



30/3/2011

Advanced porphyry copper project acquired by Xanadu in Mongolia

Xanadu Mines Ltd (ASX:XAM) is pleased to announce that it has, through its wholly owned subsidiary, Xanadu Metals Mongolia LLC, acquired all of the issued capital of Soduntag LLC in Mongolia. As a result of this transaction, Xanadu has acquired 100% ownership of the advanced Mogoin Gol porphyry copper project, one of Mongolia's most prospective porphyry copper opportunities.

The advanced Mogoin Gol porphyry copper project is located within the Bulgan Province of Northern Mongolia, approximately 230 km northwest of Ulaanbaatar. The prospect is strategically located approximately 40 kilometres northwest of the world class Erdenet porphyry copper-molybdenum deposit.

The Erdenet mine is the largest operating copper mine in Mongolia, producing approximately 530,000 tons of copper concentrate annually with measured and indicated resources of 4.7mt of copper. Erdenet has its own rail infrastructure which connects it to the main Trans Mongolian railway and hence is able to supply copper metal and concentrate into both the Russian rail network to the north and south into China.

The Mogoin Gol licence is large, covering approximately 488 square kilometres and remains relatively unexplored. Previous exploration between 1999 and 2004 identified a large (> 7 square km) zone of porphyry related advanced argillic alteration that is highly anomalous in Cu, Mo, Au, Ag and Ba. Historical drilling is limited, relatively shallow, and failed to penetrate the upper parts of the exposed alteration.

According to Xanadu's Chairman, Brian Thornton "Following extensive due diligence, it is Xanadu's view that the Mogoin Gol project is one of the best untested porphyry copper targets in Mongolia, having been subjected to minimal drill testing almost a decade ago. Xanadu has continued to evaluate copper gold targets throughout the country, but Mogoin Gol stands out as a outstanding opportunity against all criteria, particularly its prospectivity and location to rail and established infrastructure"

Following its recent IPO, Xanadu will continue to advance aggressively, its dual exploration strategies for copper and coal, given the strong outlook for those commodities. The buoyant copper market is underpinned by a rapidly industrializing China whose consumption of copper is forecast to rise from 6.8mtpa in 2010 to more than 8.5mtpa by 2015, a 25% increase over the period.

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Geological mapping is continuing throughout the Mogoin Gol licence and based on the results to date, Xanadu's exploration team believes that there is a strong possibility of discovering additional mineralized porphyry copper targets within the 488km² Mogoin Gol licence. Detailed induced polarization (IP), ground magnetic and gravity surveys will commence shortly, with an aggressive drilling program planned for late in the 2011 field season.

Pursuant to Xanadu's announcement of 3 Feb 2011 regarding its proposed strategic alliance with Noble Group, the Mogoin Gol copper project will be wholly owned by Xanadu.

For further information contact:

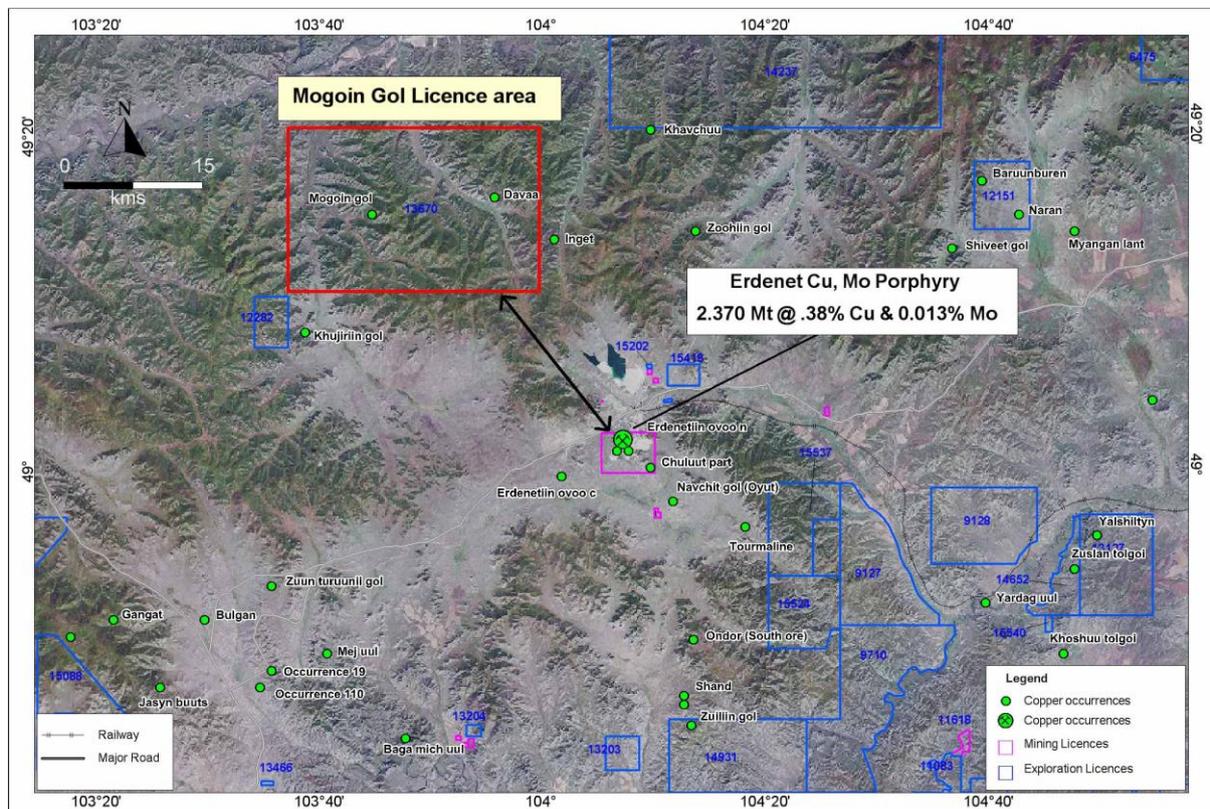
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Competent Person Statement

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.



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