

Xtierra Initiates Strategic Review Process in Relation to its Bilbao Silver-Zinc-Lead Project

TORONTO, Ontario, July 28, 2014 – Xtierra Inc. (TSXV – XAG) (“Xtierra” or the “Company”) announces that it has initiated a strategic review to consider alternatives in relation to its Bilbao Silver-Zinc-Lead project (the “Bilbao Project”) in Zacatecas, Mexico.

The Company has retained Jennings Capital Inc. to assist in the strategic review process.

Strategic alternatives include, but are not limited to, financing structures for the development of the Bilbao Project, the sale of all or a portion of the Company's interest in the Bilbao project or a corporate transaction.

There are no assurances that the process will result in a transaction or, if a transaction is undertaken, as to the commercial terms or timing of such a transaction.

The Bilbao Project

The Bilbao Project is a polymetallic sulphide and oxide replacement silver-zinc-lead-copper deposit located approximately 500km northwest of Mexico City in the southeastern part of the State of Zacatecas.

On April 28, 2014 the Company announced that it had received an updated NI 43-101 compliant resource estimate and a Preliminary Economic Assessment (PEA) on the Bilbao Project, both prepared by RungePincockMinarco (Canada) Limited (RPM).

The potentially mineable underground sulphide resource is estimated by RPM to be 5.2M tonnes at grades of 2.10 % Zn, 1.40 % Pb and 63.96 grams Ag per tonne (6.8% Zn equivalent).

Having received the completed Preliminary Economic Analysis for the Bilbao Project from RPM, the Company's focus is to pursue strategic alternatives to maximize the value of the Bilbao Project.

RPM's recommendations contained in the PEA identified various opportunities to increase the mineable resource and reduce operating costs through additional exploration and engineering to improve the overall economics of the Bilbao Project. Recommendations included:

- Additional definition drilling targeted at the Bilbao transition and sulphide zones could lead to re-classification of inferred resources to indicated resources, potentially contributing to the total mineable resource studied at the pre-feasibility level;
- The potential to increase level spacing and correspondingly reduce level development, through use of cable bolts, may lead to lower mine development costs;
- Further analysis of hydraulic and sand backfilling options, in terms of preparation and distribution, may further reduce overall operating costs;
- There may also be opportunity to reduce operating costs significantly (~US\$5/t to US\$6/t) by

- reducing the number of stopes filled with backfill;
- Potential also exists for deferral of ramp and associated development;
- Inclusion of transition zone material in the mine plan should be investigated (requiring additional metallurgical testwork) to extend the life of mine and/or potentially increase the mining rate per year;
- Further optimization of stope sequencing could lead to improved cash flow;
- Exploration drilling at the Bilbao 2 area, approximately 1.5 km south of Bilbao, has potential to offer additional mineral resources to the project due to the fact that current trenching, sampling and resulting soil geochemistry information identifies similarities between the two areas. An additional source of feed to the designed plant could lengthen the overall life of the mine, increase the daily production rate, or result in a combination of the two, improving the NPV and IRR of the project.

A Technical Report in compliance with NI 43-101 has been filed on SEDAR, www.sedar.com.

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 115,370,336 shares issued and outstanding.

Xtierra is currently evaluating the development of its Bilbao Silver-Zinc-Lead projects, located in the Central Mexican Silver Belt in the State of Zacatecas.

Cautionary Notes:

This press release may contain "forward looking information" within the meaning of applicable Canadian securities legislation. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this release.

For further information contact:

Xtierra Inc.

Gerald Gauthier +1 (647) 728-4131
President & Chief Operating Officer

Tim Gallagher +1 (416) 925-0090
Director

Jennings Capital Inc.

Brian Imrie +1 (416) 304-2174
Senior Managing Director, Head of Investment Banking

Marc Mills +1 (416) 304-2189
Vice President, Investment Banking