



X-Terra Resources Corporation
(formerly Canadian Empire Exploration Corp.)
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TSX Venture Exchange: XT

**X-TERRA RESOURCES CORPORATION CLOSES
DEBT SETTLEMENT**

Vancouver, B.C., X-Terra Resources Corporation announces that it closed, on May 16, 2007, a debt settlement transaction with the issuance, following receipt of regulatory approval, of an aggregate 327,739 of its common shares (the “Shares”), at a deemed price of \$0.56 per share, in settlement of \$183,534 indebtedness comprised of promissory notes entered into during 2006. The Shares are subject to Exchange and Multilateral Instrument 45-102 hold periods expiring on September 17, 2007.

BY THE ORDER OF THE BOARD OF DIRECTORS

“John S. Brock”

John S. Brock
President

For further information:

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The TSX Venture Exchange has not reviewed and does not accept responsibility for the accuracy or the adequacy of this press release.