

XANADU TO SELL NON-CORE ASSETS

Xanadu Mines Ltd is an exploration company that has assembled a significant exploration portfolio across Mongolia's porphyry belts.

These belts are part of the larger Central Asian Orogenic Belt – one of the last great exploration frontiers known to host large copper porphyry deposits – and Mongolia is emerging as a globally significant copper province.

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Xanadu Mines Ltd (ASX: XAM – “**Xanadu**”) is pleased to announce advanced discussions are underway regarding the sale and lease back of its 64% interest in its Ulaanbaatar office building to Lkhagvasuren Ganbayar. The proposed transaction values Xanadu’s interest in the property at approximately A\$700,000.

The Xanadu Board believes the capital employed in the office building is better allocated to the advancement of its Kharmagtai and Oyut Ulaan exploration activities and working capital.

Xanadu and Lkhagvasuren Ganbayar, an Executive Director of Xanadu, jointly developed the property over 2009 and 2010.

As this is a related party transaction, the non-interested directors of Xanadu have procured an independent valuation which confirms that the transaction is on arm’s length terms.