

25 May 2017

APPOINTMENT OF NON-EXECUTIVE CHAIRMAN

Xanadu Mines Ltd (ASX: XAM) (“Xanadu” or “Company”) is pleased to announce that with effect from the close of the Annual General Meeting to be held on 29 May 2017, Kevin Tomlinson will be appointed as an independent Non-Executive Director and will succeed Mr Mark Wheatley as Chairman of the Company.

The retirement of Mr Mark Wheatley as Chairman and Non-Executive Director, was announced on 27 January 2017. Xanadu would like to take this opportunity to thank Mark for his considerable contribution to the Company and wishes him well in his future endeavours.

Mr. Tomlinson, based in London, has more than 30 years’ experience in the resource and finance sectors within the Canadian, Australian and United Kingdom stock markets. In Australia, Mr. Tomlinson held senior executive roles with Plutonic Resources and Hartleys Australia as Head of Research. In London, he was Managing Director of Investment Banking at Westwind Partners/Stifel Nicolaus raising equity and providing corporate advice for many resources companies. Mr. Tomlinson brings extensive experience in exploration, development and financing of mining projects internationally.

Currently, Kevin holds non-executive positions on the boards of listed mining companies Cardinal Resources Limited (ASX:CDV) and Samco Gold Limited (TSXV:SGA). Previous long term board positions held have included Chair of Medusa Mining, Director with Orbis Gold and Director with Centamin Plc.

Commenting on his appointment as Chairman, Mr. Tomlinson said: “I am delighted to take up this role with Xanadu Mines and to guide the Board through the next stage of the Company’s growth. I look forward to meeting our shareholders at the upcoming AGM.”

Xanadu’s Managing Director & Chief Executive Officer, Dr Andrew Stewart, said: “We very much look forward to working with Kevin and on behalf of Mr Wheatley and the Board, we welcome Kevin to Xanadu.”

Equity Awards to Managing Director & CEO and Executive Director, Mr Ganbayar Lkhagvasuren

Further to the Company's announcement of 19 April 2017, the Board has agreed a revised structure and vesting conditions for the Equity Awards to be offered to Dr Stewart and Mr Lkhagvasuren under the Company's Equity Incentive Plan, subject to shareholder approval.

The Share Rights to be offered to Mr Tomlinson, Dr Stewart and Mr Lkhagvasuren will be in granted in two tranches comprising:

Director	Tranche 1	Tranche 2	Total
Mr Tomlinson	1,500,000	1,500,000	3,000,000
Dr Stewart	3,500,000	3,500,000	7,000,000
Mr Lkhagvasuren	2,000,000	2,000,000	4,000,000

The Share Rights for Mr Tomlinson, Dr Stewart and Mr Lkhagvasuren may vest in two tranches, subject to the following conditions (each a vesting condition):

- Tranche 1 Share Rights** - if the volume weighted average price of the Company's Shares ("VWAP") as traded on ASX is equal to, or exceeds, \$0.40 per Share for 45 consecutive days during the period commencing on the Start Date and ending one year after the Start Date and the holder remains employed by the Company as at that date. **(Tranche 1 Share Rights)**.
- If the Tranche 1 Share Rights Vesting Condition is not satisfied, the Tranche 1 Share Rights will not lapse but will instead be subject to the Tranche 2 Share Rights Vesting Condition (defined below) and tested on the date that the Tranche 2 Share Rights are tested.
- Tranche 2 Share Rights** - if the VWAP of the Company's Shares as traded on ASX is equal to or exceeds \$0.60 per Share for 45 consecutive days during the period commencing on date that is one year after the Start Date and ending on the date that is one year later and the holder remains employed by the Company as at that date. **(Tranche 2 Share Rights Vesting Condition)**.
- If the Tranche 2 Share Rights Vesting Condition is not satisfied, the Tranche 1 Share Rights and the Tranche 2 Share Rights will automatically lapse two years after the Start Date.

- If there is a Control Event during the two-year vesting period (as defined in the Terms and Conditions of the shareholder approved Equity Plan), the number of Share Rights that will vest will be determined having regard to the price per Share to be paid by the third party for the Company's Shares.

If the price payable per Share as part of the Control Event during the two-year vesting period is less than A\$0.40, all Share Rights will lapse. If the price paid per Share is A\$0.40 or greater, Tranche 1 and Tranche 2 Share Rights will vest.

Change of Company Secretary

Nathan Bartrop will step down as Company Secretary, effective 26 May 2017. Philip Mackey, a colleague of Nathan's from Company Matters Pty Limited, has been appointed as Company Secretary, also effective 26 May 2017. For the purposes of Listing Rule 12.6, Philip is also the person responsible for communications between the Company and ASX.

For further information, please contact:

Andrew Stewart
Managing Director & Chief Executive Officer
T: +612 8280 7497
M: +976 9999 9211
andrew.stewart@xanadumines.com
www.xanadumines.com