fair market value of the MRI Shares, nor the fair market value of the consideration for the MRI Shares (being the 20,000,000 Common Shares issued to Mr. Gallagher), exceeded 25 per cent of the Company's market capitalization.

**ITEM 5 — Full Description of Material Change**

Please refer to the news release hereto attached as Schedule "A".

**ITEM 6 — Reliance on Section 7.1(2) or (3) of National Instrument 51-102 of the Act**

N/A

**ITEM 7 — Omitted Information**

N/A

**ITEM 8 — Executive Officer**

The name and business number of an executive officer of the Company who is knowledgeable about the material change and this report is:

Timothy Gallagher  
(416) 925-0090

**ITEM 9 — Date of Report**

December 9, 2022

**SCHEDULE “A”**  
News Release

## **XTIERRA INC. COMPLETES ACQUISITION OF A ROYALTY STREAM**

Toronto, Ontario – (Newsfile Corp. – December 2, 2022) – Xtierra Inc. (TSXV-XAG) (“**Xtierra**” or the “**Company**”) is pleased to announce that it has now completed the acquisition (the “**Acquisition**”) for a royalty stream of entertainment-based royalties through the purchase of 2 million common shares (the “**MRI Shares**”) of Music Royalties Inc. (“**MRI**”). The Acquisition was completed pursuant to the terms of a share exchange agreement dated September 30, 2022, which was disclosed in the press release of the Company dated September 30, 2022. MRI is a Canadian-based private company that acquires passive music royalties from rightsholders (including but not limited to artists, producers and songwriters) and currently holds a portfolio of approximately 25 cash-flowing music royalties. MRI is currently paying a monthly dividend generating a 6% annual yield.

The Company acquired the MRI Shares from Tim Gallagher. Mr. Gallagher is the Chairman and Chief Executive Officer and a director of MRI and the President and Chief Executive Officer and a director of the Company. As consideration for the MRI Shares, the Company issued 20 million common shares (the “**Common Shares**”) at a price of \$0.05 per Common Share. The MRI Shares have a value of \$1,000,000 and are expected to yield approximately \$5,000 of dividends per month. The Acquisition has been entered into in connection with the Company’s proposed change of business from a mineral resource exploration company to a company focused on seeking cash flow generating royalty opportunities in various industries as described in the press release of the Company dated September 23, 2022.

Tim Gallagher acquired 20 million Common Shares pursuant to the Acquisition. Prior to the Acquisition, Mr. Gallagher owned 10.775 million Common Shares of the Company and 3.6 million stock options. As a result of the Acquisition, Mr. Gallagher beneficially owns and controls 30.775 million Common Shares of the Company and 3.6 million stock options representing approximately 15.7% of the issued and outstanding Common Shares of the Company on a non-diluted basis and approximately 17.2 % on a partially diluted basis. The Common Shares were acquired by Mr. Gallagher for investment purposes. Mr. Gallagher has a long-term view of the investment and may acquire additional securities of the Company including on the open market or through private acquisitions or sell securities of the Company including on the open market or through private dispositions in the future, depending on market conditions, reformulation of plans and/or other relevant factors. A copy of Mr. Gallagher’s early warning report will appear on the Company’s profile on SEDAR and may also be obtained by calling (416) 925-0090.

The issuance of Common Shares to Mr. Gallagher pursuant to the Acquisition is considered to be a related party transaction within the meaning of TSX Venture Exchange (the “**TSXV**”) Policy 5.9 and Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Company intends to rely on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in Sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of the issuance of Common Shares to Mr. Gallagher.

The independent directors of the Company approved the Acquisition with Mr. Gallagher and Andrew Robertson (who serves as a director of each of the Company and MRI) abstaining.

All securities issued pursuant to the Acquisition have been legended with a hold period of four months and one day from the date of issuance.

### **About Xtierra**

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 outstanding 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.

**For further information contact Xtierra Inc. at [info@xtierra.ca](mailto:info@xtierra.ca)**

**Tim Gallagher**

President, Chief Executive Officer & Director

(416) 925-0090

Additional information about Xtierra can be found on its website at [www.xtierra.ca](http://www.xtierra.ca) and by reviewing its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

*Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this press release.*

## **Forward-Looking Statements**

*This news release contains “forward-looking information” within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature may constitute forward-looking information. In some cases, forward-looking information can be identified by words or phrases such as “may”, “will”, “expect”, “likely”, “should”, “would”, “plan”, “anticipate”, “intend”, “potential”, “proposed”, “estimate”, “believe” or the negative of these terms, or other similar words, expressions, and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Forward-looking information contained in this press releases includes, but is not limited to, the following: the Company’s proposed change of business; the anticipated focus of the Company’s business after the change of business is completed; and the future dividend potential relating to the Acquisition.*

*Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is based on assumptions made in good faith and believed to have a reasonable basis. Such assumptions include, without limitation, that all necessary approvals will be granted for the Company’s proposed change of business; the future value relating to the MRI Shares and the ability to pay dividends in the future; and that sufficient capital will be available to the Company.*

*However, forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, that all necessary approvals for the proposed change of business and associated listing of the Common Shares on the Canadian Securities Exchange and delisting of the Common Shares from the TSX Venture Exchange will be not granted or will be subject to conditions or restrictions that are not currently anticipated by the Company; that sufficient capital and financing required in order to fulfill the Company’s business plans and strategy following the proposed change of business cannot be obtained on reasonable terms, or at all; that the Company will not be able to pay dividends in the future; and other risks related to the Company as disclosed in the Company’s continuous disclosure documents filed on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).*

*Accordingly, undue reliance should not be placed on forward-looking statements and the forward-looking statements contained in this press release are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained herein are made as at the date hereof and are based on the beliefs, estimates, expectations, and opinions of management on such*

*date. The Company does not undertake any obligation to update publicly or revise any such forward-looking statements or any forward-looking statements contained in any other documents whether as a result of new information, future events or otherwise or to explain any material difference between subsequent actual events and such forward-looking information, except as required under applicable securities law. Readers are cautioned to consider these and other factors, uncertainties, and potential events carefully and not to put undue reliance on forward-looking information.*