



Xanadu Mines

**Creating value through
discovery in Mongolia**

PRESENTATION | AGM MAY 2017

Disclaimer & forward looking statements

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About Xanadu Mines

One of the pioneering explorers of Mongolia



Exploration drilling at the
Kharmagtai Cu-Au
Project, south Gobi Mongolia

- Advancing two large gold-copper porphyry districts;
- Proven explorer with track record of success;
- Experienced team with deep regional knowledge;
- Large strategic position in a world-class Cu-Au province;
- Growing gold-rich copper JORC resource base;
- Advanced projects with both scale and high-grade;
- Repeat discoveries set to extend resource;
- Mongolia back on the radar with investors & miners.

Corporate snapshot

Well positioned junior copper-gold explorer

Capital structure

Share price (26 May 2017)	A\$0.21
52w high	A\$0.26
52w low	A\$0.16
Issued shares	511.2m
Market capitalisation	A\$107.4m
Cash (31 Mar 2017)	A\$6.2m
Debt ¹	A\$3.6m
Enterprise value	A\$104.8m

1 - term loan due July 2017 (US\$2.7m)

Broker Research

Bell Potter 9 May 2017

Share Price Performance



Major Shareholders

Asia Capital & Advisors	26.2%
Noble Group	7.8%
Fast Lane Australia	6.1%

Creating value through discovery

Targeting world class Cu-Au discoveries in Mongolia

Our Vision

To be Mongolia's premier copper & gold exploration company.

Our Mission

Create value through the discovery of globally significant Cu & Au deposits.



Key drivers for our business model

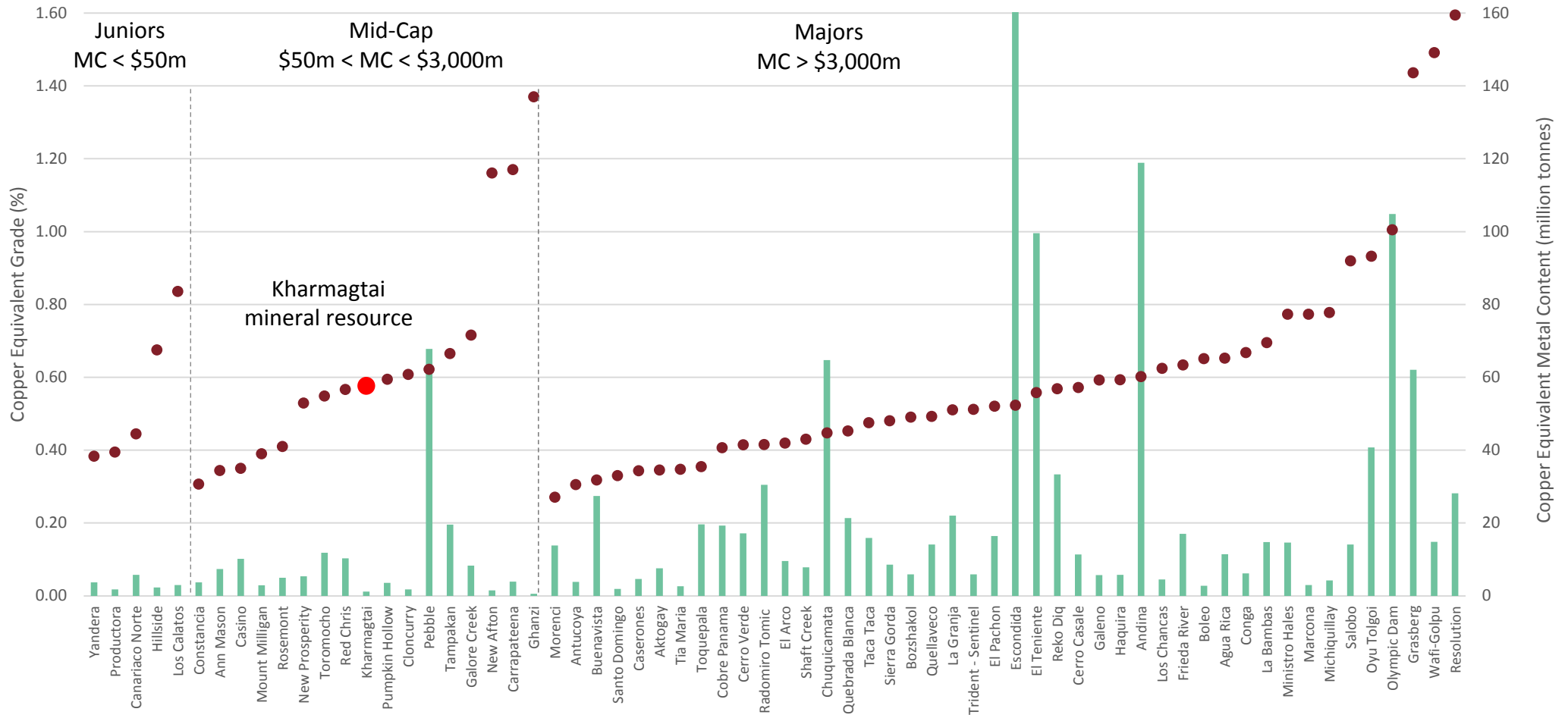
Clear drivers for Xanadu's project generation model



- Decade long decline in discovery rates of copper & gold:
 - May equate to 5 Mt of Cu & 60 MOz Au per year short fall
- Major decline in exploration spend of last decade:
 - Exploration teams disbanded
 - Fewer new exploration projects
- Improving copper & gold price outlook:
 - Money starting to flow into new M&A
- Aggressive counter cyclic project generation program has delivered projects:
 - Positioned to deliver shareholder value creation via discovery
- Demand for quality exploration projects & discoveries.

Scarcity of quality copper projects

Large copper deposits are controlled by the majors



Source: SNL Mining & Metals. Terra Studio. MC = market capitalisation. Cu Eq. calculations only use copper, molybdenum, gold and silver content.

Metal price assumptions: Cu \$2.50/lb, Mo \$6.00/lb, Au \$1,200/oz, Ag \$15/oz

Changing landscape in Mongolia

Mining & exploration industry plays a crucial role

Erdenet Copper Project



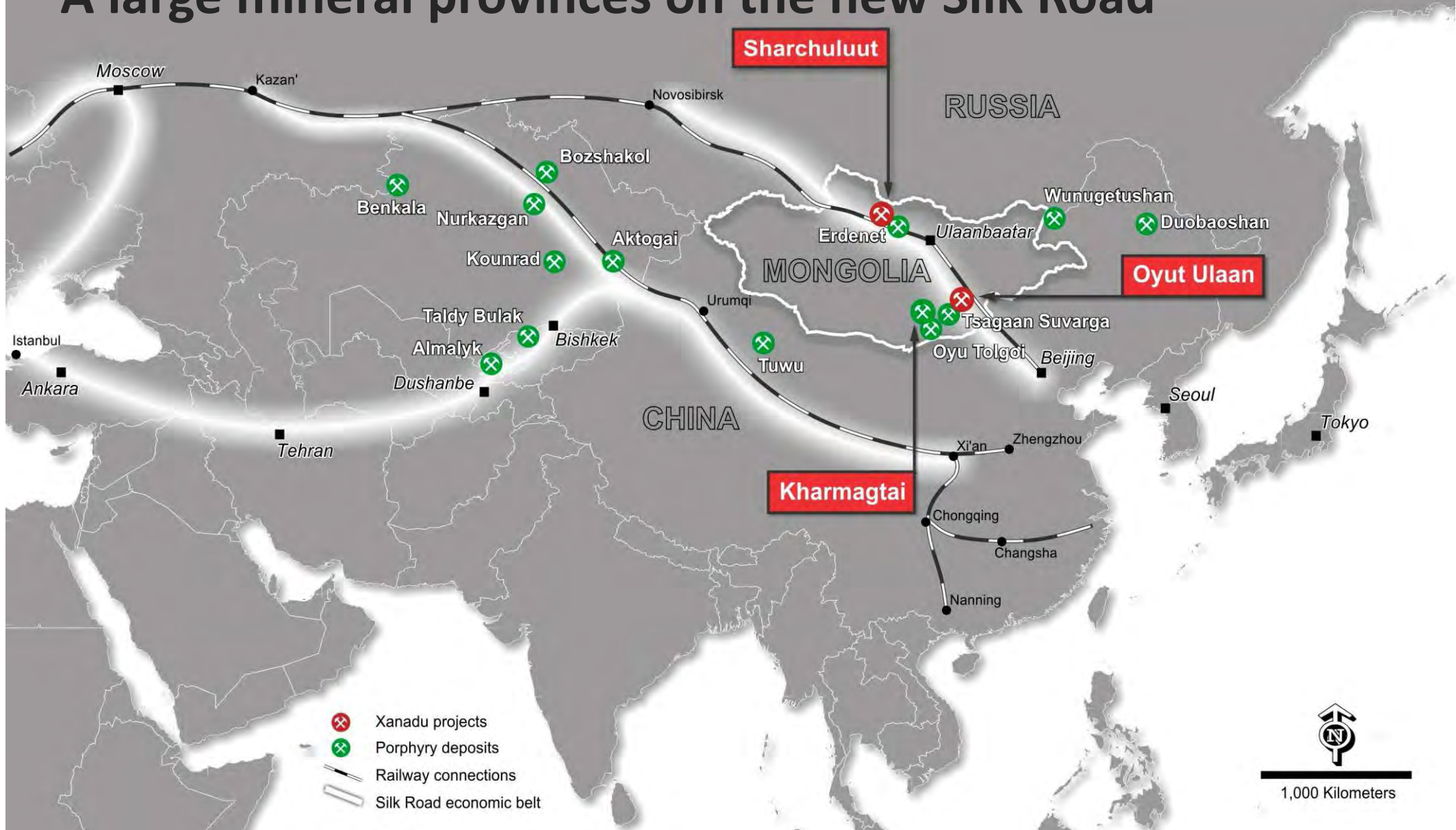
Two operating Tier 1 copper deposits is a symbol on Mongolia's rise as a resource powerhouse

Oyu Tolgoi Copper-Gold Project



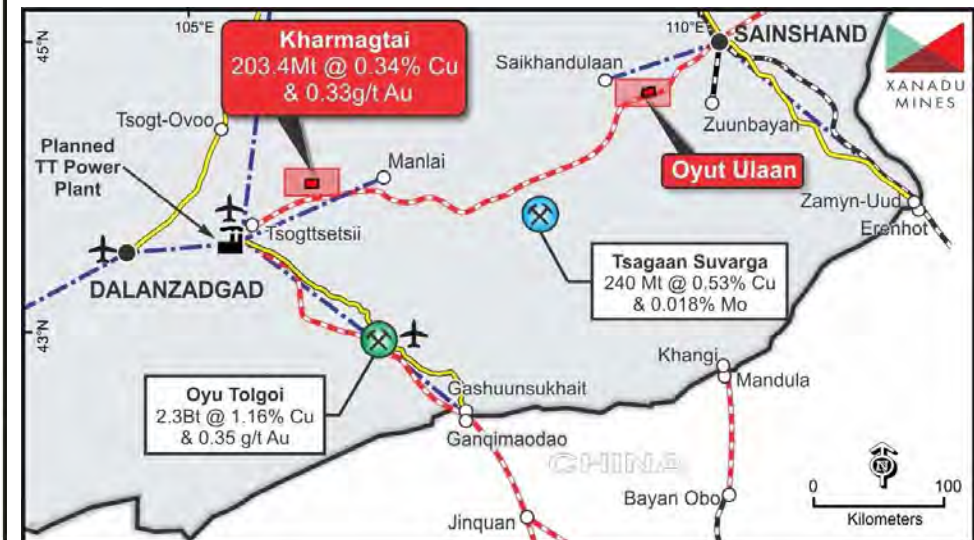
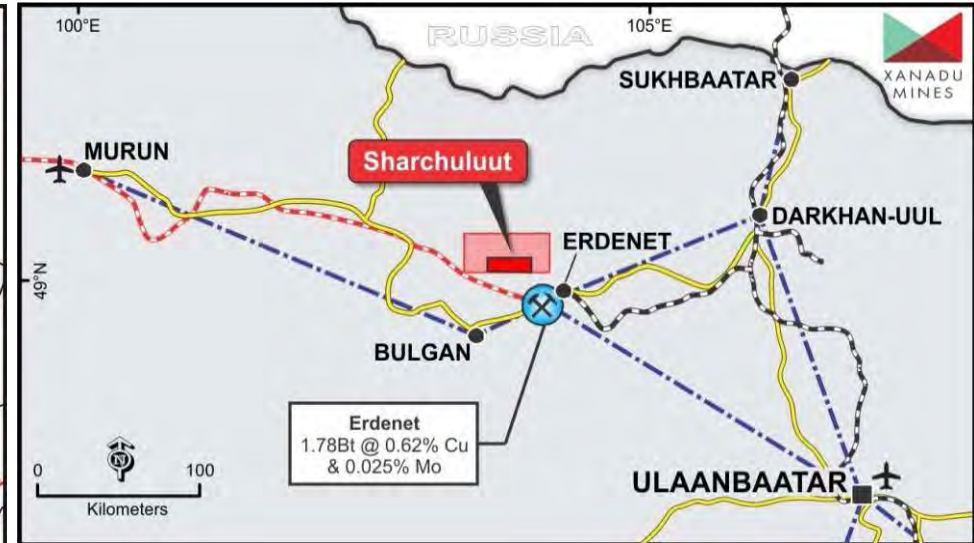
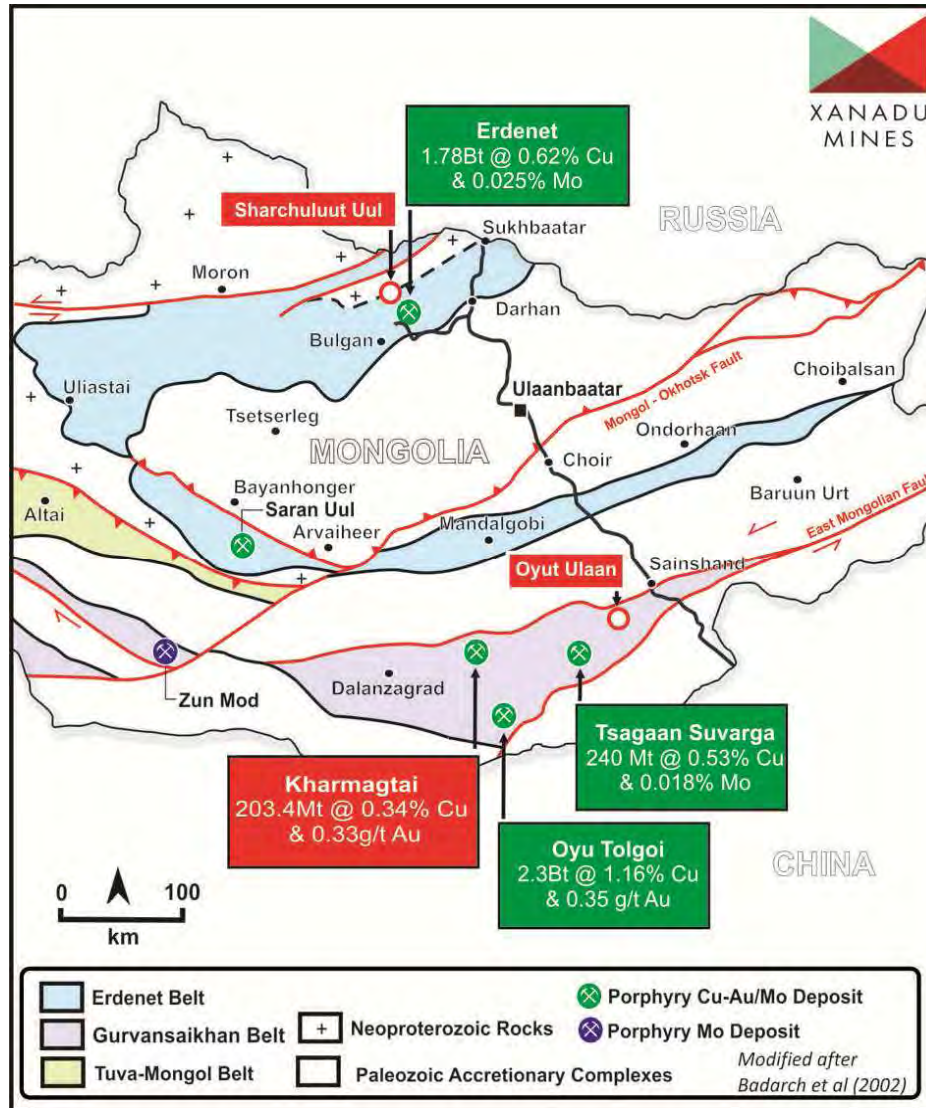
One of the last great exploration frontiers

A large mineral provinces on the new Silk Road



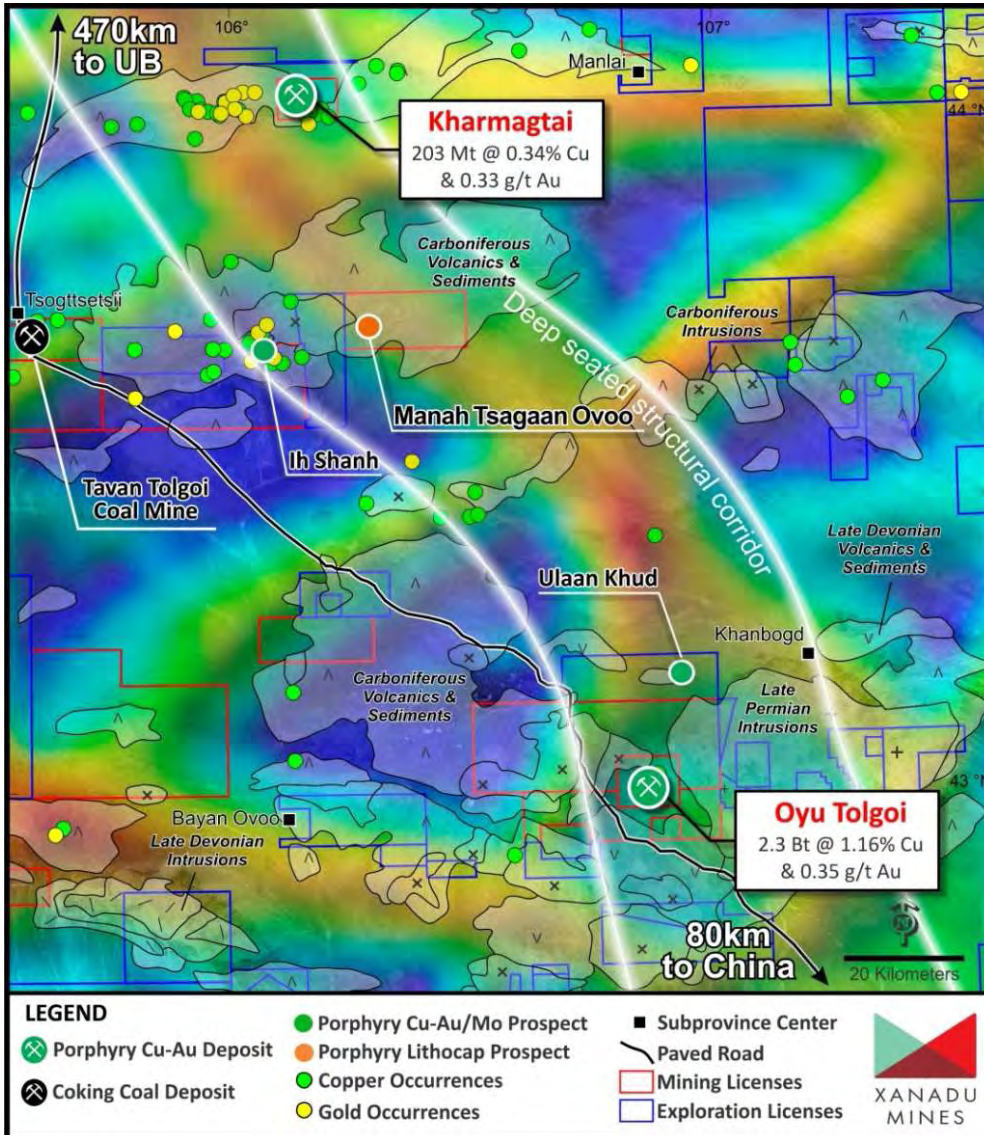
Highly mineralised & vastly underexplored

Proximity to infrastructure and the North Asia market



World class Oyu Tolgoi porphyry trend

World class mining district – significant potential



- Strategic footprint in Mongolia's pre-eminent copper porphyry trend;
- Close to significant deposits in development & production;
- Arc-transverse fault zone(s) control magmatism & porphyry mineralisation

Large scale and crustal scale structural corridors identified via structural processing of regional gravity data .

Kharmagtai porphyry Cu-Au district

Unlocking the potential of the Kharmagtai district

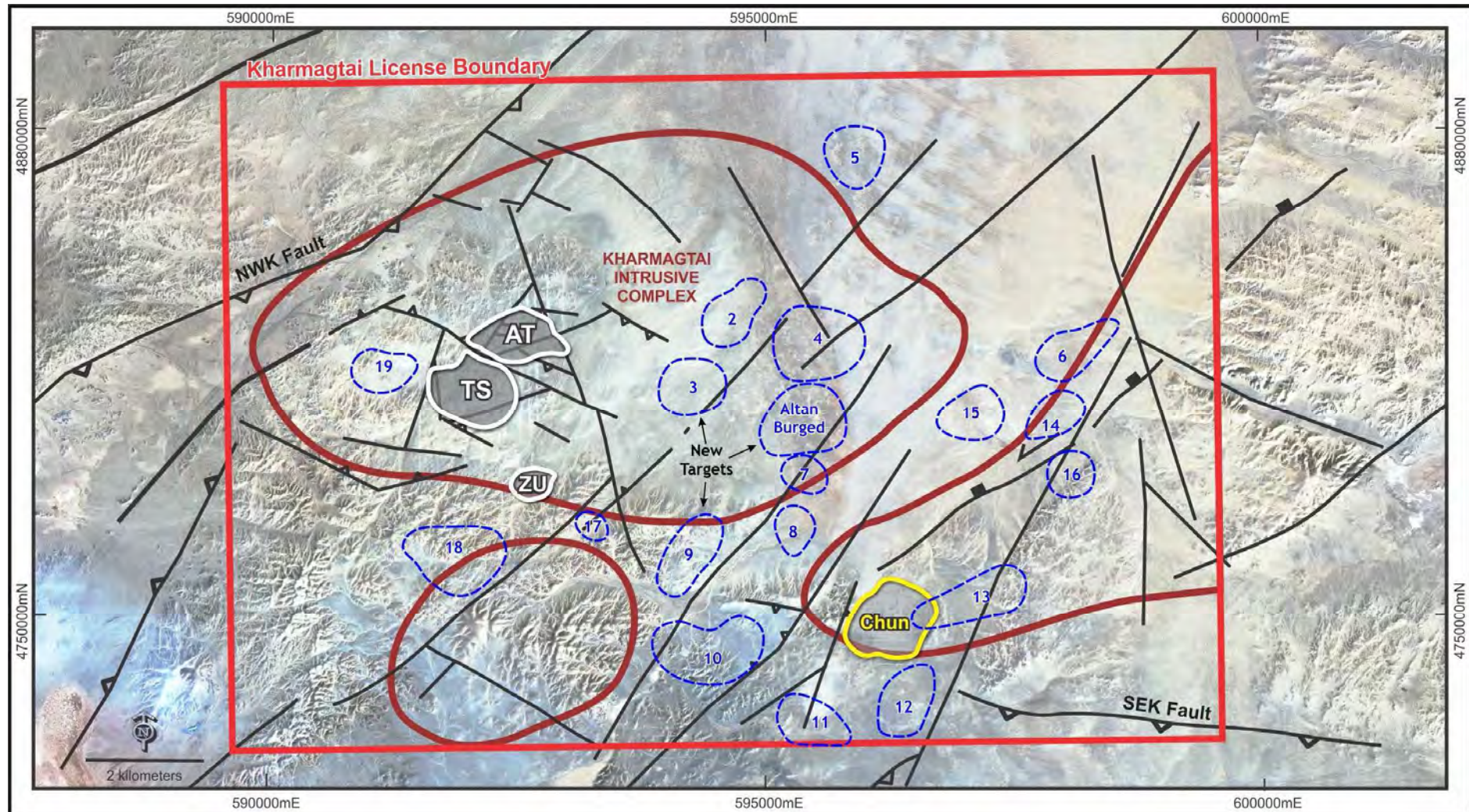
Altan Tolgoi

Zesen Uul

Tsagaan Sudal

Kharmagtai porphyry Cu-Au district

District with a cluster of outcropping porphyry deposits

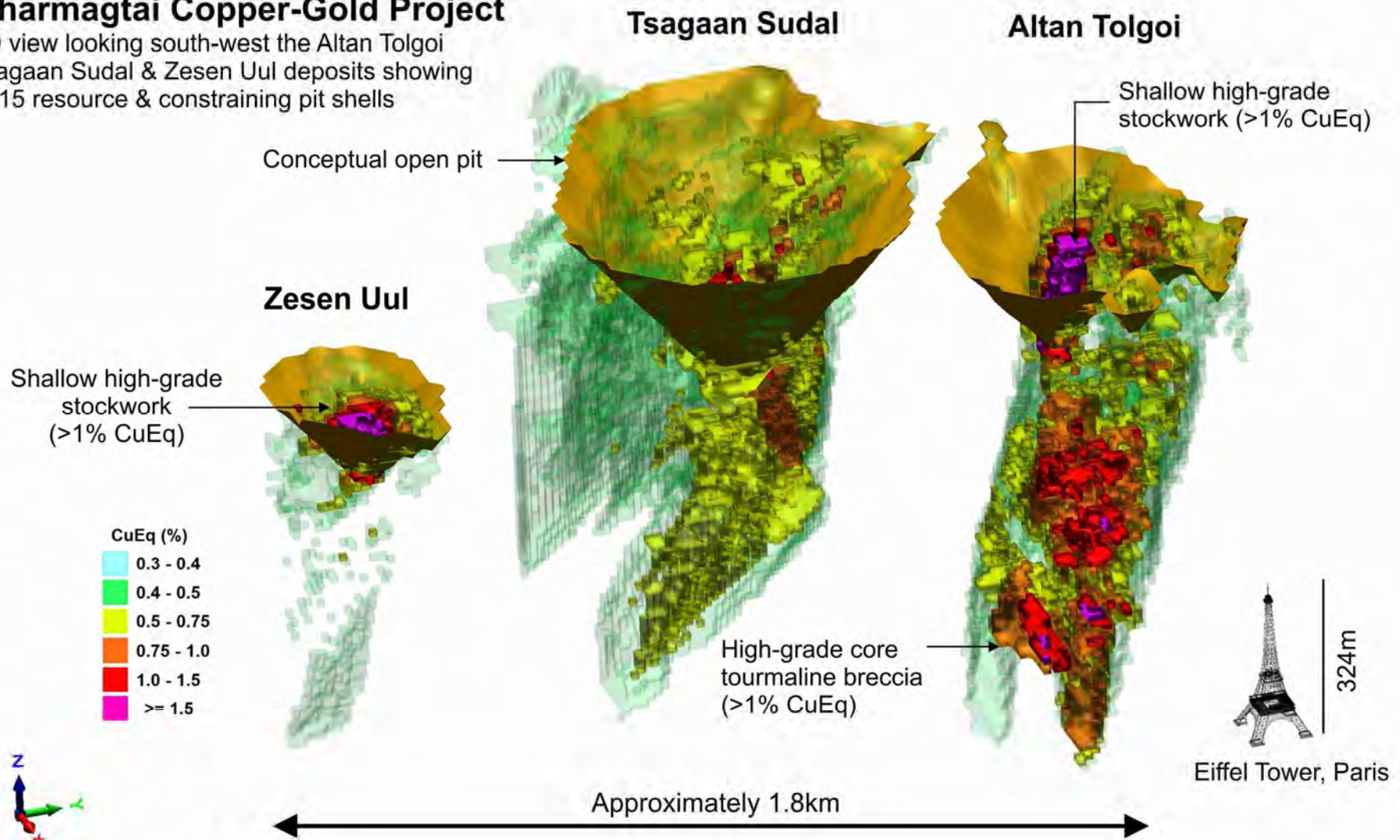


Kharmagtai porphyry Cu-Au district

Growing gold-rich copper resource base

Kharmagtai Copper-Gold Project

3D view looking south-west the Altan Tolgoi
Tsagaan Sudal & Zesen Uul deposits showing
2015 resource & constraining pit shells

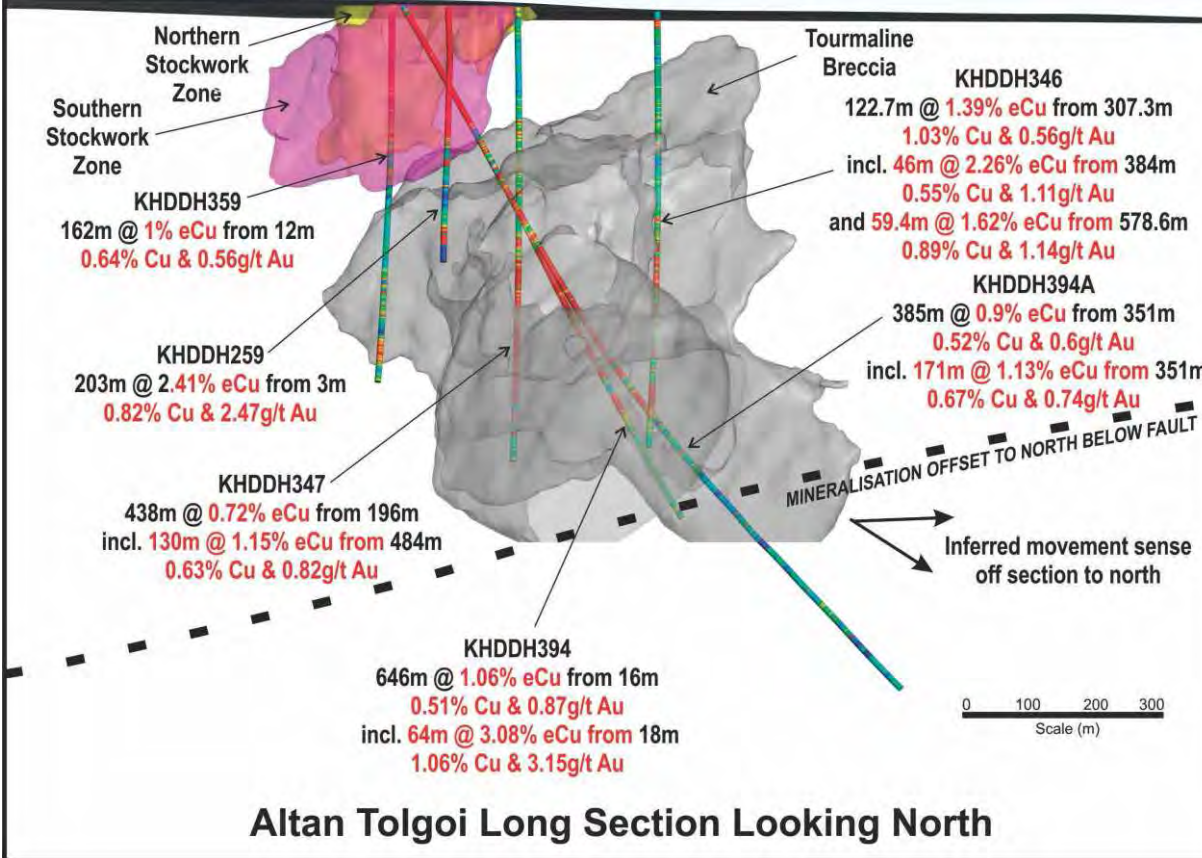


*ASX announcement dated 19 March 2015 "Kharmagtai Maiden JORC Resource."
Table 1 information dated 29 April 2016 continues to apply.

Kharmagtai porphyry Cu-Au district

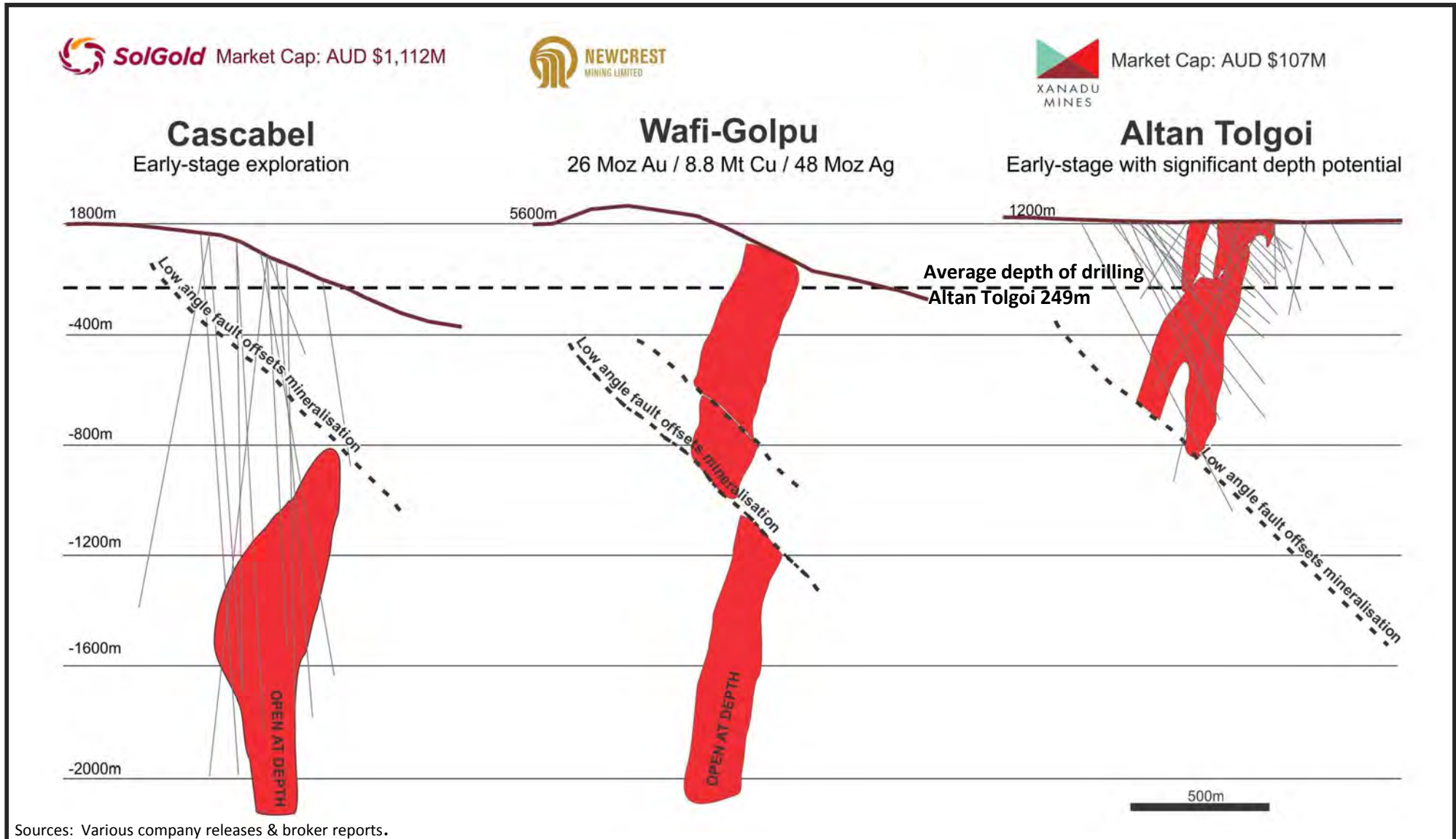
Latest drilling shows more extensive mineralisation

Where is the bornite core of this large system?



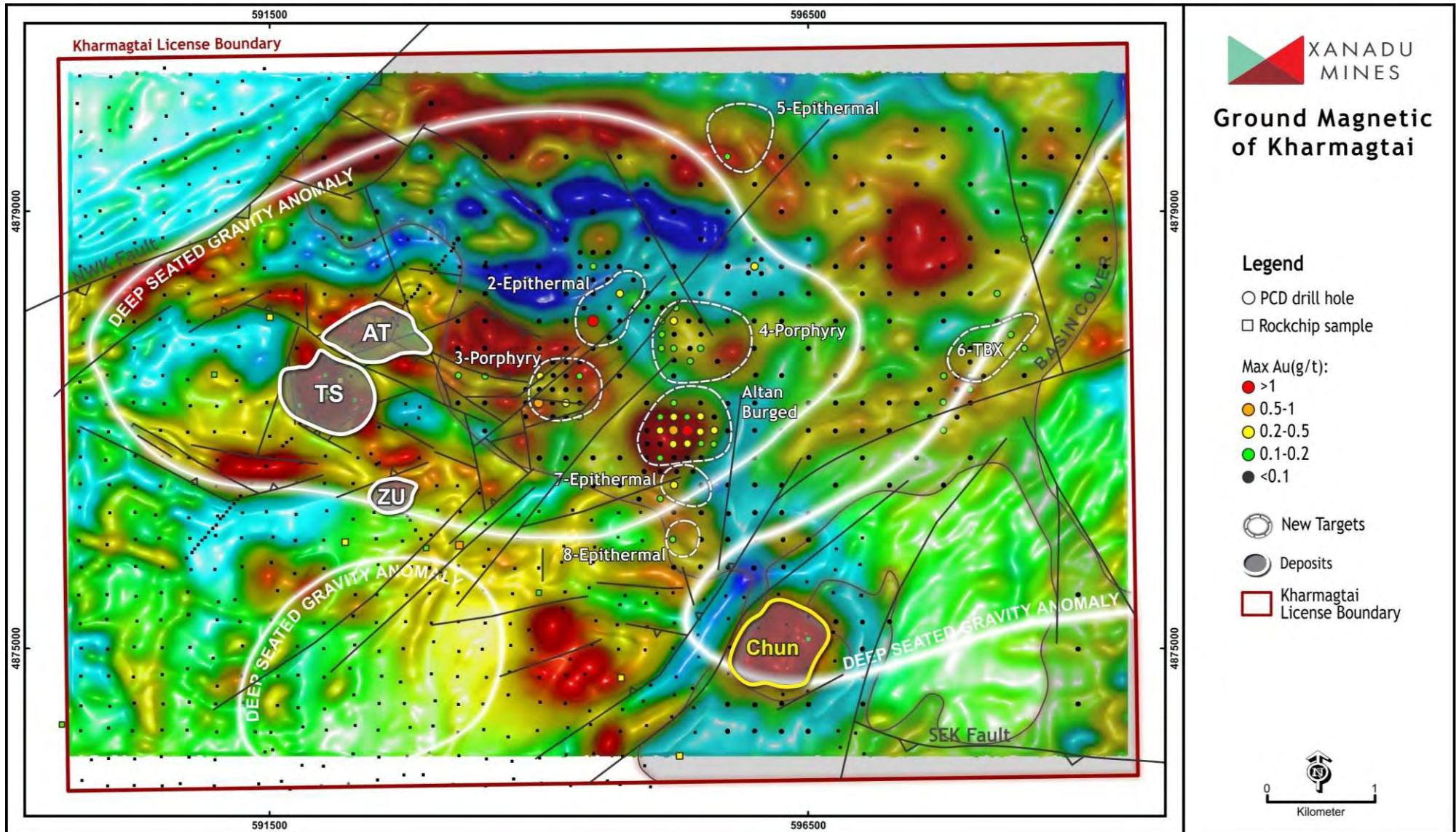
Global gold-rich porphyry peer comparison

Significant Depth Potential to Kharmagtai district



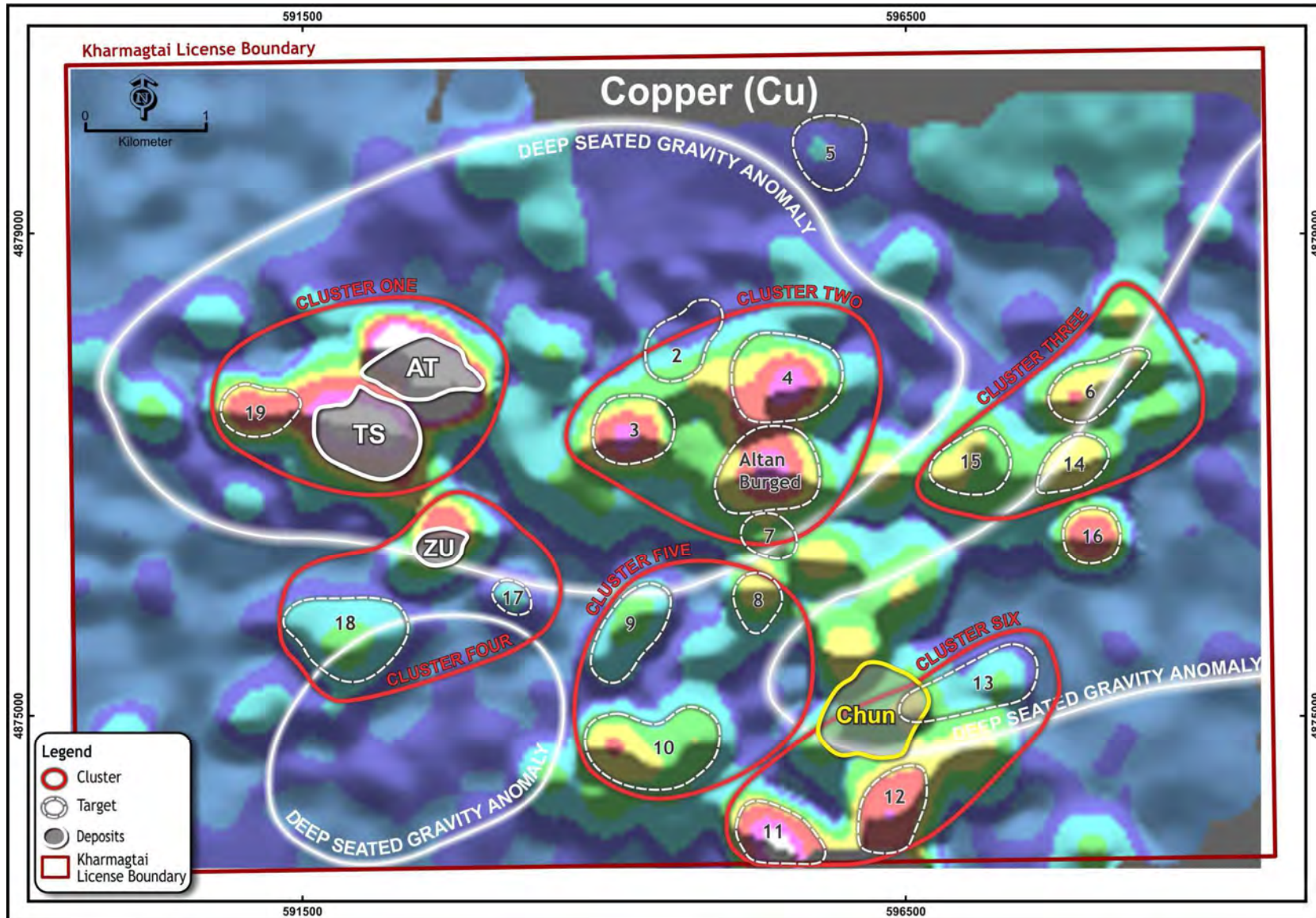
Kharmagtai porphyry Cu-Au district

Additional gold-rich copper porphyries discovered



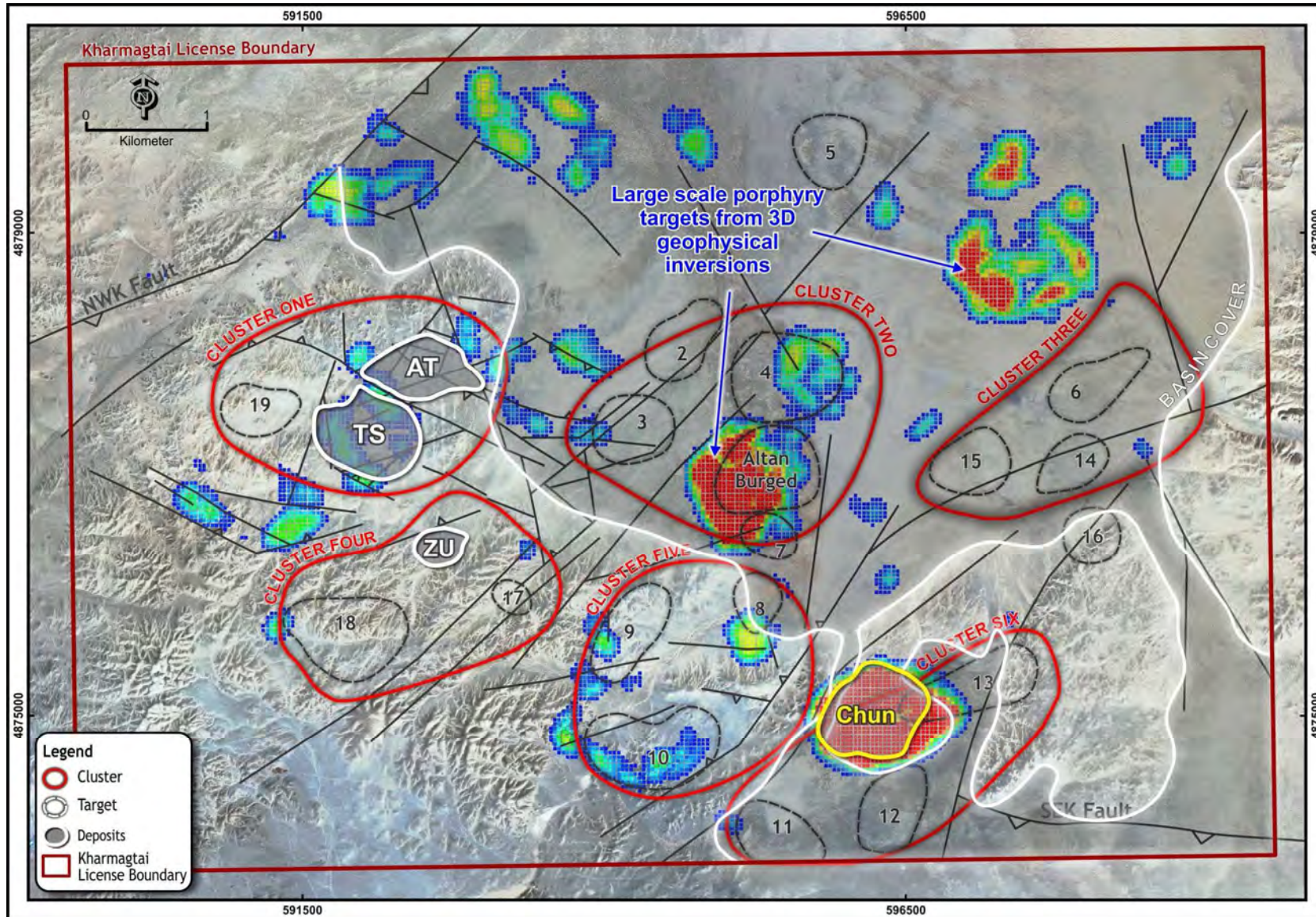
Kharmagtai porphyry Cu-Au district

Widespread near-surface mineralisation under cover



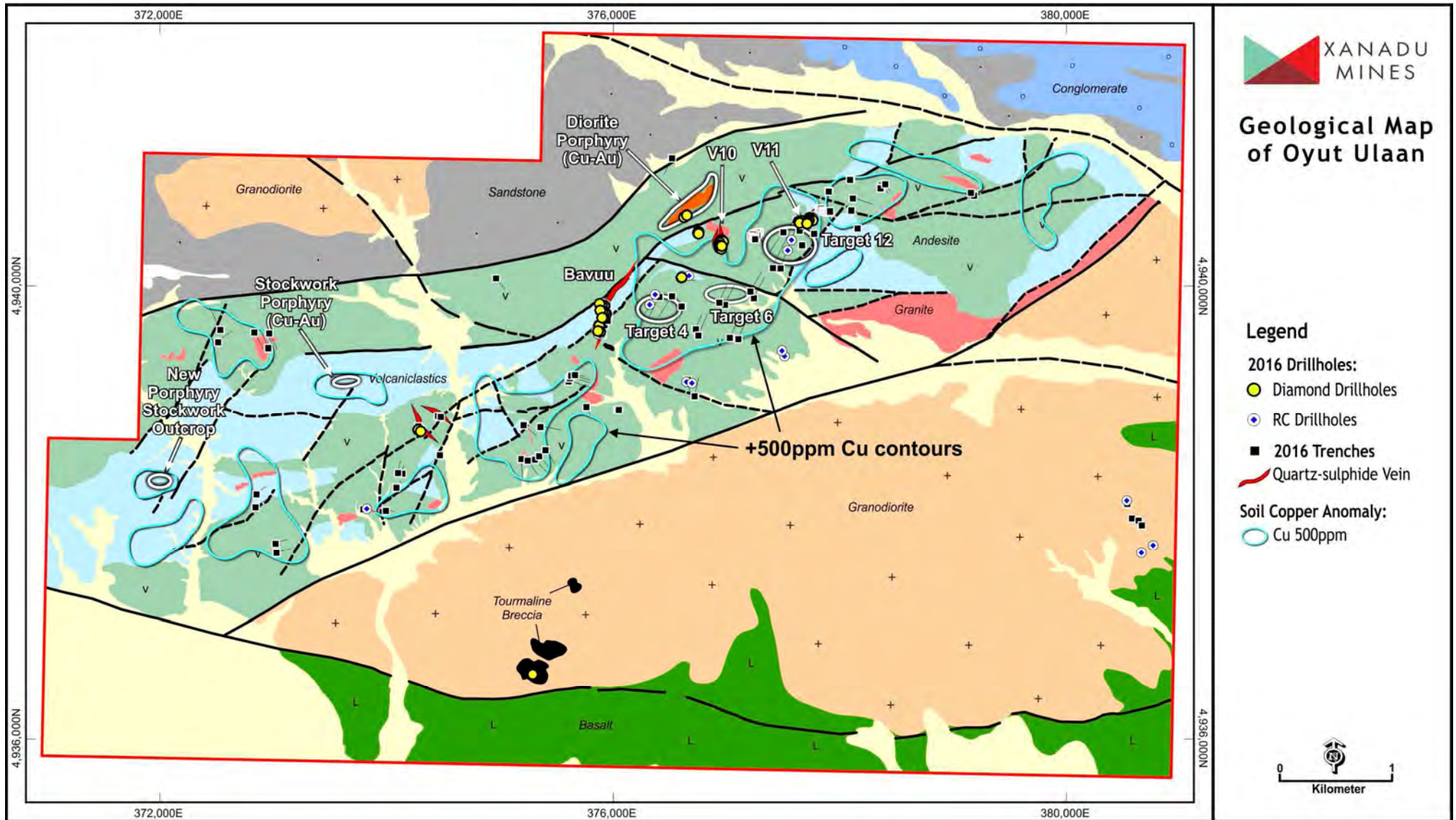
Kharmagtai porphyry Cu-Au district

Six potential porphyry clusters identified



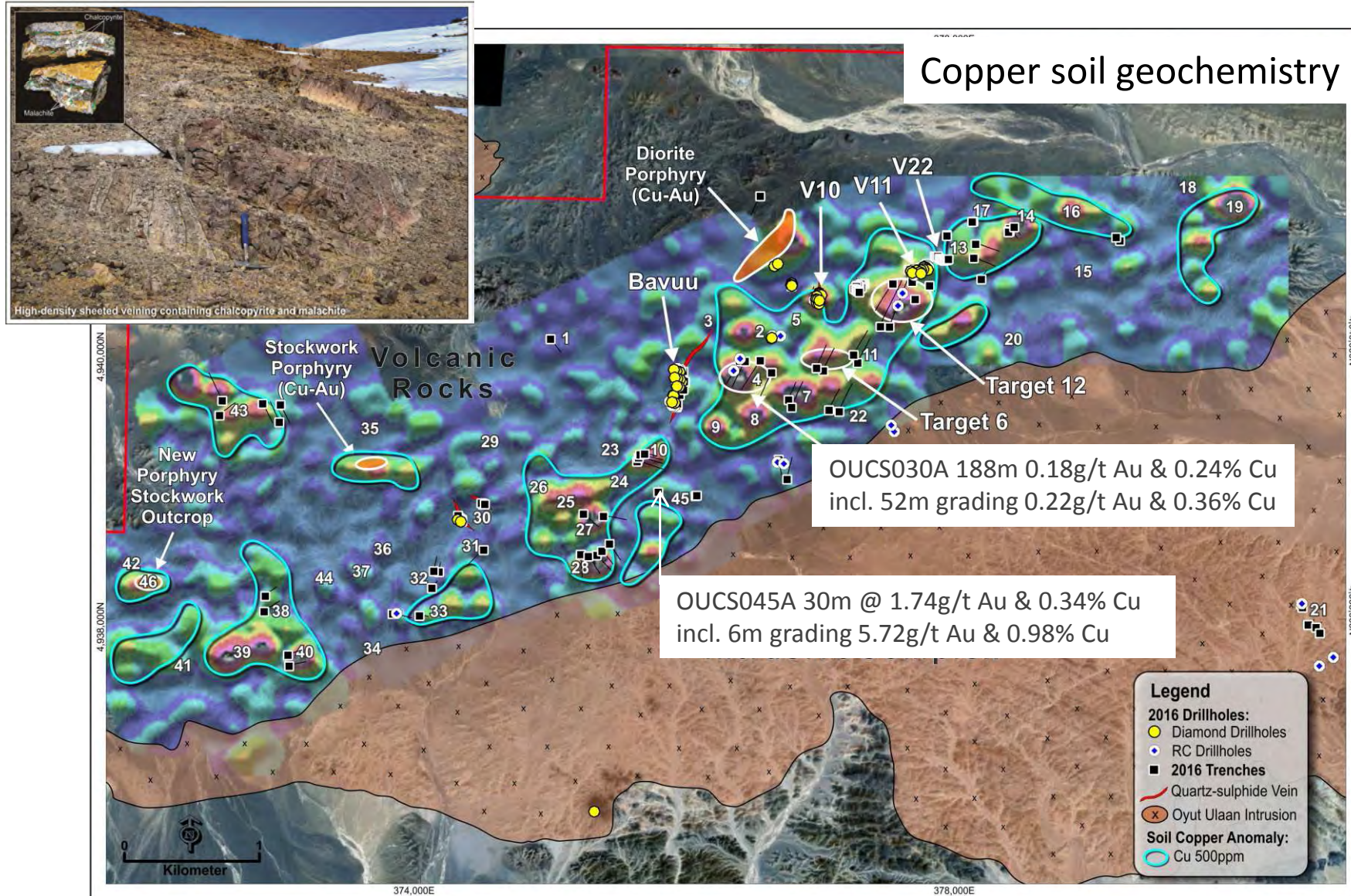
Oyut Ulaan porphyry Cu-Au district

Multiple co-genetic porphyry copper-gold centres



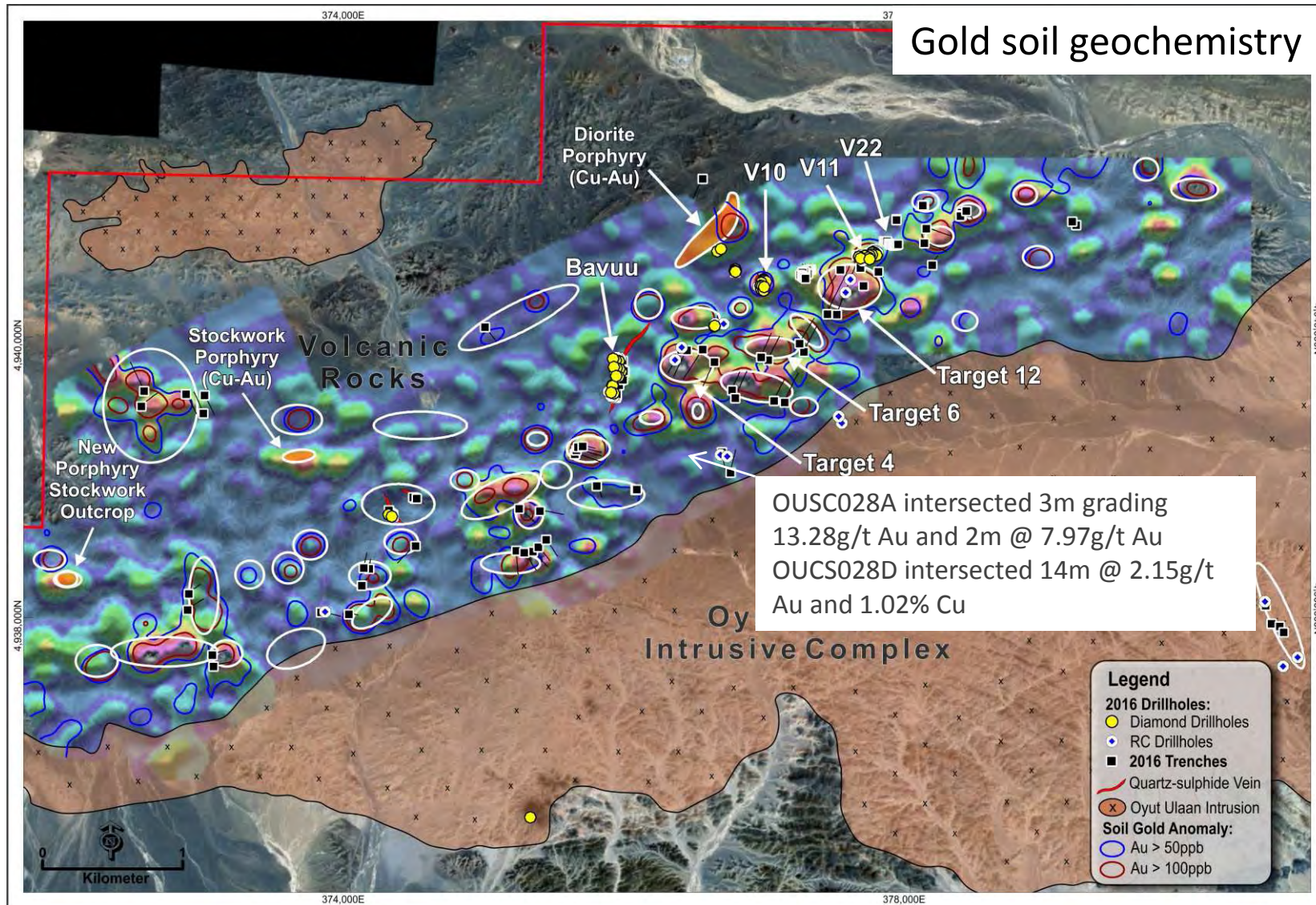
Oyut Ulaan porphyry Cu-Au district

Multiple co-genetic porphyry copper-gold centres



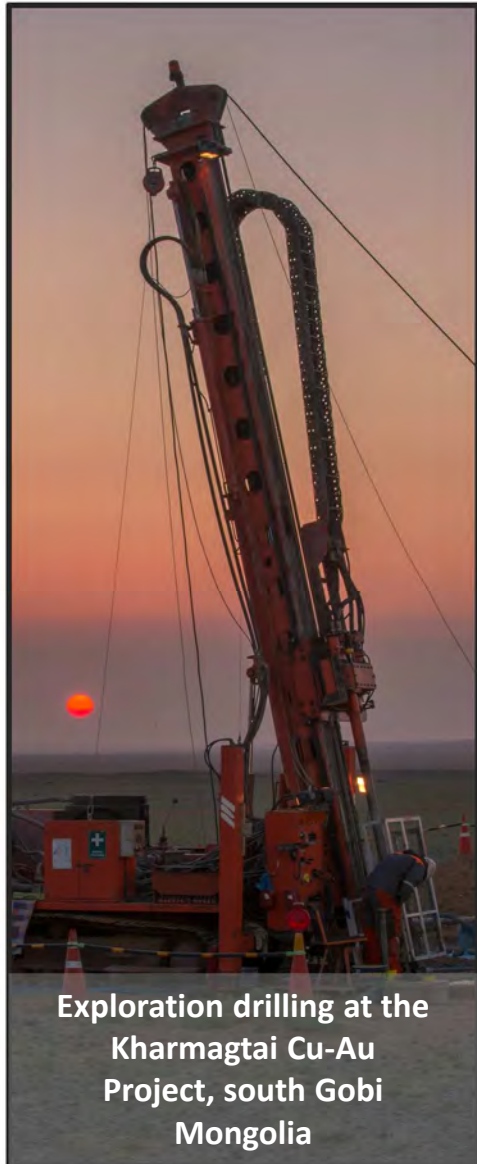
Oyut Ulaan porphyry Cu-Au district

Numerous high-grade epithermal gold targets



Active exploration across multiple projects

Substantial activity over next 12 months



- Exploration programs across multiple district-scale projects;
- Drilling underway at Kharmagtai with dual focus;
- Shallow high-priority porphyry copper-gold and gold targets under-cover;
- Drill test tourmaline breccia mineralisation below Altan Tolgoi;
- Accelerated exploration program at Oyut Ulaan;
- Drill test all shallow high-priority porphyry copper-gold targets;
- Evaluate high-grade epithermal gold mineralisation.



**XANADU
MINES**

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Competent person statement

Kharmagtai Mineral Resource estimate: The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement.

The information in this presentation that relates to Mineral Resources is based on information compiled by Mr. Andrew J. Vigar, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr. Vigar is employed by Mining Associates Limited Hong Kong. Mr. Vigar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a "Competent Person" as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Vigar consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

Exploration Results: The information in this presentation that relates to Exploration Results is based on information compiled by Dr. Andrew Stewart who is responsible for the exploration data, comments on exploration target sizes, QA/QC and geological interpretation and information, which is incorporated in the database that was provided to Mining Associates for undertaking the Resource estimate. Dr. Stewart is an employee of Xanadu and is a Member of the Australasian Institute of Geoscientists. Dr. Stewart has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as the "Competent Person" as defined in the 2012 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Dr. Stewart consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

Copper equivalence: When used is calculated using the following formula: $CuEq = Cu(\%) + Au (g/t) * 0.6378$, based on a copper price of \$2.60/lb, and a gold price of \$1300/oz, with assumed recoveries of 90% for copper and 70.85% for gold.

For the purpose of ASX Listing Rules 5.7.1, Xanadu refers to its Table 1 disclosure dated 31 January 2017 which continues to apply as at the date of this presentation. Xanadu is not aware of any new information or data that materially affects the information included in that announcement.