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EXPLORATION DRILLING RECOMMENCES AT KHARMAGTAI COPPER-GOLD PROJECT

Xanadu Mines Ltd (**ASX: XAM – “Xanadu”**) is pleased to announce that exploration drilling has recommenced at its flagship Kharmagtai copper-gold project in Mongolia. The Kharmagtai copper-gold project is one of the most advanced porphyry projects in Asia and is Xanadu’s top exploration priority for 2015.

The multi-drill rig exploration program is fully funded and will comprise approximately 10,000m of diamond core drilling. This program is aimed at defining near-surface strike extensions of current deposits and investigates several high priority targets laying under shallow cover that have the same geophysical response and geometry as existing deposits within the Kharmagtai project.

Xanadu’s Chief Executive Officer, Dr. Andrew Stewart, said: “We are delighted that drilling has recommenced at our Kharmagtai project. Our team is keen to pick-up from where we finished off last year at Kharmagtai and believe further drilling will continue to unlock the true potential of this highly mineralised and underexplored porphyry copper-gold project.”

About the Kharmagtai copper-gold project:

Xanadu and its joint venture partner, Mongol Metals LLC, announced the acquisition of a 90% interest in the Kharmagtai porphyry copper-gold project from Turquoise Hill Resources in February 2014. Under the Mongol Metals LLC joint venture terms, Xanadu has the right to earn an 85% interest in the Kharmagtai project, equivalent to a 76.5% effective interest, by funding acquisition and exploration costs.

The Kharmagtai project is located in the under-explored South Gobi porphyry copper province which hosts the world-class Oyu Tolgoi copper-gold operation, the Tsagaan Suvarga porphyry copper-molybdenum development and Xanadu’s Oyut Ulaan copper-gold exploration project.

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Xanadu Mines Ltd (ASX: XAM) is an exploration company that has assembled a significant exploration portfolio across Mongolia’s porphyry belts. These belts are part of the larger Central Asian Orogenic Belt – one of the last great exploration frontiers known to host large copper porphyry deposits – and Mongolia is emerging as a globally significant copper province.