

**OFFERING DOCUMENT  
UNDER THE LISTED ISSUER FINANCING EXEMPTION**

**FEBRUARY 17, 2023**

**X-TERRA RESOURCES INC.**

(the "Company" or the "Issuer")

**WHAT ARE WE OFFERING?**

<b>Offering:</b>	Up to 2,000,000 Units (the "Units") comprised of one common share of the Company (each a "Common Share" and collectively, the "Common shares") and one common share purchase warrant (each common share purchase warrant referred to as a "Warrant").  Each Warrant will entitle its holder to acquire one Common Share of the Company at a price of \$1.00 for a period of 24 months from the closing date of the private placement (the "Offering").
<b>Offering Price:</b>	\$0.75 per Unit.
<b>Offering Amount:</b>	A minimum of 1,733,333 Units and a maximum of 2,000,000 Units, for minimum gross proceeds of \$1,300,000 and maximum gross proceeds of \$1,500,000.
<b>Closing Date:</b>	On or about March 10, 2023.
<b>Exchange:</b>	The Common Shares of the Company are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "XTT".
<b>Last Closing Price:</b>	On Thursday February 16, 2023, the closing price of the Common Shares on the TSXV was \$0.79.

***No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this document. Any representation to the contrary is an offence. This offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.***

**The Company is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 Prospectus Exemptions. In connection with this Offering, the issuer represents the following is true:**

- **The Company has active operations and its principal asset is not cash, cash equivalents or its exchange listing.**
- **The Company has filed all periodic and timely disclosure documents that it is required to have filed.**

- **The total dollar amount of this Offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this offering document, will not exceed \$5,000,000.**
- **The Company will not close this offering unless the issuer reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**
- **The Company will not allocate the available funds from this offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the issuer seeks security holder approval.**

#### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This offering document contains “forward-looking information” within the meaning of applicable Canadian and United States securities laws, which is based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. The forward-looking information included in this offering document are made only as of the date of this offering document. Such forward-looking statements and forward-looking information include, but are not limited to, statements concerning future exploration plans at the Company’s mineral properties, including exploration timelines and anticipated costs; completion of the Offering, the Company’s expectations with respect to the use of proceeds and the use of the available funds following completion of the Offering; raising the minimum or maximum proceeds of the Offering; and completion of the Offering and the date of such completion. Forward-looking statements or forward-looking information relate to future events and future performance and include statements regarding the expectations and beliefs of management based on information currently available to the Company. Such forward-looking statements and forward-looking information often, but not always, can be identified by the use of words such as “plans”, “expects”, “potential”, “is expected”, “anticipated”, “is targeted”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements or forward-looking information are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements or forward-looking information, including, without limitation, risks and uncertainties relating to: general business and economic conditions; regulatory approval for the Offering; completion of the Offering; changes in commodity prices; the supply and demand for, deliveries of, and the level and volatility of the price of gold, lithium and other metals; changes in project parameters as exploration plans continue to be refined; costs of exploration including labour and equipment costs; risks and uncertainties related to the ability to obtain or maintain necessary licenses, permits or surface rights; changes in credit market conditions and conditions in financial markets generally; the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; the availability of qualified employees and contractors; the impact of value of Canadian dollar and U.S. dollar, foreign exchange rates on costs and financial results; market competition; exploration results not being consistent with the Company’s expectations; changes in taxation rates or policies; technical difficulties in connection with mining activities; changes in environmental regulation; environmental compliance issues; other risks of the mining industry; and risks related to the effects of COVID-19 as well as all of the risks described under “Financial Instruments” and “Risk and Uncertainties”

in the Company's Annual Report for the fiscal year ended December 31, 2021, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com). Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or forward-looking information. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that could cause results not to be as anticipated, estimated or intended. For more information on the Company and the risks and challenges of its business, investors should review the Company's annual filings that are available at [www.sedar.com](http://www.sedar.com). The Company provides no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, changing circumstances, or otherwise.

## **SUMMARY DESCRIPTION OF BUSINESS**

### **What is our Business?**

The Company is an exploration stage company in the business of acquiring, exploring and developing lithium and precious metals properties in Canada. It has interests in mining properties located in the provinces of New Brunswick and Québec in Canada.

### **Recent Developments**

On March 17, 2022, the Company provided an update on its Northwest property, with respect to its geochemical sampling carried out in the fourth quarter of 2021. The Northwest property is part of a regional land position held along the McKenzie Fault located in Restigouche County, New Brunswick. Over the course of the fourth quarter of 2021, the Company completed 1,650 metres of mechanical trenching and 13 line kilometres of "B horizon" of the Northwest property regarding geochemical sampling which totaled 424 rock samples and 1,404 soil samples collected on the whole property. This trench work led to the identification of numerous quartz veins and four priority gold-zinc anomalous targets (see press release dated March 17, 2022 for more information).

On March 29, 2022, the Company provided an update on its Grog property with respect to its geochemical sampling carried out in the fourth quarter of 2021. The Grog property is part of a regional land position held along the McKenzie Fault located in Restigouche County, New Brunswick. Over the course of Q4 2021, the Company covered the Grog area with approximately 8.9 line kilometres of "B horizon" sampling, representing a total of 264 samples. These new geochemical results provided identification of six gold-antimony-arsenic targets (see press release dated March 29, 2022 for more information).

On June 2, 2022, the Company announced that it recently acquired by map designation three claim blocks totaling over 10,000 hectares in northern Québec that are collectively known as the Triple Lithium Project. The regional project is located in the James Bay, Québec region in an area newly mapped by the Province of Québec in 2018-2019 (see press release dated June 2, 2022 for more information). These three blocks of 200 mining claims were acquired for their prospectivity for Lithium

being situated in the Lacs des Montagne geological formation, also where the Nemaska Lithium deposit is situated.

On June 8, 2022, the Company announced the acquisition of another Lithium property immediately east of the Lithium Metal Tech Ltd Adina Lithium project located in James Bay, Québec (see press release dated June 8, 2022 for more information). The Company acquired the 38 mining claims comprising this property known as the Liberty project by map designation. These mining claims are adjoining the Winsome Resources Adina Lithium project and are located on the Trieste formation, the geological context is very favourable for Lithium potential. There is evidence of a lithium bearing sample on the Liberty project which was identified by the *Ministère de l'Énergie et des Ressources naturelles* (Québec) in 2014.

On June 16, 2022, the Company announced it has been awarded a \$25,000 grant under the New Brunswick Junior Mining Assistance Program. Plans are being finalized to carry out an additional detailed geochemical sampling survey over six of the high priority geochemical targets recently identified on the Grog property (see press release dated June 16, 2022 for more information). The objective of this program is to tighten the spacing of the executed geochemical program completed in the fall of 2021.

On July 14, 2022, the Company announced it has recently completed an additional phase of infill geochemical sampling on the Grog and Northwest properties located in the province of New Brunswick. Throughout this program, 363 "B" horizon soil samples were collected, split between the Grog and Northwest properties to validate and further improve the targets discovered through last years large scale geochemical programs (see press release dated July 14, 2022 for more information).

On September 9, 2022, the Company acquired by map designation 24 mining claims, known as the Galli Lithium project. The project is located in the Wachiskw intrusion which took place in the rocks of the Guyer group, the same host volcanic rock that hosts the Patriot Battery Metals Lithium Corvette discovery.

On September 14, 2022, the Company reported that it has initiated its trenching program at the Grog and Northwest properties following the positive geochemical results from a last phase of soil survey executed earlier this year. The two properties are located in north-western New-Brunswick, Restigouche County. The Company also reported the results of its annual and special meeting of shareholders of the Company held on August 31, 2022, at which time the five nominees proposed by management were elected as directors of the Company, Raymond Chabot Grant Thornton LLP was reappointed as auditor of the Company and the new omnibus equity incentive plan of the Company was approved, ratified and confirmed by the shareholders of the Company (see press release dated September 14, 2022 for more information).

On September 27, 2022, the Company reported that it completed 75% of its planned trenching program at the Grog and Northwest Properties located in north-western New-Brunswick, Restigouche County. Thus far, a total of seven trenches were completed within the Grog geological footprint with an additional 145 metre trench located 1.2 kilometres northeast of the Grog gold showing. The Company reported that Trench TR-22-14 hosted numerous series of 10 to 20 metres of pyritic stringer zones along 120 metres of the 145 metre trench that was completed (see press release dated September 27, 2022 for more information).

On October 5, 2022, the Company reported that it had completed 100% of its planned trenching program at the Northwest property located in Restigouche county, New Brunswick. The major highlight

of the program was the identification of a sub-outcropping quartz veins systems associated with carbonate bearing alteration and sulfides (see press release dated October 5, 2022 for more information).

On November 16, 2022, the Company reported that it had mobilized its technical team to its 100% owned recently acquired Galli and Liberty Lithium projects in James Bay, Québec. The Company will be completing a helicopter-assisted reconnaissance prospecting program over its Galli and Liberty lithium projects which are directly adjacent to Winsome Resources Adina project (see press release of the Company dated November 16, 2022 for more information).

On November 22, 2022, the Company reported that it had completed its reconnaissance program over its 100% owned recently acquired Galli and Liberty Lithium projects in James Bay, Québec (see press release of the Company dated November 22, 2022 for more information).

On December 22, 2022, the Company announced that it had completed a non-brokered private placement pursuant to which it issued 7,566,667 Quebec “flow-through” common shares at a price of \$0.09 per share and 7,566,668 units at a price of \$0.075 per unit, for aggregate gross proceeds to the Company of \$1,248,500. Each of the 7,566,668 units is comprised of one federal "flowthrough" common share and one-half of a common share purchase warrant. Each whole warrant entitles its holder to acquire one additional common share of the Company at a price of \$0.12 for a period of 24 months from the closing date. The Company intends to use the proceeds from the private placement for exploration on certain of its mining exploration properties in Québec and New Brunswick. (see press release dated December 22, 2022 for more information).

On January 10, 2023, the Company announced that in order to accelerate the exploration process on its Liberty lithium property, the Company recently signed a contract with Prospectair Geosurveys to carry out a high resolution heliborne magnetic survey over the Liberty property as well as its other lithium projects located in the James Bay region of the province of Québec. The survey is for a total of 2,496 line kilometres with a 50 metre line spacing (see press release of the Company dated January 10, 2023 for more information).

On February 3, 2023, the Company announced the consolidation of its common shares on the basis of one post-consolidation common share for every seven pre-consolidation shares issued and outstanding as of the close of business on February 2, 2023. The shares began trading on a consolidated basis on the TSXV on Wednesday, February 8, 2023. The share consolidation was approved by the Company’s shareholders at the annual and special meeting held on August 31, 2022 (see press release of the Company dated February 3, 2023 for more information).

On February 16, 2023, the Company announced that it has reached an agreement (the “**Extension**”) with NBGold Inc. to amend the option agreements pursuant to which the Company has the option to acquire up to a 70% interest in the Grog and Northwest properties, located in in the province of New Brunswick (see the press releases of the Company dated February 4, 2019 and April 30, 2019). Under the Extension, the Company has been granted an extension of two years, until April 30, 2025, within which time period it is required to complete the exploration expenditures in order to be able to exercise the option to acquire an additional 25% interest in the Grog and Northwest properties. The Company currently holds a 45% interest in the Properties. No consideration was paid by the Company for the Extension.

## Material Facts

There are no material facts about the securities being distributed that have not been disclosed in this offering document or in any other document filed by the Company in the 12 months preceding the date of this offering document.

There can be no guarantee that the Company will be successful in raising the minimum amount under this Offering.

The Company has been advised by certain directors and officers of the Company who are related parties as defined in Policy 5.9 of the TSXV and Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) of the fact that they are considering to participate in the Offering. Any such participation would be considered a related party transaction, however the Company expects that such transactions would be exempt from the formal valuation requirement and shareholder approval requirement of MI 61-101 as the fair market value of any Units issued to such persons will not exceed 25% of the Company’s market capitalization.

## Business Objectives and Milestones

### What are the business objectives that we expect to accomplish using the available funds?

The Company intends to use the proceeds raised from the Offering for exploration of the Company’s projects in Québec, to effect its annual cash payments pursuant to its option agreements to acquire up to a 70% interest in the Grog and Northwest properties located in the province of New Brunswick, and to increase its working capital.

Timeline	Business Objective	Significant Event & Cost of Event
Summer 2023	Continued exploration of the Liberty Property	\$850,000 in Geophysical survey, Radiometric survey, ground exploration/sampling and diamond drilling
Summer 2023	Continued exploration of the Triple Lithium Property	\$200,000 assuming the minimum Offering and \$210,000 the maximum Offering in Geophysical survey, ground sampling
Summer 2023	Continued exploration of the Galli Property	\$148,500 assuming a minimum Offering and \$160,000 assuming the maximum Offering in Geophysical survey, ground sampling
Spring 2023	Continued exploration of the Ducran Property	\$30,000 for logging and sample preparation and analysis

Timeline	Business Objective	Significant Event & Cost of Event
April 2023	Fulfill the Corporation's payment obligations to acquire an additional interest of 25% in the Northwest and Grog properties pursuant the option agreements with NBGold	\$50,000: Annual payments required to be paid on April 30, 2023 pursuant to the option agreements to acquire an interest of up to 70% in the Northwest and Grog properties

### USE OF AVAILABLE FUNDS

#### Available Funds

#### What will our available funds be upon the closing of the offering?

The expected availability of funds is \$1,862,000 and \$2,048,000 for the minimum and maximum offering size, respectively.

		Assuming minimum Offering only	Assuming 100% of this Offering
A	Amount to be raised by this offering	\$1,300,000	\$1,500,000
B	Selling commissions and fees	\$91,000	\$105,000
C	Estimated offering costs (e.g. legal, accounting, audit)	\$45,000	\$45,000
D	Net proceeds of offering: D=A – (B+C)	\$1,164,000	\$1,350,000
E	Working capital as at January 31, 2023, the most recent month end (deficiency)	\$664,000	\$664,000
F	Additional sources of funding (warrants exercised on February 7, 2023)	\$34,000	\$34,000
G	Total available funds: G = D+E+F	<b>\$1,862,000</b>	<b>\$2,048,000</b>

## Use of Available Funds

### How will we use the available funds?

Description of intended use of available funds listed in order of priority	Assuming minimum Offering only	Assuming 100% of Offering
Further exploration and evaluation of Company's exploration asset located in the province of Québec	\$1,228,500	\$1,250,000
General & administration	\$534,000	\$534,000
Staking and renewal of mining claims	\$10,000	\$25,000
Annual payments required pursuant to option agreements to acquire an interest of up to 70% in the Northwest and Grog properties	\$50,000	\$50,000
Working capital	\$39,500	\$189,000
<b>Total:</b>	<b>\$1,862,000</b>	<b>\$2,048,000</b>

The above noted allocation and anticipated timing represents the Company's current intentions with respect to its use of proceeds based on current knowledge, planning and expectations of management of the Company. Although the Company intends to expend the proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including the Company's ability to execute on its business plan.

The most recent audited annual financial statements and interim financial report of the Company included a going-concern note. The Company is still in the exploration stage and the Company has not yet generated positive cash flows from its operating activities, which may cast doubt on the Company's ability to continue as a going concern. The Offering is intended to permit the Company to continue to explore its properties and conduct an inaugural drilling on the Liberty Lithium project and potential drilling on the Triple Lithium project, and is not expected to affect the decision to include a going concern note in the next annual financial statements of the Company.

## Use of Funds from Previous Financings

### How have we used the other funds we have raised in the past 12 months?

Date of Financing and Funds Raised	Intent of Use of Funds	Use of Funds to Date <sup>(1)</sup>
December 22, 2022 \$1,248,500	The net proceeds were to be used for the exploration of the Québec and New Brunswick properties of the Company	\$20,000

(1) The Company has allocated the funds to date towards the Liberty, Triple Lithium, Galli and Ducran projects. There are no variances between the previously disclosed use of funds and the use of such funds to date.

## FEES AND COMMISSIONS

### Involvement of dealers or finders and their fees

#### Who are the dealers or finders that we have engaged in connection with this offering, if any, and what are their fees?

The Company has not engaged any security dealers in connection with the Offering, however the Company may pay finder's fees and issue finder warrants to any registered dealers participating in the Offering consisting of: (i) cash finder's fees of up to 7% of the gross proceeds of the Offering raised through such registered dealers; and (ii) finder warrants in an amount equal to up to 7% of the number of Units issued pursuant to the Offering through such registered dealers, exercisable at a price of \$0.75 per common share for a period of twenty-four (24) months following the closing date of the Offering.

### Dealer Conflicts

#### Do(es) the dealer(s) have a conflict of interest?

The Company does not expect to be a "related issuer" or "connected issuer" of or to any dealer, as such terms are defined in National Instrument 33-105 – Underwriting Conflicts, that may participate in the Offering.

## **PURCHASERS' RIGHTS**

### **Purchasers' rights**

#### **Rights of Action in the Event of a Misrepresentation**

**If there is a misrepresentation in this offering document, you have a right**

- a. to rescind your purchase of these securities with the Company, or**
- b. to damages against the Company and may, in certain jurisdictions, have a statutory right to damages from other persons.**

**These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.**

**If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.**

**You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.**

## **ADDITIONAL INFORMATION**

### **Additional Information**

#### **Where can you find more information about us?**

Security holders can access the Company's continuous disclosure at [www.sedar.com](http://www.sedar.com) and on the Company's website [www.xterraresources.com](http://www.xterraresources.com).

## DATE AND CERTIFICATE

### Certificate

**This offering document, together with any document filed under Canadian securities legislation on or after February 17, 2022, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.**

Dated: February 17, 2023

*(signed) Michael Ferreira*

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**Michael Ferreira**  
**President and Chief Executive Officer**

*(signed) Sylvain Champagne*

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**Sylvain Champagne**  
**Chief Financial Officer**