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- **SIGNIFICANT INTERCEPT OF COAL FROM DRILLING AT NUURSTEI COKING COAL PROJECT IN NORTHERN MONGOLIA.**
- **FIRST HOLE INTERSECTS 42 METRES OF COAL FROM 70 METRES.**

Xanadu Mines Ltd (“Xanadu”) (ASX:XAM) is pleased to announce that the initial drill hole at the new Nuurstei Coking Coal Project has confirmed the presence of a wide intersection of coal from a down hole depth of 70m. Visual inspection indicates the coal has a hard, lustrous, bituminous character with a high vitrinite content.

“Results from the first drill hole of a proposed wide spaced drilling program are very encouraging and confirm that coal identified as sub crop over approximately 7km of strike, extends to depth. The first hole intersected 42 metres of coal from 70 metres and ended in coal due to technical reasons.” Xanadu’s Chairman Brian Thornton said.

The Nuurstei Coking Coal Project is the first project of the recently formed Xanadu - Noble Strategic Alliance in Mongolia targeting coking coal and iron ore opportunities.

The Nuurstei project covers an area of more than 3,000 ha and is located in a newly identified coking coal basin between Murun and Erdenet in northern Mongolia. The Strategic Alliance has committed to spend US\$1.5m on exploration as part of its commitment to earn 60% of the project and could move to 80% following completion of a resource estimation in compliance with the JORC code.

A comprehensive reconnaissance program currently underway is expected to take at least 3 months to complete. One multi-purpose rig is now operating on a double shift basis on the first phase of 3,500 metres of diamond and mud rotary drilling.

Initial coal quality results should be available from early July 2011.

## **ABOUT XANADU MINES**

Xanadu Mines Ltd (ASX: XAM) is a Mongolian exploration company which listed on the ASX on 21 December 2010, following a raising of A\$24m. It currently has two thermal coal assets, Galshar and Khar Tarvaga, and is progressing exploration of its highly prospective suite of licences for coal (coking at Nuurstei), copper and gold in the south east Gobi. Xanadu recently acquired the highly prospective Sharchuulut Uul porphyry copper project 40 km from the Erdenet copper mine in north west Mongolia.

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Xanadu's strategy is to target energy and metals opportunities in the Trans-Mongolian rail corridor, near rail infrastructure or within close proximity to the Chinese border. With a 6 year track record in Mongolia and an experienced world-class exploration team, Xanadu is ideally placed to identify and capitalise on opportunities to meet the burgeoning energy and metals needs of China and nearby Asian markets.

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*Competent Person Statement*

*Information on the Company's exploration results is sourced from information compiled by Mr. Rod Williams. Mr. Williams is an employee of Xanadu Mines and is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience in the areas being reported on to qualify as the "Competent Person" as defined in the 2004 Edition of the "Australasian Code for the Reporting of Mineral Resources and Reserves". Mr. Williams consents to the information in the form and context in which it appears.*