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News Release

X-TERRA RESOURCES CORPORATION COMPLETES \$5 MILLION PRIVATE PLACEMENT

ROUYN-NORANDA, QUÉBEC. July 11, 2008 – X-Terra Resources Corporation (XT-TSXV) is pleased to announce that it has completed its previously-announced private placement of 5,000,000 units at a price of \$1.00 per unit, for gross proceeds to X-Terra of \$5,000,000. Each of the units consists of one common share and one common share purchase warrant. Each warrant entitles its holder to purchase one additional common share of X-Terra at a price \$1.50 for two years.

PowerOne Capital Markets Limited acted as agent for the private placement. In connection with the private placement, X-Terra paid a cash commission to PowerOne in an amount equal to 8% of the gross proceeds of the private placement, and issued compensation options to PowerOne, entitling it to purchase up to 400,000 units at a price of \$1.00 per unit for a period of two years after the closing of the private placement. Each of the units will be comprised of one common share and one common share purchase warrant. Each warrant will entitle its holder to purchase one additional common share of X-Terra at a price \$1.50 for two years from the closing of the private placement.

Under applicable securities legislation and the policies of the TSX Venture Exchange, all of the foregoing securities are subject to a hold period expiring on November 12, 2008.

The proceeds from the private placement will be used by X-Terra for the exploration program on its shale gas properties located in the Québec Lowlands and for working capital. As a result of the closing of the private placement, there are 12,245,069 common shares of X-Terra issued and outstanding.

X-Terra is also pleased to announce that it has entered into an assignment agreement with Brownstone Ventures Inc. (TSXV: BWN), as previously announced, whereby Brownstone will acquire a 50% interest in X-Terra's exploration licences for petroleum and natural gas on its shale gas properties located in the Québec Lowlands (collectively, the "Licences"). In payment, Brownstone Ventures will issue 2,000,000 common shares and 2,000,000 common share purchase warrants to X-Terra. Each warrant will entitle X-Terra to purchase one common share of Brownstone at a price of \$2.00 for a period of two years. Brownstone will be the operator of an exploration program for the territory covered by the Licences.

The assignment agreement is subject to certain conditions, including confirmation of the granting of the Licences by the Ministère des Ressources Naturelles et de la Faune of the Province of Québec to X-Terra, and approval by the TSX Venture Exchange of the assignment of the 50% interest and the issuance by Brownstone to X-Terra of the 2,000,000 shares and warrants in payment.

About X-Terra Resources:

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

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

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