



ASX / MEDIA RELEASE

21/11/2011

- **EXPLORATION DRILLING TO COMMENCE AT THE JAVKHALANT METALLURGICAL COAL PROJECT ON THE CHINA BORDER.**
- **RECONNAISSANCE EXPLORATION HAS IDENTIFIED NUMEROUS COAL SUBCROPS OVER A STRIKE OF APPROXIMATELY 40 KILOMETRES.**

Xanadu Mines Ltd (Xanadu) (ASX: XAM) is pleased to announce that exploration drilling will commence shortly at the highly prospective Javkhlant metallurgical coal exploration project ("the Project"), as part of its strategic alliance with Noble Group Limited (Noble) (SGX: N21). The Project is located in the south western Gobi Altai Province of Mongolia (Figure 1), approximately 22 kilometres from the Burgastai border crossing point into China and only 200 kilometres from the Chinese rail network at Hami (Figure 1).

Under the terms of the agreement, the joint venture vehicle Ekhgoviin Chuluu LLC ("EC") can earn up to 80% of the Javkhlant coal exploration licence by meeting various spending commitments over 2 years, including completion of a JORC code compliant resource.

The large 1,005 square kilometre exploration licence, which lies along the southern border with China, is located in the South Gobi Basin. This basin is known to host premium thermal and coking coal deposits of Permian and Carboniferous age. The Javkhlant opportunity was recognised as part of a thorough regional reconnaissance exploration program targeting coking coal, conducted by Xanadu's geologists over the last 18 months.

Reconnaissance mapping and exploration has identified numerous coal and carbonaceous mudstone subcrops, containing coal fragments (Figure 2), which occur over a strike of approximately 40 kilometres. EC has contracted an RC drill rig to conduct a scout drill program of up to 4,000m at Javkhlant to test the numerous coal subcrops.

Javkhlant is an exciting exploration project which has the potential to host a large premium coking and /or thermal coal deposit of Permian and Carboniferous age very close to the China market. Commenting on the Javkhlant exploration program, Xanadu's Chairman Brian Thornton said, "for the first time our drilling program will run right through the Mongolian winter, with results released progressively over the next three months."

XANADU MINES LTD
ACN 114 249 026

Sydney Office
Suite 4, Level 2, 66 Oxford Street
Darlinghurst NSW Australia 2010
T + 61 2 9332 4322
F + 61 2 9332 3269
E info@xanadumines.com

Mongolian Office
2nd Khoroo, AOSStreet
MilitaryTown, Bayanzurkh District
Ulaanbaatar, Mongolia
T +976 11 5011 0211

For personal use only



Figure 1: Location map showing the location of the Javkhant Exploration Project.



Figure 2: Hand dug trenches on one of the many coal sub crops at Javkhant coal Project.

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 and thermal), copper and gold in the south east Gobi, and copper at Sharchuluut. Its strategy is to target energy and metals opportunities in the Trans Mongolian rail corridor or within close proximity to the Chinese and Russian borders. With a 6 year track record and an experienced world-class exploration team, Xanadu is ideally placed to identify and capitalise on opportunities to meet the burgeoning energy and metals demand from China and nearby Asian markets.

For further information:

Brian Thornton
Chairman
+61 411 366 668 or
Email: info@xanadumines.com

Andrew Stewart
Chief Geologist and Country Manager, Mongolia
+976 99999211

For personal use only