



3 February 2011

ASX Announcement

**▪ XANADU MINES LTD AND NOBLE GROUP
FORM A STRATEGIC ALLIANCE IN MONGOLIA**

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

Xanadu and Noble executed an agreement today in relation to the scope of the Strategic Alliance. Subject to the parties executing formal agreements, Xanadu and Noble will participate in the Strategic Alliance through joint venture companies with each party holding 50% in the joint ventures. Any existing assets held by Xanadu do not form part of the Strategic Alliance.

The initial focus of the joint ventures will be the pursuit of a number of identified opportunities. The Strategic Alliance will seek to maximise the benefits of Xanadu and Noble's respective competencies and strengths. The agreement executed today will include a placement of shares to Noble of up to 10,429,726 shares at 70 cents each based on a 10 day VWAP, with the placement occurring on 23 March 2011 to take Noble's equity interest in Xanadu to 9.9% at that date. The funds from the placement will be exclusively applied to the exploration and development of opportunities in Mongolia.

Commenting on the alliance with Noble, Xanadu's Chairman Brian Thornton said, "the strategic alliance with Noble is a significant step forward for Xanadu and an endorsement of our exploration expertise, in-country experience and knowledge and the untapped potential that exists for energy and minerals in neighbouring markets, particularly China."

"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 the south east Gobi", added Mr Thornton.

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ABOUT NOBLE GROUP

Noble Group (SGX: N21) is a market leader in managing the global supply chain of agricultural and energy products, metals and minerals. The Group operates from over 150 offices and plants in 38 countries, employing approximately 70 nationalities. Noble manages a diversified portfolio of essential raw materials, integrating the sourcing, marketing, processing, financing and transportation. With revenue for the nine months ended 30 September 2010 exceeding US\$39 billion, Noble owns and manages an array of strategic assets, sourcing from low cost producers such as Brazil, Argentina, Australia and Indonesia and supplying to high growth demand markets including China, India and the Middle East. Today, Noble has interests in grain crushing facilities, coal and iron ore mines, fuel terminals and storage facilities, sugar and ethanol plants, vessels, ports and other infrastructure to ensure high quality products are delivered in the most efficient and timely manner to its customers.

In late 2009, Noble achieved "Investment Grade" ratings (Baa3) from Moody's Investors Service and (BBB-) from Standard & Poor's, complementing its initial "Investment Grade" rating (BBB-) from Fitch the previous year. In addition, Noble Group is among the 30 securities listed on the Straits Times Index.

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. Its strategy is to target energy and metals opportunities in the Trans Mongolian rail corridor or within close proximity to the Chinese border. 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.

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