

## **DRILLING RESUMES AT BILBAO**

**Toronto, June 1, 2012, Xtierra Inc. (TSXV – XAG) (“Xtierra” or the “Company”),** is pleased to announce receipt of regulatory approval for a 2,000 metre 8-hole programme of infill drilling on the main Bilbao deposit with a view to improving confidence in the resource blocks that would be mined within the first three to four years of underground production. Down-the-Hole Electromagnetic (‘DHEM’) testing of the sulphide intersections of the infill drill holes has been commissioned as well as on a further five previously drilled holes. The DHEM testing will endeavour to provide a possible geological “signature” which could assist in the search for potential lateral and depth extensions to the deposit. A drill contractor has been mobilised to the project site.

The potential to identify additional mineralized bodies at the Bilbao property is believed to be excellent. The occurrence of stacked lenses of mineralization in sediments close to the contact of the La Blanca granodiorite suggests that similar bodies may also occur along that contact elsewhere on the Company’s property or district-wide in a similar geological context. As part of the Bilbao development plan and in conjunction with the ongoing Feasibility Study, the Company has continued exploration work in and around the Bilbao deposit area, as well as in other mineral claims it holds within the immediate Panfilo Natera Mining District in the search for Bilbao-type mineralization.

### **Silver-Rich Zone**

In particular, the Company has focused recent exploration in the southern part of the Bilbao project to investigate two types of silver-rich targets situated immediately to the south of the main Bilbao deposit. The targets, all with high grade silver content, comprise high angle hydrothermal veins and more massive stratiform, brecciated limestone horizons. In a program of drilling in June and July, 2011, six separate mineralized veins and/or fault-fillings were identified. Four of the mineralized fault structures trend NNW-SSE while another two veins strike NNE-SSW. The former have strong base-metal values while the latter contain silver values of up to 664g/t silver. The width of these structures varies, with veins averaging about 1m true thickness and fault-fillings up to 12m in thickness.

A programme of five drill holes (1,928 metres) was completed in April 2012 and confirms the down dip continuity of the argentiferous breccia zone for a further one hundred metres to the south, with a particularly strong development in drill-hole X96 which intersected 5.10m at a grade of 372.5g/t Ag. The remaining four holes intersected narrow widths of greater than 200 g/t Ag. The silver-enriched zone at Bilbao is now known to extend over an area 350 x 100m in a north-south direction and appears to occupy a brecciated zone within the limestone sequence, the thickness of which is variable from about four to 20 metres. The resource estimate for Bilbao does not include these newly found silver rich veins and ‘flats’ which are expected to eventually contribute to the silver resource at Bilbao.

### **Qualified Person**

Information of a scientific or technical nature contained in this release has been prepared by or under the supervision of Terence N. McKillen, P.Geo., Chief Executive Officer, Gerald J. Gauthier, P.Eng., Chief Operating Officer and Dr. Anthony C. Gallon, C.Eng., Chief Geologist, all ‘Qualified Persons’ within the meaning of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators.

### **About Xtierra Inc.**

Xtierra Inc. is a Toronto based exploration and development company listed on the TSX Venture Exchange under the symbol "XAG". There are 103,272,142 shares issued and outstanding. The Company is completing a feasibility study on its Bilbao silver-zinc-lead-copper project in Zacatecas, Mexico which is expected to be completed in Q3 2012. Xtierra's objective is to become a mid-tier producer of precious and base metals through the development of its Bilbao project as well as through exploration, organic growth and M & A opportunities.

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or the accuracy of this release.*

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