



NEWS RELEASE 09-07

October 16, 2009

NEW GOLD TARGET AT KELE PROJECT

XDM Resources Inc. (“XDM” or the “Company”) is pleased to announce that results from recent regional reconnaissance sampling programme within the Kele Project has identified a stream sediment geochemical anomaly over an area of 4km² situated adjacent and to the east of the currently interpreted Kele mineralised system.

Initial reconnaissance sampling within a portion of the anomaly has returned high grade gold +/- copper results associated with a structurally controlled ‘magnetic low’ which has many similarities with the airborne magnetic signature associated with the Vulu high grade gold system.

The Chief Executive Officer, Mr. Mark Haywood stated that *“these are excellent first pass reconnaissance results which confirm our geological and structural interpretations and again also highlight how under explored our Projects are in comparison with the rest of the SW Pacific Rim of Fire.”*

Stream sediment geochemical samples (minus 200 mesh) collected on an average sample density of approximately one sample per square kilometre (1km²) highlight an area of 4km² that is anomalous in gold (max. 236 ppb) ± copper (max. 219 ppm). The stream sediment geochemical anomaly occurs in an area containing structural targets as well as airborne magnetic targets and zones of interpreted alteration. This stream geochemical represents the first detailed systematic gold exploration to have occurred in this area.

The southern portion of the stream geochemistry anomaly is co-incident with a north west trending airborne magnetic low which occurs in an almost identical structural setting (as well as an almost identical magnetic signature) and parallels the high grade gold mineralised Vulu structure (1.5km apart). A total of five rock chip samples were collected from within portion of the anomaly with two creek float rock chip samples returning 14.65 g/t gold with 0.18% copper and 5.59 g/t gold. An outcrop grab sample upstream of the mineralised creek float samples returned 10 g/t gold.

The next phase of follow-up exploration will focus on infill geological mapping and rock chip sampling with reconnaissance soil sampling over the 4km² stream sediment geochemical anomaly including detailed work over magnetic and structural targets.

The Company supervises sampling under a Quality Assurance and Quality Control (“QA/QC”) procedure following National Instrument 43-101 (“NI 43-101”) guidelines. Samples are processed at the Company’s sample preparation laboratory in Honiara then assayed by Australian Laboratories Services (“ALS”) in Australia.



ABOUT XDM

XDM is a private Canadian company with a 100% interest in four large copper-gold and gold exploration properties in the Western Province of the Solomon Islands.

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Cautionary Statement Regarding Forward-Looking Information

All statements, trend analysis and other information contained in this press release relative to markets for XDM's trends in resources, recoveries, production and anticipated expense levels, as well as other statements about anticipated future events or results constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Some of these risks, uncertainties and other factors are described under the heading "Risk Factors" in the Company's annual information. XDM does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change other than as required by applicable law. Investors should not place undue reliance on forward-looking statements.

All scientific and technical information contained in this news release has been prepared under the supervision of Anthony Schreck, the Company's Chief Geoscientist and Qualified Person. Anthony Schreck has verified the technical data disclosed for accuracy and correctness. Potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource on any of the Company's properties and it is uncertain if further exploration will result in any such target being delineated as a mineral resource. QA/QC procedures were applied during the execution of the work being reported upon.