



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 3 JUNE 2009

INITIAL COAL RESOURCE OF 339.2 MILLION TONNES DEFINED AT HINTON COAL PROJECT IN CANADA

Highlights:

- Potentially open pittable Coal Resource of 339.2Mt defined at Hinton East
- Measured & Indicated Resource of 296.1Mt represents 87% of total resource
- High quality coal suitable for export to lucrative Pacific Rim market
- Potential for large scale, long life, export thermal coal project
- Resource defined from eight coal seams boasting a low mean dip of 7°
- Cumulative coal thickness of 26m, with four largest seams comprising 20m
- Potential for additional tonnage at Hinton West and Hinton North

The Board of Xenolith Resources Limited ("Xenolith" or "Company") is pleased to announce an initial Coal Resource for the Hinton Coal Project ("Project") located in Alberta, Canada.

The Coal Resource estimate has been based on considerable drilling and exploration activities undertaken on the Project by Esso in the 1980's and prepared by respected Canadian independent technical consultants and is reported in accordance with the JORC Code (2004) and National Instrument 43-101 ("NI 43-101").

Resource Classification	Total Coal (Mt)
Measured	210.8
Indicated	85.3
Measured and Indicated	296.1
Inferred	43.1
Total Coal Resource	339.2

The initial Coal Resource has been defined in relation to the Project's eastern leases ("Hinton East"). Potential for significant additional tonnages exist on the Project's western leases ("Hinton West") and down dip to the north ("Hinton North").

The Coal Resource estimate has been prepared by Moose Mountain Technical Services ("MMTS"). MMTS have had a long association with coal properties in the Hinton region and are considered to be amongst the most respected coal experts in western Canada. MMTS has an extensive client base of major coal companies including Teck Cominco, Mitsui, Western Canadian and Anglo Pacific.

Coal Quality

MMTS have also undertaken an indicative assessment of coal quality based on historical core hole information which concluded that the Hinton East final clean product could have the following characteristics:

Table 2: Hinton East Washed Clean Coal Quality		
Coal Characteristic	Gross As Received	Air Dried Basis
Moisture	11.5%	4.5%
Ash Content	11.1%	11.9%
Volatile Matter	31.2%	33.7%
Fixed Carbon	46.2%	49.9%
Sulphur	0.3%	0.3%
Calorific Value	5,758 kcal/kg	6,212 kcal/kg

The above analysis on a gross as received basis assumes a stable moisture content of 11.5%. It is noted that further test work and engineering will be conducted during the scoping and feasibility studies to confirm these conclusions. Forecast yield is expected to be at least 50% and coal with the above qualities is generally suitable for export to the Pacific Rim market.

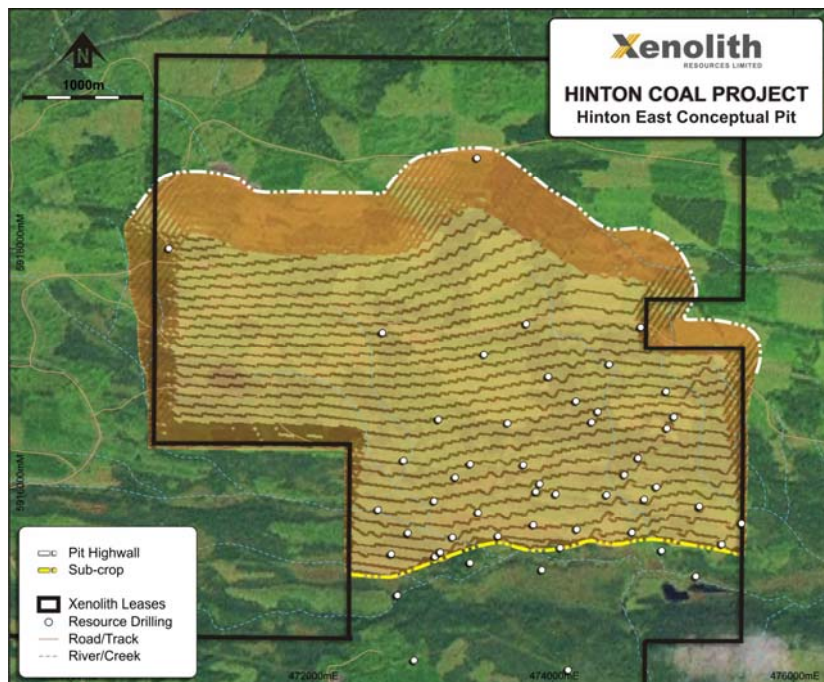


Figure 1: Hinton East Conceptual Open Pit

Scoping Study

The Company intends to formally commission Norwest Corporation (“Norwest”) to commence a scoping study on the Project in the coming weeks, which is expected to be completed by the end of the year.

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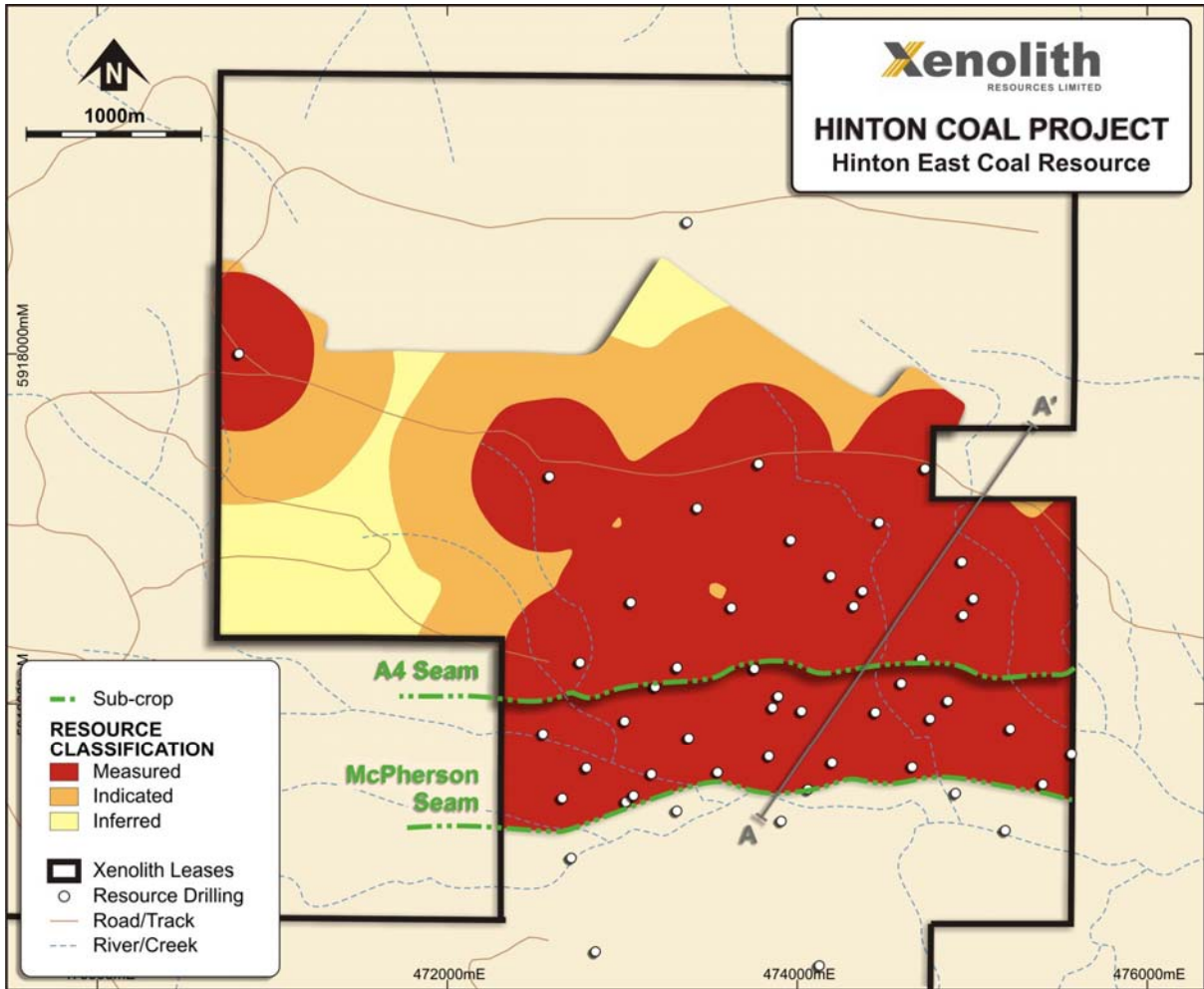


Figure 2: Hinton East Coal Resource

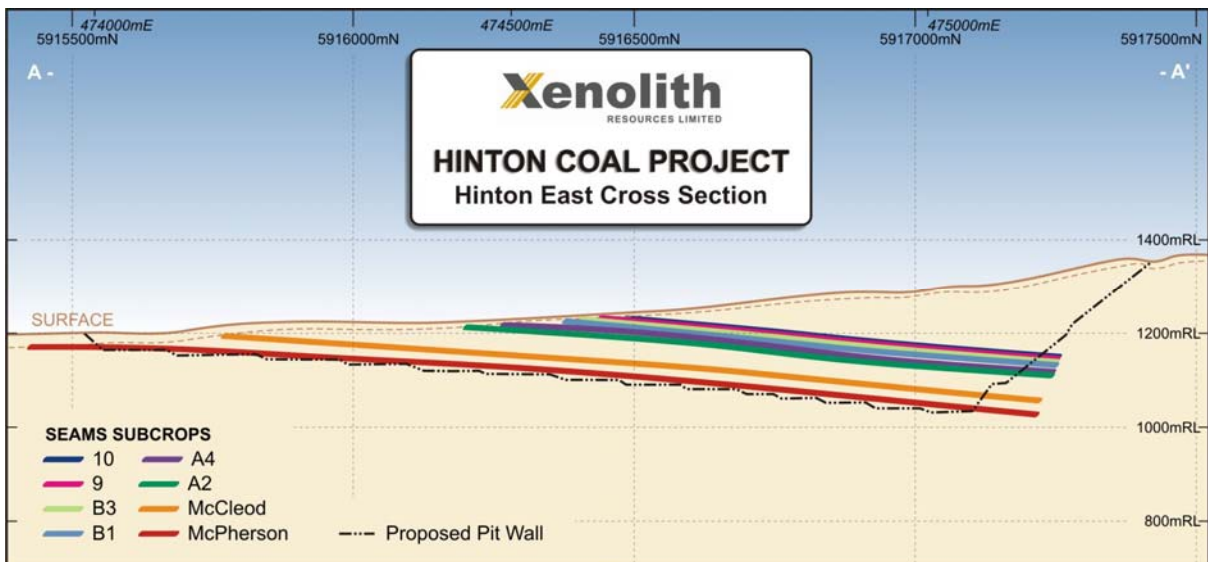


Figure 3: Hinton East Cross Section

Coal Resource Estimate

The preparation of the Coal Resource estimate was undertaken by MMTS in accordance with the JORC Code and NI 43-101. MMTS have had a long association with coal properties in the Hinton region and are considered to be amongst the most respected coal experts in the region. MMTS has an extensive client base of major coal companies including Teck Cominco, Mitsui, Western Canadian and Anglo Pacific.

Considerable drilling and exploration activities undertaken on the Project by Esso in the 1980's formed the basis for the preparation of the Coal Resource estimate.

Key points from work conducted by MMTS on Hinton East are as follows:

- The total Coal Resource of 339.2Mt is comprised of Measured Resources of 210.8Mt, Indicated Resources of 85.3Mt, and Inferred Resources of 43.1Mt;
- The total Measured and Indicated Resources of 296.1Mt represents 87.3% of the total Coal Resource;
- The eight coal seams which comprise the Coal Resource at Hinton East have a mean dip to the northeast of 7°, which has resulted in the Coal Resource at Hinton East being defined within a 7.7:1 strip pit ratio pit;
- The Coal Resource at Hinton East includes eight coal seams that have a cumulative coal thickness of approximately 26m, with the main four seams having a cumulative coal thickness of 20m;
- There is potential for significant additional tonnages at both Hinton West and Hinton North; and
- A scoping study for a low strip ratio, open pit operation producing thermal coal for export is warranted.

Tables 3 to 5 below present the Measured, Indicated and Inferred Coal Resources by each of the eight coal seams used to define the Coal Resource:

Table 3: Hinton East Measured Resources

Seam	Ave. Thickness (m)	Volume (Kbcm)	Partings (Kbcm)	Total Coal (Kt)	Seam (%)
10	0.7	2,157.4	0	3,500	1.7
9	2.0	9,016.1	0	14,100	6.7
B3	2.6	12,691.9	0	19,300	9.2
B1	1.6	6,990.4	0	9,600	4.6
A4	5.4	20,543.0	0	31,700	15.0
A2	2.5	13,521.8	0	21,600	10.2
McLeod	4.1	24,009.7	86.4	38,400	18.2
McPherson	7.7	45,381.0	0	72,600	34.4
Total	26.6			210,800	100.0

Table 4: Hinton East Indicated Resources

Seam	Ave. Thickness (m)	Volume (Kbcm)	Partings (Kbcm)	Total Coal (Kt)	Seam (%)
10	0.7	195.8	0	300	0.4
9	2.0	4,761.5	0	7,400	8.7
B3	2.6	6,899.2	0	10,500	12.3
B1	1.6	2,902.4	0	4,000	4.7
A4	5.4	9,866.0	0	15,200	17.8
A2	2.5	6,248.3	0	10,000	11.7
McLeod	4.1	8,920	0	14,300	16.8
McPherson	7.7	14,743.2	0	23,600	27.7
Total	26.6			85,300	100.0

Table 5: Hinton East Inferred Resources

Seam	Ave. Thickness (m)	Volume (Kbcm)	Partings (Kbcm)	Total Coal (Kt)	Seam (%)
9	2.0	2,574.3	0	4,000	9.3
B3	2.6	3,734.0	0	5,700	13.2
B1	1.6	2,853.3	0	3,900	9.0
A4	5.4	5,086.7	0	7,800	18.1
A2	2.5	3,008.2	0	4,800	11.1
McLeod	4.1	3,990.3	0	6,400	14.8
McPherson	7.7	6,545.2	0	10,500	24.4
Total	25.9			43,100	100.0

The Coal Resource at Hinton East has been classified as Measured, Indicated and Inferred by MMTS based on the guidelines specified in the JORC Code (2004).

The Coal Resource estimate prepared by MMTS for Hinton East has been based on:

- A total of 57 rotary and diamond drill holes (totalling 9,208m) previously drilled by Esso in the 1980's, comprising 11 diamond drill holes (totalling 1,367m) and 46 rotary drill holes (totalling 7,841m);
- A 7.7:1 strip ratio pit (modelled using a 20:1 incremental cut-off strip ratio);
- A modelled pit using 45° walls and set up such that only coal within the Hinton East leases is mined (and assuming that waste in the pit wall can be mined on neighbouring properties);
- 8 of the 22 modelled coal seams at Hinton East were determined by MMTS to be potentially mineable at this stage;
- A minimum mineable seam thickness of 0.5m. Canadian standards require a minimum mineable seam thickness of 0.45m and a number of operating mines in the region currently mine coal seams of less than 0.45m. Refer to Tables 3 to 5 for the average thicknesses of the individual seams at Hinton East.

- A minimum removable parting thickness of 0.3m (partings less than 0.3m are included in the coal seam); and
- A range of specific gravity values from 1.38 (for seam B1) to 1.60 (for seams 10, A2, McLeod and McPherson).

Going Forward

The Company intends to commission Norwest Corporation (“Norwest”) to commence a scoping study on the Project in the coming weeks. Norwest is an internationally recognised leader in providing technical services to the coal industry and specifically the preparation of feasibility studies, development and optimisation of coal mines. Norwest has provided services to a number of major coal companies including BHP Billiton, Peabody, Sherritt, Teck Cominco, Elk Valley and Western Canadian.

The scoping study will evaluate the technical and economic viability of various mining and processing scenarios and provide indicative figures for all key project development parameters, including operating and capital costs and potential production size/scenarios.

The Company expects that the scoping study will be completed by the end of the year, following which the Company plans to advance to a feasibility study.

The Company also intends to conduct a review of additional drilling data available in relation to Hinton East, Hinton West and Hinton North, which may result in additional tonnages and/or changes to the coal resource classifications. This review is expected to be completed by the end of the year.

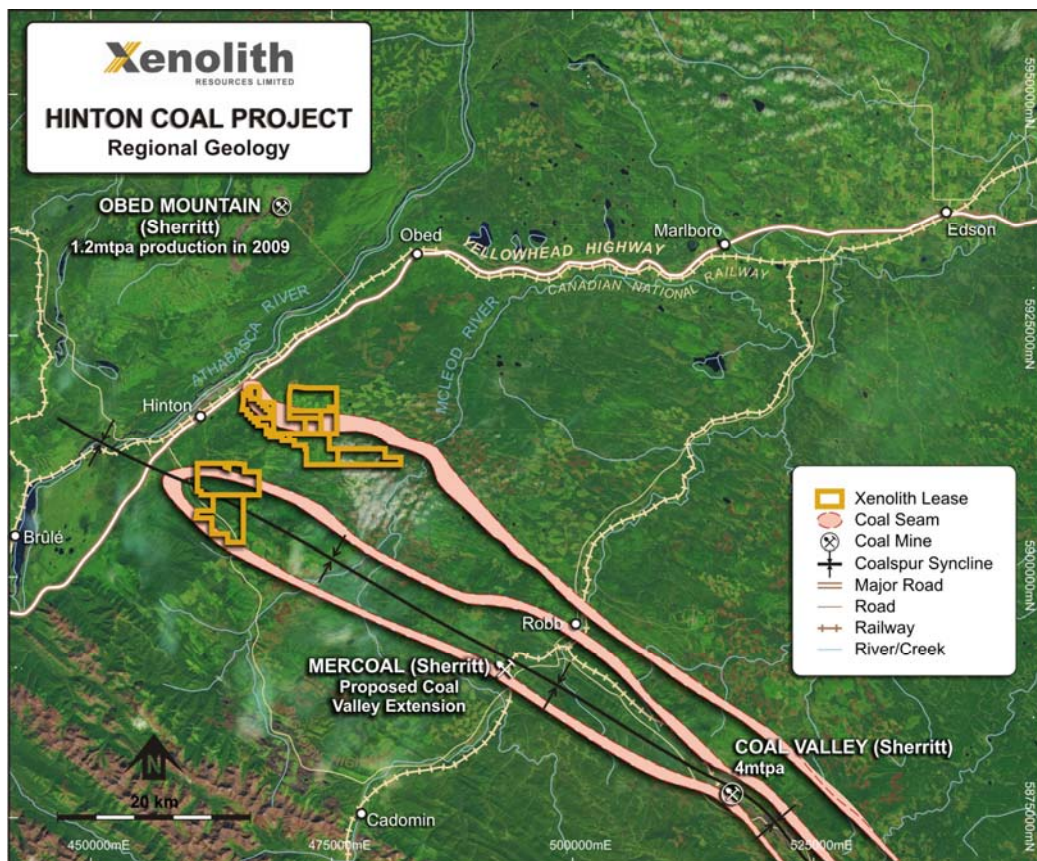


Figure 4: Hinton Regional Geology and Infrastructure

About the Hinton Coal Project

The Hinton Coal Project ("Project") covers approximately 4,624 hectares and is located approximately 7km southeast of the town of Hinton in the eastern foothills of the Rocky Mountains in Alberta, Canada (refer Figure 5).

Significant exploration work was undertaken on the Project by Esso in the early 1980's. The coal is hosted by the Coalspur Formation which consists of approximately 1,000m of interbedded sandstones, siltstones, mudstones, bentonitic layers and coal. The coal-bearing package is approximately 250m thick.

The Project is located 3km from the main line of Canadian National Rail and is 1,100km by rail from Ridley Island Terminal which has excess capacity. The town of Hinton, which is located approximately 7km northwest of the Project, has a population of 10,000 and is a major coal mining town in the province of Alberta. Grid power is available at the southern boundary of the tenement.

Canada's major thermal coal exporting mines are located within a 50km radius of the property being Sherritt's Coal Valley mine (4.0mtpa) and Obed mine (1.2mtpa) (refer Figure 4). Elk Valley's Cardinal River mine (2.7mtpa) is also within a 50km radius of the property.

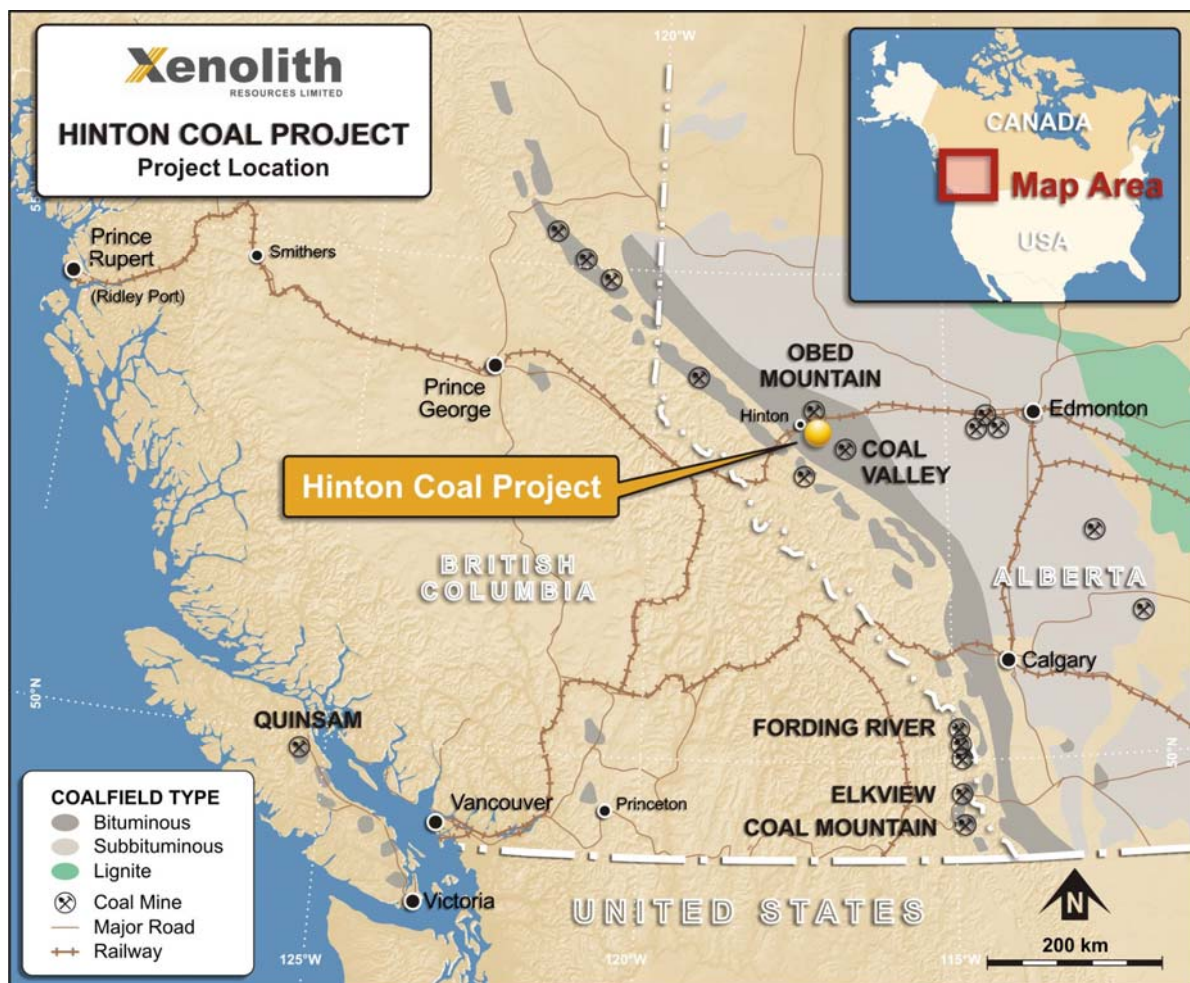


Figure 5: Hinton Coal Project Location

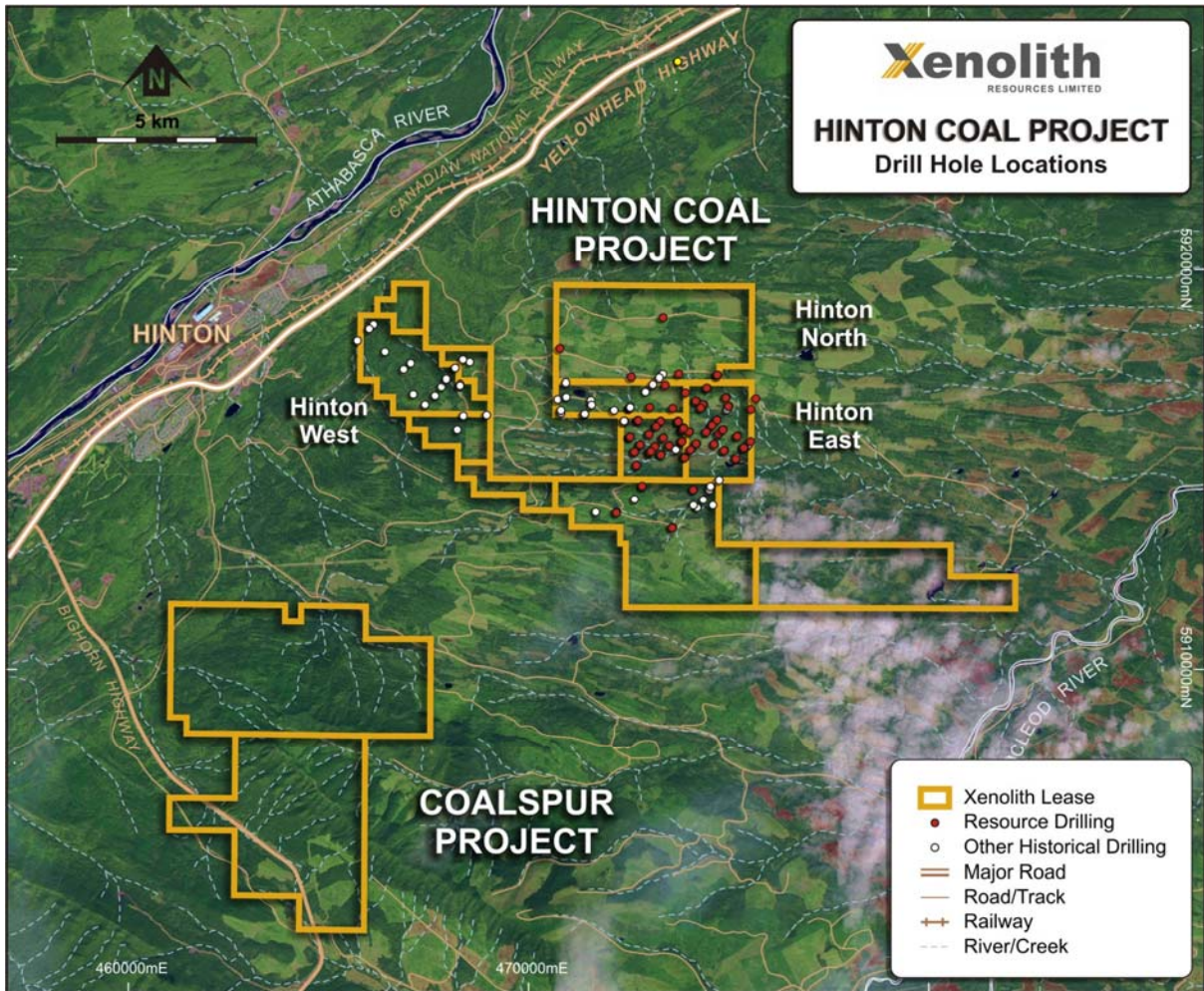


Figure 6: Hinton Drill Hole Locations

The information in this report that relates to Exploration Results, Coal Resources or Coal Reserves is based on information compiled by Mr Robert J. Morris, who is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. Mr Morris is a consultant working for Moose Mountain Technical Services. Mr Morris has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). Mr Morris consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Table 6: Drill Hole Details & Cumulative Coal Thickness

Drill hole ID	Northing (m)	Easting (m)	Elevation (m)	Depth (m)	Cumulative Thickness (m)
81-01	5917355.1	474724.4	1322.819	272.0	13.77
81-02	5917381.1	473762.6	1319.682	355.6	21.80
81-04	5918784.8	473369.5	1442.251	193.0	-
81-05	5918014.7	470791.7	1345.639	460.0	26.25
81-06A	5916230.6	472748.8	1231.7	142.6	22.41
81-07	5914591.7	472845.9	1248.532	300.0	-
81-08	5916777.0	475688.6	1281.019	235.3	25.30
81-09	5917307.2	472575.5	1313.5	460.0	24.84
81-10	5917045.5	474459.2	1292.6	358.7	23.43
82-11A	5916537.7	473608.6	1245.2	116.0	14.93
82-12	5915705.7	475555.3	1209.3	156.0	7.05
82-13	5915638.4	474643.5	1207.3	147.5	7.30
82-14	5916201.3	473747.0	1217.0	152.0	11.55
82-15	5916797.6	474937.2	1278.6	226.0	24.85
82-16	5916242.3	474714.8	1228.5	133.5	19.20
82-17A	5916564.1	473038.2	1251.1	184.0	25.86
82-18	5915271.8	475182.4	1192.7	150.0	-
82-19	5915624.2	472798.0	1207.4	152.0	11.25
82-20	5915427.1	473025.6	1204.3	91.0	0.90
82-22	5915305.6	473912.4	1194.3	127.0	-
82-23	5915653.0	474195.0	1204.5	150.0	7.00
82-24	5915796.5	473373.6	1206.2	121.0	10.90
82-25	5915499.2	474057.7	1198.7	145.0	0.85
82-26A	5915820.3	472544.6	1216.4	87.0	11.34
82-27	5915548.8	475386.7	1205.1	124.0	6.55
82-28	5915987.5	473844.0	1219.5	171.0	11.65
82-29	5915580.5	473167.3	1201.9	130.0	7.40
82-30	5916632.2	474366.0	1254.9	268.0	25.20
82-31	5917117.3	473420.8	1311.6	296.0	25.60
82-32	5915458.3	473066.9	1202.9	122.0	-
82-33	5915885.3	473018.7	1210.7	127.0	11.70
82-34C	5915370.7	473315.3	1198.5	110.0	-
82-35	5915597.9	473520.8	1205.4	90.0	8.24
82-36	5916208.6	473309.1	1226.1	165.0	17.45
82-37	5916924.3	473928.5	1287.0	262.0	23.80
82-38	5916719.5	474187.3	1262.5	140.0	13.70
82-39	5916513.7	475566.9	1249.3	202.0	24.50
82-40	5915899.9	474758.0	1210.4	81.0	11.60
82-41	5915838.8	475219.7	1212.0	68.0	11.40
82-42	5916246.3	476031.3	1239.8	141.0	10.85
82-43A	5916109.3	474594.5	1219.3	93.0	11.04
82-44	5915944.5	474449.2	1216.4	109.0	11.35
82-45	5915952.3	474023.4	1219.7	86.0	10.85
82-46C	5916545.2	474310.4	1243.8	167.0	24.78
82-47A	5916580.9	475000.2	1256.2	160.0	26.56
82-48A	5915952.8	475823.6	1216.6	81.0	11.11
82-49	5915700.5	473838.2	1200.9	136.0	6.95
82-50	5915481.5	474893.2	1193.9	109.0	-

82-51	5915998.2	474866.6	1227.3	95.0	10.25
82-52C	5916035.6	473884.6	1220.3	120.1	10.80
82-53	5925207.3	473732.6	1086.0	136.0	-
82-54	5915446.5	472655.7	1211.2	91.0	6.20
82-55	5915108.1	472703.3	1208.0	103.0	-
82-56	5914498.1	474123.4	1220.0	68.0	-
82-57	5913527.3	473597.0	1264.4	72.0	-
82-58	5913907.2	472202.3	1278.5	64.0	-
82-59C	5916084.1	473197.6	1216.4	106.0	10.90

Table 7: Washed Coal Indicative Average Yield

Seam	Clean Ash (%)	Yield (%)
10	12.3	50.9
9	8.9	79.9
B3	10.5	74.8
B1	10.0	87.7
A4	11.6	73.1
A2	12.8	50.5
McLeod	18.4	49.5
McPherson	13.9	62.7

Table 8: Raw Unwashed Coal Quality (Dry Basis)

Seam	Ash (%)	Volatile Matter (%)	Fixed Carbon (%)	Sulphur (%)	Calorific Value (Kcal/kg)
10	43.3	24.8	31.7	0.61	3,742
9	21.5	31.8	46.6	0.42	5,602
B3	29.2	29.5	41.1	0.41	4,863
B1	17.6	33.3	49	0.38	5,823
A4	28.9	28.2	42.8	0.15	4,818
A2	41.9	20.8	37.2	0.19	3,375
McLeod	46.5	20.6	32.7	0.17	3,210
McPherson	35.1	24.9	39.8	0.18	4,179