



14 April 2011

**XANADU MINES LTD AND NOBLE GROUP EXECUTE FORMAL AGREEMENTS
FOR A STRATEGIC ALLIANCE IN MONGOLIA**

Xanadu Mines Ltd ("Xanadu") ASX: XAM is pleased to announce finalisation of terms for a strategic alliance with Noble Group (Noble) SGX: N21, to explore and develop coking coal, iron ore and ferro alloy opportunities in Mongolia ("Strategic Alliance").

Following execution of formal agreements, Xanadu and Noble will participate in the Strategic Alliance through a joint venture company with each party holding a 50% interest. The existing assets held by Xanadu will not form part of the Strategic Alliance.

The initial focus of the joint venture will be the pursuit of a number of opportunities already identified and will seek to maximise the benefits of Xanadu's and Noble's respective country experiences and strengths.

The agreement executed today, includes a placement of ordinary shares to Noble of up to 9,688,367 shares at 69.89 cents each, totalling \$6,771,200 which will take Noble's equity interest in Xanadu (through its subsidiary) to 9.9% at that date. The agreement contains a right until 31 December 2014, for Noble to "Top-up" its shareholding in Xanadu in the event that Xanadu issues new shares. The funds from the placement, together with a similar amount contributed to the joint venture by Noble, will be applied exclusively to the exploration and development of coal, iron ore and ferro alloy opportunities in Mongolia.

Commenting on the alliance with Noble, Xanadu's Chairman Brian Thornton said "the completion of formal agreements will enable the joint venture to advance and bring to fruition a number of opportunities that the companies have been evaluating in Mongolia. With the transfer of Noble's exploration team to Xanadu to support the joint venture, our total personnel in Mongolia is now 24".

"The alliance, while focusing on coking coal, iron ore and ferro alloys, will also allow Xanadu to continue to advance its existing Galshar and Khar Tarvaga thermal coal projects and its copper gold assets in north west Mongolia and the south east Gobi", added Mr Thornton.

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, AOS Street
Military Town, Bayanzurkh District
Ulaanbaatar, Mongolia
T +976 11 5011 0211

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. Xanadu recently acquired the highly prospective Mogoin Gol porphyry copper project 40 kms from the Erdenet copper mine in north west Mongolia.

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.

For further information contact:

Brian Thornton
Chairman, Xanadu Mines Ltd
T: + 61 2 9332 4322 or +61 411 366 668
E: info@xanadumines.com
W: www.xanadumines.com