

XTIERRA REPORTS ADDITIONAL HIGH GRADE SILVER INTERCEPTS IN DRILLING TO THE SOUTH OF THE BILBAO DEPOSIT & THE DISCOVERY OF A NEW ZONE OF SILVER MINERALISATION TO THE NORTH

Toronto, July 21, 2011, Xtierra Inc. (TSXV – XAG) (“Xtierra” or the “Company”), is pleased to report further analyses from drilling completed at its Bilbao project, Zacatecas, Mexico indicating additional high grade silver intercepts immediately south of the Bilbao polymetallic resource and the discovery of a new zone of silver and base metal mineralisation located approximately 1.4 kilometres to the northeast of the Bilbao deposit.

Bilbao South High Grade Silver Zone

In drilling in the southern part of the Bilbao deposit, Xtierra previously reported (June 27, 2011) preliminary assay results for six separate mineralized veins and/or fault-fillings. Further intersections have been made in four additional drill-holes. Four of the mineralized fault structures have a north-northwest trend while another two veins strike north-northeastwards; the former have strong base-metal values while the later contain significantly anomalous silver values previously reported up to 664g/t silver but now recorded as high as 4,600g/t silver (over a 0.35m width) with an intersection of 2.45 metres averaging 1,623g/t silver (hole X40-1), including 3,340g/t silver over 0.60m (refer attached table of results). Hole X40-1 was prematurely halted while still in mineralisation due to technical difficulties experienced with water loss. The actual mineralised intersection is expected to be wider.

In addition to the fault/vein hosted mineralization encountered in drill-holes X40-1, X87-1 and X86C, drill-hole X93 intersected the zone of manganiferous, brecciated limestone found previously to the north in DDH’s CG4, X85 and X84 (all part of drilling within the main Bilbao deposit), thereby extending this zone of stratiform mineralization a further 70m to the south of that previously known and which remains open-ended.

Drill-holes X86-C and X93 intersected a considerable thickness of limestone underneath a 150 metre capping of basalt and sandstone demonstrating that the horizon hosting the main mineralized body at Bilbao persists to the south and west. Since both of these drill-holes are mineralised, there is excellent potential that additional mineralisation will be discovered.

The three-dimensional morphology of the silver veins is not yet fully understood. Although the intersections are high angle intercepts, insufficient drilling has been completed on each vein structure to permit the precise calculation of true width. The table appended below indicates intersected width which is likely to be within 15% of true width.

The veins, which are comprised of amethystine quartz with calcite, are closely related with the contact of the limestone horizons (which host the main Bilbao deposit) with the main La Blanca granodioritic batholith. Xtierra is planning immediate follow-up drilling on this developing high grade silver zone which may represent a feeder system to the main Bilbao skarn-replacement deposit.

Ardillas Prospect

The Ardillas prospect is located about 1.4 kilometres northeast of the Bilbao deposit and was first identified through soil geochemical surveys which resulted in a coincidental lead-zinc-silver-arsenic anomaly of dimensions 850 x 500m over the central part of the poorly exposed La Blanca granodiorite. Subsequent pitting and trenching within the core of the geochemical anomaly resulted in the discovery of hedyphane (lead chlor-arsenate) encrusted galena veinlets within granite. A single, preliminary, inclined (-60°) drill hole (X-91) has intersected four veins with the thickest intersection of 4.25 metres at an average grade of 1.24% lead, 1.27% zinc and 47.7g/t silver at a vertical depth of about 150 metres. A further zone of 0.65 metres was intersected at about 96 metres vertical depth averaging 2.53% lead, 3.47% zinc, 0.33% copper and 104.6g/t silver. Anomalous tin values have also been recorded.

The mineralization at Ardillas is related to a vein swarm/dissemination adjacent to a controlling regional west-northwest trending fault structure paralleling the San José fault structure which, 3.3km to the north, hosts silver mineralization currently being worked by Arian Silver Corporation (“Arian”). Because only one hole has been drilled so far, the full extent of the mineralization is not yet known but in a regional context, the Ardillas veins appear to have similarities to San José vein where Arian operates a 500 tpd underground mine with a reported resource (August 2008) of 2.196 Mt grading 127.71g/t Ag, 0.51% Pb, and 0.88% Zn (Indicated) and 11.19 Mt grading 93.84g/t Ag, 0.39% Pb, and 0.83% Zn (Inferred). At San José the vein system crops out over approximately six km in length in a west-northwest orientation with an average width of 2.5 m. Arian reports that more than one vein can be present and in other locations a stockwork of quartz veinlets has developed in the wallrock adjacent to the main vein. Xtierra is planning further follow-up drilling at Ardillas.

Comment

Commenting on the latest drill results, Xtierra’s CEO, Terence McKillen, said *“The additional, very high grade silver values within the vein structures and breccias at the southern end of the Bilbao deposit provides excellent potential for identifying additional silver (and base metal) resources for the deposit. These high grade zones suggest the presence of silver-rich feeder zones to the main skarn-replacement body. The morphology and disposition of these silver-rich fault zones is, as yet, not fully defined but a further drilling program is planned to investigate the zone in greater detail.”* Mr. McKillen added, *“We are also very excited about the new discovery at Ardillas which has all of the earmarks of a San José-type vein system. It is located within 1.4 km of the main Bilbao deposit and could, in time, provide additional resources to the main project. Further drilling is also planned at Ardillas.”*

Analytical Method

Samples from half-core were prepared at the Stewart Group laboratory in Zacatecas and initially analyzed for 38 element content using ICP-MS (inductively coupled plasma – mass spectrometry) by the Stewart Group (Eco-Tech Laboratory) in Kamloops, British Columbia. Values exceeding the limits of detection are automatically re-analyzed by Fire Assay or Atomic absorption spectrometry (AAS) methods respectively. Standards and blanks were used regularly for quality control.

Drill-hole #	From (m)	To (m)	Intersected Width (m)	Ag (g/t)	Pb (%)	Zn (%)	Pb+Zn (%)	Cu (%)
*X40-1	179.00	180.00	1.00	228.00	0.06	0.05	0.11	0.03
*X40-1	196.55	198.00	1.45	68.90	3.49	0.39	3.88	0.86
X40-1	207.95	211.75	3.80	23	2.71	2.12	4.83	0.25
X40-1	218.65	222.15	3.55	71.2	3.09	2.00	5.09	0.20
*X40-1	294.70	295.00	0.30	100.00	2.92	1.26	4.18	0.68
*X-40-1	312.60	313.65	1.05	28.00	1.81	1.01	2.82	0.01
X40-1	413.65	416.00	2.35	89.0	4.40	1.32	5.72	0.06
X40-1	420.45	423.00	2.55	329.0	0.07	0.52	0.59	0.01
*incl	421.95	423.00	1.05	690.00	0.11	1.14	1.25	0.02
*X40-1	424.05	426.50	2.45	1,623.35	0.54	0.76	1.30	0.02
*incl	425.55	426.15	0.60	3,340.00	0.76	0.28	1.04	0.04
*incl	426.15	426.50	0.35	4,600.00	1.94	3.70	5.64	0.04
X86A	212.00	217.00	5.00	114.7	1.12	0.76	1.88	0.08
X86A	284.50	285.60	1.05	127.6	9.96	11.43	21.39	0.27
X86A	374.50	376.00	1.50	230.0	0.16	0.78	0.94	0.01
X86A	386.00	387.00	1.00	218.0	0.19	0.94	1.13	0.01
X86A	396.00	396.55	0.55	218.0	0.06	0.52	0.58	0.01
X86A	407.35	408.40	1.05	664.3	0.20	2.20	2.40	0.01
X86B	243.50	248.15	4.65	97.9	4.85	10.10	14.95	0.31
X86B	255.00	258.45	3.45	24.9	2.07	1.48	4.18	0.11
X86B-1	243.90	256.00	12.10	109.4	4.17	4.91	9.08	0.63
*X86-C	249.80	251.75	1.95	69.75	0.09	0.06	0.14	0.01
*X86-C	263.50	266.20	2.70	245.45	0.11	0.04	0.15	0.01
*X86-C	271.05	271.45	0.40	49.90	0.07	0.07	0.14	0.04
*X86-C	291.55	293.60	1.75	125.74	6.33	3.03	9.36	1.03
*X93	192.00	196.00	4.00	268.50	0.11	0.05	0.16	0.01
X87-1	267.00	268.00	1.00	29.6	2.55	3.10	5.65	0.01

X87-1	386.60	389.00	2.40	335.5	1.59	1.11	2.70	0.34
*incl	386.60	387.00	0.40	698.00	0.46	2.52	2.98	0.02
*incl	387.00	388.00	1.00	410.00	0.25	1.52	1.77	0.01
X87-1	413.75	415.30	1.55	578.7	0.20	0.33	0.53	0.01
*incl	413.75	415.00	1.25	684.00	0.24	0.38	0.62	0.01
*X87-1	422.00	422.40	0.40	122.00	0.07	0.20	0.27	0.00
*X87-1	430.00	431.00	1.00	286.00	0.14	0.39	0.53	0.00

A summary of the main mineralized zones intersected at Bilbao South (denotes new data)*

Drill-hole #	From (m)	To (m)	Intersected Width (m)	Ag (g/t)	Pb (%)	Zn (%)	Pb+Zn (%)	Cu (%)
*X91	122.75	123.15	0.60	50.20	1.61	0.97	2.58	0.04
*X91	124.10	124.20	0.10	25.80	0.68	2.10	2.78	0.03
*X91	125.00	125.65	0.65	104.58	2.53	3.47	6.00	0.33
*X91	187.05	191.30	4.25	47.71	1.24	1.27	2.51	0.06
*X91	197.65	198.15	0.50	49.40	1.10	1.47	2.57	0.03

A summary of the Ardillas drilling (denotes new data)*

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. 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.

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