

- **BILBAO FEASIBILITY UNDERWAY**

Toronto, July 8, 2009, Xtierra Inc. (TSXV – XAG) (“Xtierra” or the “Company”), reports that at the Annual Meeting held yesterday in Toronto shareholders were told that the Bilbao Feasibility Study is on schedule and on budget. Phase I is expected to be completed by December 2009 and a final production decision is anticipated following the completion of the second phase of the Feasibility Study in May 2010.

In other news, Xtierra made a discounted payment of US\$450,000 to Shoshone Silver Mining Corp. pursuant to the Bilbao purchase agreement rather than the full payment of US\$500,000 due August 2009. No further payments are due until at least 2014.

Metallurgical Testwork

The University of San Luis Potosi has been contracted to conduct analysis and characterization of the oxide resources. Composites were established representing four separate areas of the deposit. The analysis and characterization of these composites have been completed and a preliminary report is due shortly. The next step is to conduct further pre-concentration studies using a high intensity magnetic separation process which should be completed by mid-August 2009. This test work should indicate the optimum grind size of the feed and metal recoveries expected in the concentrate.

The pre-concentration test work will then be followed by flotation and acid leaching for the recovery of silver, zinc, lead and copper metals. Test work on the Transition (mixed oxide/sulphide ores) and the sulphide ores is scheduled to begin in August, following which Xtierra will have the information to decide an optimum design process and anticipated metal recoveries. The final report for such metallurgical test work is expected by mid-December 2009.

Engineering /Geology

A Block Model of the resource is being generated internally and will be followed by an independent review based on the previously announced NI 43-101 resource estimate. This process should be completed by mid-July. The oxide portion of the deposit has been divided into four different areas LOX, MOX, UOX and BOX around which several alternatives for the open pit and ramp design have been proposed. Once the block model is completed pit designs will be optimized.

Geotechnical /Rock Mechanics

A geotechnical survey crew recently completed work on the historical underground and open hole workings, together with an evaluation and analysis of all drill core. Further laboratory test work and calculations are in progress. These activities are approximately 90% completed and a final report is due by the end of July 2009. A preliminary assessment indicates that ground conditions are good for both underground and open pit excavations and confirm the validity of original estimated pit slope angles of 55°.

Environmental

Initial baseline studies were implemented in 2007 and have continued in 2009. An interim report dealing with baseline studies, mainly flora and fauna, is expected in July 2009 with a final report expected by December 2009.

Hydrology

A hydrological study has been divided into four activities, the first of which is the regional and local hydrological setting. The first report is due mid-July 2009. An initial assessment indicates the presence of adequate volumes of ground water as the Bilbao project is located at the centre of three aquifers. The hydrological study is scheduled to be completed by the end of August 2009.

Infrastructure Design /Electrical

The Electrical power supply design report is expected by the end of July. A preliminary assessment indicates that power can be distributed to the project site via a new 2 km extension from the main electrical grid. Cost estimates for open pit and underground mining are being determined based on benchmark costs for other local operations and will be completed in August 2009.

Comment by CEO

Commenting on the Bilbao Feasibility Study, Xtierra's President & CEO, Terence McKillen said, *"The metallurgical test work on the Oxide and Transition ores is a key factor in the calculation of capital and operating costs as it will determine if the oxide and particularly, the deeper sulphide resources, will be extracted by open pit mining methods."*

Qualified Person

Information of a scientific or technical nature contained in this release has been prepared by or under the supervision of Gerald Gauthier, P.Eng., the Chief Operating Officer of the Corporation and a Qualified Person within the meaning of National Instrument 43-101 of the Canadian Securities Administrators.

About Xtierra Inc.

Xtierra Inc. is a Toronto based exploration and development company listed on the TSX Venture Exchange. Xtierra's shares trade under the symbol "XAG". Xtierra has 49,862,003 shares issued and outstanding. Xtierra has recently commenced a first phase feasibility study on its 100% owned Bilbao silver-zinc-copper project in Zacatecas, Mexico. Xtierra's objective is to become a mid-tier producer of silver and base metals through the development of its Bilbao and Laguna projects, both located in the Central Mexican Silver Belt in the State of Zacatecas, as well as through 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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