



PAN AMERICAN GOLDFIELDS LTD ANNOUNCES OPERATIONS UPDATE AT THE CIENEGUITA GOLD-SILVER PROJECT

Installation of Ball Mill and Additional Flotation Capacity Expected to Increase Production Rate and Recoveries

BROOMFIELD, COLORADO, October 11, 2010 - Pan American Goldfields Ltd (OTCBB:"MXOM") (the "Company") is pleased to announce that the installation of the ball mill and additional flotation capacity has been completed at the Cieneguita project mill in Chihuahua, Mexico by the Company's partner, Minera Rio Tinto (MRT). These improvements at the mill are expected to increase the daily production rate of ore through the mill as well as the recovery of gold, silver and other metals from the processing operations underway at the mill.

Both the ball mill and the new flotation cells are currently undergoing commissioning and start-up and full operational integration with the existing mill facilities should be achieved in the next few weeks. Once fully commissioned, the Company expects that the production capacity of the mill will be approximately 700 tonnes per day with an appropriate grind size to achieve the maximum recovery rate of gold, silver and other metals consistent with the mineralogy of the ore and the standards in the industry.

Earlier this year mill operations experienced intermittent issues with availability owing to a lack of water and interruptions in electrical power supply which have now been remedied. MRT and the Company determined that the addition of a ball mill and related flotation cells would improve overall mill availability and production as well as improve metal recoveries. The ball mill has a nominal capacity of 750 tonnes per day, however due to the overall softness of the Cieneguita gold ore, higher throughput may be achieved from time to time. To match the flotation capacity with the increased grinding/ball mill capacity, an additional bank of 10 Agitair cells of 48 cubic foot size have been added to the previously installed bank of 10 WEMCO flotation cells (2 at 100 cubic foot capacity, 8 at 50 cubic foot capacity).

The Cieneguita mill makes a bulk sulfide flotation concentrate that is sent to the MRT owned mill at Choix where it is then reground and separate lead and zinc concentrates produced. These concentrates are then shipped to the port at Manzanillo where they are sold under contract to the trading company Trafigura. Most of the gold and silver report to the lead concentrate. The anticipated increase in the production capacity at Cieneguita will not require any modifications to the plant at Choix. Over the last quarter (July-September) during the start-up phase of operations, approximately 30,000 tonnes of

material was mined from the pit and 2,000 tonnes of bulk concentrate shipped to Choix with the following average grades as follows:

	Au g/t	Ag g/t	Cu%	Pb%	Zn%
Mined head from pit	1.20	90	0.04	0.35	0.65
Bulk concentrate	15.0	900	0.40	3.5	4.0

Pan American currently has a joint venture agreement with MRT under which MRT can earn 60% of the project by successfully initiating production on a small scale, followed by the funding of an additional \$4 million toward the completion of a bankable feasibility study. With the completion of the construction start-up phase at Cieneguita, the focus will now be the acceleration of the feasibility study. This study will evaluate a full-scale operation which will target a production rate of about 5,000 tonnes of material processed per day along with saleable metal production directly from the Cieneguita site.

The technical information in this release has been prepared by Gary A. Parkison, CPG, a Director of the Company and a Qualified Person as defined by NI43-101.

About Pan American Goldfields/MexoroMinerals

Pan American Goldfields is a Chihuahua, Mexico based precious metal producer and exploration company. It is a specialist in exploration, mine development and production in Mexico's booming Sierra Madre Gold-Silver Belt. The company's most advanced project is its now producing Cieneguita Gold Mine where a feasibility study to significantly increase the mine's already growing production profile is underway.

On behalf of the Board of Directors,

Mario Ayub, Chairman

Safe Harbor Disclosure

The information in this press release contains forward-looking statements regarding future events or the future financial performance of the Company. Please note that any statements that may be considered forward-looking are based on projections; that any projections involve judgment, and that individual judgments may vary. Moreover, these projections are based only on limited information available to us now, which is subject to change. Although those projections and the factors influencing them will likely change, we are under no obligation to inform you if they do. Actual results may differ substantially from any such forward looking statements as a result of various factors, many of which are beyond our control, including, among others, the timing and outcome of our feasibility study on our Cieneguita Project; the costs and results of our initial production activities on our Cieneguita Project; the future financial and operating performances of our projects; the timing and amount of funds received from the sale of our Guazapares Project the estimation of mineral resources and the realization of mineral reserves, if any, on our existing and any future projects; the timing of exploration, development, and production activities and estimated future production, if any; estimates related to costs of production, capital, operating and exploration expenditures; requirements for additional capital and our ability to raise additional capital on a timely basis and on acceptable terms; government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses; title disputes or claims against our existing and any future projects; and the future price of gold, silver, or other minerals. These and other factors can be found in our

filings with the SEC. The Company undertakes no obligation to release publicly the results of any revision to these forward-looking statements to reflect events or circumstances following the date of this release.