

MINING

Ambitious Xtierra ponders development at two Mexican projects

by Mike Kachanovsky

In recent years, several Canadian junior miners have successfully advanced exploration prospects into producing mines in Mexico. Xtierra Inc. [XAG-TSXV] aspires to become the next addition to that select group. The company controls several advanced-stage projects in Mexico, two of which warrant serious consideration for development.

The most likely candidate to host a new mine is the Bilbao deposit located in the prolific Zacatecas Mining District, home to many large mining projects. Bilbao is a polymetallic deposit, hosting significant resources of silver, zinc, and other base metals. It offers the economic advantages of being relatively shallow and continu-

ous across a wide area, and therefore this deposit geometry is suitable for a lower cost open-pit mine. Also, extensive metallurgical testing has been completed using sample material from the oxide horizon of the deposit, indicating a high percentage of the total metals content may be recovered through conventional processing.

The combination of lower projected costs and higher recovered metals output is a positive factor indeed as operating revenues are expected to be attractive. Since the price tag for development would likely amount to a capital budget in the range of \$50 million, lenders are going to look very carefully at the bottom line before handing over the money.

all construction and plant infrastructure work on time and on budget.

However, Xtierra may draw on the experience and leadership of a strong management group that has demonstrated past success with the discovery and development of mining projects on behalf of other companies. The team is also seasoned with individuals that are familiar with the regulatory and cultural realities that pertain to operating a mine in Mexico.

Xtierra appears to offer some attractive value for investors. The stock trades with a low market capitalization in the range of \$10 million and yet provides leverage to over 100 million silver equivalent resource ounces. It is active in highly prospective areas of Mexico, and

controls several diverse projects. A large amount of money has been spent to advance these projects and the company is on the verge of building a mine. ■

Xtierra has a relationship with a third party financier, Pacific Road Resource Funds in Australia which has an option to extend much of the funding necessary for development. Due out shortly, a feasibility study is currently underway at Bilbao. The study will document the projected economics for the operation and perhaps recommend going ahead with a mine plan.

Meanwhile, a second high priority prospect is also pending a development decision in Zacatecas. Xtierra controls the La Laguna Pedernalillo Project, a formerly producing mine where a large tonnage of tailings accumulated from prior operations. The tailings have been extensively sampled to define a remnant resource of more than six million tonnes, averaging 57.92 grams silver/tonne, 0.31 grams gold/tonne and 328.92 grams mercury/tonne. The company has completed a feasibility study that indicates a favourable return on reprocessing the tailings.

Laguna is presently under option to part-



Historic open-pit workings at the Bilbao Project of Xtierra Inc. Photo by Anthony Gallon, Project Geologist.

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