



News Release

X-TERRA RESOURCES DEFINES GOLD DRILLING TARGETS ON THE GROG AND NORTHWEST PROPERTIES

Rouyn-Noranda, Québec, January 7, 2020 – X-Terra Resources Inc. (TSXV: XTT) (FRANKFURT: XTR) is pleased to announce that it has defined several high priority gold drilling targets on its road-accessible Grog and Northwest properties, located in Restigouche County in the province of New Brunswick. The targets were defined as a result of the fieldwork and data processing completed throughout the 2019 exploration program. Winter drilling will allow to accelerate the exploration process and continue to generate high quality sampling in areas previously identified as gold-bearing.

Geochemical surveys, high resolution magnetic survey and induced polarization were completed across the Grog and Northwest properties, in addition to the trenching and structural mapping that were completed to produce a first drilling plan. The Grog and Northwest properties are characterized by a one to two metres thick soil and overburden blanket without nearly any outcropping areas. This situation creates both an opportunity and a challenge for exploration by making the classic “hammer and boot” prospecting more challenging. Identification of targets needed to be supported heavily on indirect exploration methods, such as, geochemistry and geophysics followed by drilling.

- **Grog gold mineralization targets** correspond to an area of about 6 kilometres along the East to Northeast McKenzie Fault Zone. The mineralized system is not attached to a unique structure and remain inside a one kilometre-wide favorable corridor marked by a complex folding pattern with associated shear zones. A feldspathic dyke swarm event runs all along the targets associated with clay alteration, open space filling quartz veining marked by brecciation and sulfidation. The gold-bearing system can be tracked using arsenic and antimony as pathfinders.
- **The Northwest veins system** is located about 25 kilometres further south in a distinct geological environment composed of wacke sediments metamorphosed to the greenschist metamorphism facies. In this context, low sulfides, free gold-bearing quartz veins are hosted in strongly dipping shear zones marked locally by drag folding. Chlorite group minerals are the main component of the alteration system.

While early, the drilling proposal is supported by multiple field evidences such as the gold enrichment observed with lithological contacts, shearing and particular alteration assemblages. Structural information obtained during the 2019 field exploration program allowed to give an orientation for each target.

“The 2019 exploration program on the Grog and Northwest properties was very successful and to further delineate these first drill targets is a true testament to the hard work the entire team has done. Some of the targets identified exhibit the geological characteristics required for a porphyritic-epithermal connection, however, other sectors of the properties advocate more for an intrusion related gold deposit context. In addition, this will be the first time any drilling has taken place over the Grog Property”, stated Michael Ferreira, President and Chief Executive Officer of X-Terra Resources.

The objective of these first drill holes is to confirm the position of gold-bearing structures, evaluate the geometrical parameters such as dip and thickness, and recover information that will validate geological controls on gold mineralization.

Six distinct high-priority targets were modelled to be tested first with one or two shallow drill holes. X-Terra Resources' plan is to drill between one and three shallow holes per target.

Targets	Host rocks	Geochemical signature and alteration	Host structure	Mineralization environment
Northwest 26	Greenschist sediments	Au, chlorite alteration	N-NE strongly dipping shear zone along a folded contact	Orogenic quartz veins
Dyke swarm	Feldspathic dykes/hornfels	As-Sb, hornfels alteration	Dykes contacts corresponding to a strong chargeability contrast.	Intrusion related
Bellevue South	Conglomerate/shear zones	Au-As-Sb, clay alteration	Shear zone cross cutting a fold hinge	Epithermal veins
Bellevue North	Conglomerate/shear zones	Au-As, clay alteration	Shear zone cross cutting a fold hinge	Epithermal veins
Grog	Conglomerate/feldspathic dykes	Au-As-Sb, clay, silicification	Shear zone cross cutting a fold hinge	Epithermal veins
TR-8	Conglomerate	Au-As-Sb, clay, silicification	Sediments contacts with a strong chargeability contrast.	Epithermal veins

Prospective structures were firstly identified with strong chargeability contrasts along property wide dipole-dipole induced polarization survey lines. Further trenching on selected anomalies made the contact with different sulfides bearing, alteration and locally strongly faulted environments. Systematic sampling along 20 to 200 metres lines returned varied levels of gold, arsenic and antimony enrichment.

The final targeting used the last detailed airborne magnetic survey produced at 50 metres spacing over 701 line kilometres interpreted with the help of structural measurements and geological mapping from each trench.

Drilling priorities

Northwest 26 target: High grade gold values were obtained from four sub-outcropping quartz vein occurrences scattered within a five kilometre by five kilometre area. For all cases identified to date, gold enrichment values up to 207.6 g/t Au from chip samples and boulder samples were obtained from individual 0.1 to 0.3 metre wide veins.

The northwest trench No 26 result (4.5 g/t Au) is associated with a 10 metre-wide quartz vein networks following a chlorite rich shear zone (see X-Terra Resources press release dated November 27, 2019). Drill holes planned should prove the repetition and consistency of gold grades inside the vein system (See link: <https://www.xterresources.com/pdfs/Drill-Targets-2020-XTT-NB-TRENCH-26.pdf>).

Dyke swarm Target: Strong arsenic and gold geochemical anomalies are associated with a feldspathic dyke swarm highlighting a north to north-south orientation. A strong brecciation associated with clay, silica and pyrite alteration was identified at the limit of accessible ground for trenching. Drilling will cross-cut this 60 to 100 metre area bounded by strong mineralization indicators.

Bellevue North & South Targets: The area is located approximately two kilometres north of the Dykes swarm showing. Initial roadside prospecting returned 1 to 2.87 g/t Au boulders. Initial trenching has intercepted a series of gold values between 0.3 and 0.8 g/t forming locally five metres wide interval. Target modelling indicates a strong control by a north-east shear zone developed inside a silicified and argilized conglomerate. Both gold showings can belong to similar parallel structures according to the current interpretation. The distance between them reaches approximately 600 metres. The drilling strategy aims to cut entirely the gold-bearing structure thickness.

Grog Target: The Grog showing area is located approximately 700 metres north of the Bellevue showing. Actual trenching patterns returned gold values up to 3.7 g/t Au partly hosted in argilized strongly dipping feldspathic dykes, and partly in silicified conglomerates extending over approximately 500 metres. Structural observations have indicated the importance of intersections between dykes and easterly fractures. The initial drilling planned aim to reproduce historical surface results.

Tr-8 Target: Trench No. 8 represented the northernmost exploration area on the property, being located approximately six kilometres from the dyke swarm target. The mineralization context identified with gold anomalies between 0.05 and 0.27 g/t Au is located at the intersection between a conglomerate-siltstone contact and an oblique minor shear zone. The gold enrichment is related to silicification and brecciation similar to the structures observed in epithermal environments.

(See link : <https://www.xterraresources.com/pdfs/Drill-Targets-2020-XTT-NB.pdf>).

Qualified Person

Jeannot Théberge, P. Geo registered in the Provinces of Québec and New-Brunswick, a consultant to X-Terra Resources, a qualified person *under National Instrument 43-101 Standards of Disclosure for Mineral Projects* (“NI 43-101”) has reviewed the technical contents of this news release, and has approved the disclosure of the technical information contained herein.

About X-Terra Resources Inc.

X-Terra Resources is a resource company focused on acquiring and exploring precious metals and energy properties in Canada.

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