

BILBAO DRILLING & FEASIBILITY STUDY UPDATE

Toronto, February 2, 2012, Xtierra Inc. (TSXV – XAG) (“Xtierra” or the “Company”), is pleased to provide an update on a drilling programme being carried out on its Bilbao project in the State of Zacatecas, Mexico. The planned 2,500 metre programme comprising six holes of NQ core drilling commenced on November 19, 2011 with a three week break over Christmas. To the end of January 2012, approximately 1,400 metres had been completed in 3 holes with a fourth hole in progress and analytical results received for holes X-96 and X-100.

The drilling is designed to test a zone of high grade silver veins and silver-enriched, brecciated, manganiferous limestone encountered in an earlier drill programme carried out in 2011 (refer earlier press releases). The zone of enriched silver mineralisation associated with the brecciated limestone occurs at a depth of about 200 metres lying beneath about 100 metres of sedimentary and volcanic rocks, capped by basaltic flows and situated immediately above the often skarnified contact with the La Blanca granite batholith. The mineralisation appears to be strataform with the limestone stratigraphy and has a currently known areal extent of about 300 metres by 200 metres but remains open in three directions as well as to depth.

Hole X-96 has intersected a 5.1 metre (true thickness) zone from 227.45 metres to 232.55 metres with an average grade of 373.0g/t silver and has effectively extended the mineralised zone by a further 110 metres to the south of that previously delineated. Hole X-100, located about 75 metres to the southeast of X-96 encountered higher grade but narrower intersections of silver mineralisation, including 810.0g/t silver over 1.0 metre, as well as a 5.0 metre intersection averaging 31.7 g/t silver from 281.0 metres to 286.0 metres.

The zone of silver mineralisation remains open to the southwest, south and east and is situated approximately 200 metres to the south of the main Bilbao silver-lead-zinc deposit upon which DRA Americas is completing a bankable feasibility study on behalf of Xtierra. The drilling is ongoing and will be expanded to fully evaluate the additional resource potential and to determine the relationship of the high grade silver zone with the main Bilbao silver-zinc-lead-copper deposit.

Commenting on the drilling results, Xtierra’s President and CEO, Terence McKillen, said, *“We continue to see potential for increasing the resource base at Bilbao and will continue the drilling programme to test the limits of the mineralising systems. In the meantime, significant progress has been made with respect to the metallurgical test work and other component parts of the ongoing feasibility study which we expect to be completed by mid-year.”*

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.

Hole X-96								
From (m)	To (m)	Width (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)	Mn (%)
216.95	218.00	1.05	75.00	-	0.03	0.11	0.01	0.92
218.00	219.00	1.00	33.70	-	0.11	0.10	0.01	1.39
219.00	220.00	1.00	18.35	-	0.01	0.02	-	1.38
220.00	221.00	1.00	74.00	-	0.01	0.03	-	1.32
216.95	221.00	4.05	50.60	-	0.04	0.04	0.01	1.25
227.45	228.00	0.55	126.00	0.01	0.09	0.07	0.01	3.04
228.00	229.00	1.00	615.00	0.01	0.21	0.21	0.03	4.38
229.00	230.00	1.00	454.00	0.01	0.12	0.16	0.02	4.25
230.00	231.00	1.00	273.00	0.02	0.06	0.09	0.01	4.59
231.00	232.00	1.00	163.00	0.01	0.05	0.13	-	4.61
231.00	232.55	0.55	592.00	0.03	0.30	0.05	0.02	2.08
227.45	232.55	5.10	372.53	0.07	0.13	0.13	0.02	4.05
242.50	243.00	0.50	66.30	-	0.05	0.17	-	0.04
243.00	244.00	1.00	59.70	0.01	0.04	0.14	0.01	0.02
242.50	244.00	1.50	61.90	-	0.04	0.15	0.01	0.26

Hole X-100							
From (m)	To (m)	Width (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)
221.40	221.95	0.55	31.10	0.03	0.15	0.32	0.01
225.00	226.00	1.00	810.00	0.03	0.22	0.29	0.03
256.70	257.00	0.30	56.70	-	0.17	0.14	-
271.80	272.25	0.45	101.00	0.12	0.05	2.32	0.96
281.00	282.00	1.00	36.90	-	-	0.05	1.13
282.00	282.90	0.90	31.90	0.12	0.03	3.28	0.86
282.90	283.75	0.85	6.30	-	0.01	0.09	0.06
283.75	284.25	0.50	18.10	0.10	0.01	0.12	0.52
284.25	285.00	0.75	57.20	1.30	0.07	0.02	0.08
285.00	286.00	1.00	35.70	0.19	0.13	0.10	0.03
281.00	286.00	5.00	31.70	0.27	0.04	0.65	0.46
328.55	329.00	0.45	34.70	0.01	0.91	0.99	0.11
335.00	336.00	1.00	67.40	0.05	0.10	0.05	0.01

Feasibility Study

In July 2010, Xtierra retained Dowding, Reynard and Associates (DRA Americas), a recognized leader in the field of mine design, mine engineering, mineral process design, project management and mine construction to oversee and complete the Bilbao Feasibility Study. DRA is involved in oversight of all of the component parts of the feasibility study. DRA is managing the metallurgical test work associated with the near-surface oxide ore as well as the sulphide and sulphide/oxide (mixed) ores. Golder Associates have been retained to advise on tailings disposal design work.

Preliminary mine plans for the proposed open pit and underground areas have been completed and a 3D modelling analysis of the underground design has been commissioned. This analysis will serve to provide optimum stope dimensions resulting in safer and more stable ground conditions. Geotechnical, hydrogeology and electrical power distribution infrastructure studies have been completed. Final tailings management design and the completion of the environmental impact study (EIS) require completion of metallurgical test work providing all the necessary input data.

Metallurgical test work of the past 12-18 months has been dominantly focused on the definition and optimisation of a flow sheet for the near surface oxide portion of the deposit with good technical success in terms of extraction of the contained zinc, copper and gold but requiring further work to optimise the recovery of lead and silver. More recently, test work has focused on the flotation flow sheet for the sulphide and mixed sulphide-oxide (Transition) mineralisation. Final locked cycle test work is expected to be completed by the end of this month producing the necessary data inputs for final tailings disposal design, EIS and preliminary economic assessment.

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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