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### **News Release**

### **X-TERRA RESOURCES OBTAINS APPROVAL FOR SHALE LICENSES IN QUÉBEC LOWLANDS, BRINGS IN STRATEGIC PARTNER AND ARRANGES FINANCING**

VANCOUVER, BC: June 9<sup>th</sup>, 2008 – **X-Terra Resources Corporation (XT-TSXV)** is pleased to announce that it has received approval from the Québec Ministry of Natural Resources for permits on approximately 150,000 hectares (1,500 sq. km.) of land prospective for shale gas in the Québec Lowlands, Utica-Barnett-like shale natural gas play. The staked land is in close proximity to Junex Inc. and Intragaz Exploration near Shawinigan, Québec, and Squatex Resources and Gastem in the Rimouski, Québec area. See the location map on the Company's website: [www.xterraresources.com](http://www.xterraresources.com).

#### **Strategic Partner**

The Company is also pleased to announce that it has entered into a letter of intent with Brownstone Ventures Inc. (TSXV: BWN) whereby Brownstone will acquire a 50% interest in the Company's applications (and subsequent permits) covering the 150,000 hectares in the Québec Lowlands. Under the letter of intent, Brownstone will issue 2,000,000 common shares and 2,000,000 common share purchase warrants (exercisable at a price of \$2.00 for a period of 24 months) to the Company. Brownstone has also agreed to purchase 850,000 units in the Company's financing referred to below. The transaction also includes an area of mutual-interest agreement covering the Québec Lowlands. In addition, Brownstone will have the right to appoint the operator for the project.

The transactions contemplated by the letter of intent are subject to a 30-day due diligence period, completion of formal documentation, approval of the Board of Directors of the Company and Brownstone, and approval of the TSX Venture Exchange.

#### **Financing**

The Company also announces that it has engaged PowerOne Capital Markets Ltd. of Toronto, Ontario as its exclusive agent for a best-efforts private placement of a maximum of four million units of the Company at a price of \$1.90 per unit, for maximum gross proceeds to the Company of \$7.6 million. Each unit will consist of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional common share of the Company at a price of \$2.50 for a period of two years from the closing of the private placement.

The Company has agreed to pay to PowerOne Capital Markets, at the time of the closing of the private placement, an agency fee equal to 8% of the gross proceeds of the private placement in cash or, at the option of PowerOne Capital Markets, in units at a deemed price of \$1.90 per unit. The Company will also issue broker warrants entitling PowerOne Capital Markets to purchase a number of units equal to 8% of the number of units sold in the private placement, at an exercise price of \$1.90 per unit.

The Company intends to use the net proceeds from the private placement for exploration of the Company's shale gas property in the Québec Lowlands and for working capital. The private placement is subject to regulatory approval, including that of the TSX Venture Exchange.

PowerOne Capital Markets will also be entitled to a finder's fee of 150,000 units payable upon the closing of the transaction with Brownstone.

### **Stock Options**

The Company also announces that the directors' and officers' stock options in respect of 500,000 common shares referred to in its press release of June 2, 2008, have been repriced at \$1.90. The options expire on June 2, 2013.

### **About X-Terra Resources:**

X-Terra is a resource company focused on acquiring and exploring energy properties in Canada. X-Terra Resources has 6,776,671 shares outstanding.

### **Forward-looking Statements**

*This news release contains certain forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the ability of X-Terra to control or predict, which could cause actual events or results to differ materially from those anticipated in such forward-looking statements, including risks disclosed in filings with the Canadian securities regulators made by X-Terra. Accordingly, readers should not place undue reliance on forward-looking statements.*

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

This news release does not constitute an offer of the securities described herein. These securities have not been registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States or to U.S. persons unless registered or exempt therefrom.

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