

# XANADU MINES



## DELIVERING WORLD CLASS COPPER-GOLD PROJECTS

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CORPORATE PRESENTATION

July 2020

ASX: XAM | TSX: XAM



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# Key Investment Highlights

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- 1 Corporate and strategic review and repositioning near complete

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- 2 Clear strategy to explore for globally significant gold-rich porphyry copper deposits in Mongolia, a highly prospective and globally competitive mining jurisdiction

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- 3 Established portfolio of high-quality advanced exploration projects, with solid tenure and strong in-country capability. Control of an emerging porphyry district

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- 4 Strengthened and reinvigorated the Board and Management including addition of key personnel with demonstrated capability and track record

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- 5 Flagship Kharmagtai project is one of the most promising copper-gold projects globally. Drilling has re-commenced targeting material growth of both tonnes and grade

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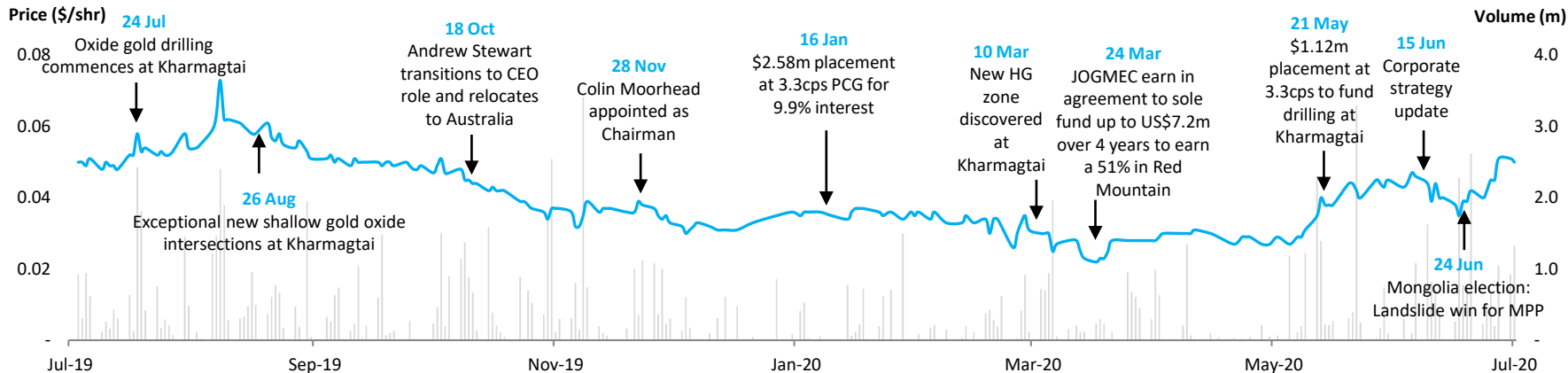
- 6 The discovery program at Red Mountain has commenced and is well funded via US\$7.2m earn-in agreement with JOGMEC

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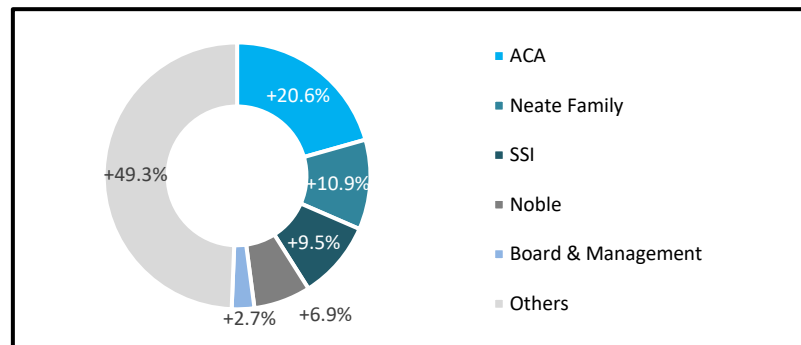
- 7 Xanadu is currently significantly undervalued relative to the latent value of our portfolio today and potential for growth tomorrow

# Corporate Snapshot

Share Price Graph (LTM)



Capital Structure (as of 7 July 2020)	Unit	Value
Share Price	\$/shr	0.050
Shares Outstanding <sup>1</sup>	# M	825.2
<b>Market Capitalisation</b>	<b>\$ M</b>	<b>41.3</b>
Cash <sup>2</sup>	\$ M	2.5
Debt	\$ M	0.0
Net Debt / (Cash)	\$ M	(2.5)
<b>Enterprise Value</b>	<b>\$ M</b>	<b>38.8</b>



Source: Bloomberg, Company Reports

1. Shares outstanding inclusive of May 2020 placement of 34m new shares at \$0.033/shr

2. Cash balance as at 22 May 2020 inclusive of May 2020 placement

# Corporate Repositioning

## Strengthened and reinvigorated Board, Management & strategy

- Appointed new Chairman Colin Moorhead; restructured Board & Management
- Completed and implemented cost review; appointed new CFO
- Funded Red Mountain Project via US\$7.2m earn-in agreement with JOGMEC
- Confirmed Xanadu Strategy
  - Xanadu is an exploration company, focused in Mongolia, that discovers, defines and grows globally significant copper-gold porphyry deposits
  - Xanadu is not focused on oxide gold or other minerals
  - Primary focus is Kharmagtai exploration drill out to define a Tier 1 copper-gold deposit
  - Second focus is the Red Mountain discovery exploration program
- Currently operating at Kharmagtai and Red Mountain

# Directors and Management

Combined track record of discovery and development of multiple Tier 1 assets throughout Australasia  
(e.g. Cadia East, Cadia, Ridgeway, Wafi Golpu, Oyu Tolgoi, Kharmagtai, Tujuh Bukit, Huhu)

## Mongolia Expertise



## Deep Exploration Skills



## Commercial Capability



### Ganbayar Lkhagvasuren

#### Country Manager & Executive Director

Founder of Xanadu Mines. Track record of success as an investor, entrepreneur and company director

### Munkhsaikhan Dambiinyam

#### Chief Operating Officer

10+ years mining finance & financial advisory experience in Mongolia

### Mat Brown

#### Chief Geologist

20+ years international & Australian exploration experience at Placer Dome & Ivanhoe Mines. He has been involved with several greenfields discoveries

### Colin Moorhead

#### Non-Executive Chairman

35+ years building value in mining companies through innovation, discovery, project development at Newcrest and Merdeka Copper Gold; Immediate Past President AusIMM

### Andrew Stewart

#### CEO & Executive Director

20+ years international exploration experience at Ivanhoe Mines, Vale and Oxiana. Involved in several green fields discoveries

### Michele Muscillo

#### Non-Executive Director

Lawyer with extensive experience in mergers and acquisitions and capital markets transactions

### Spencer Cole

#### Chief Financial Officer

20+ years in mining and oil & gas, leading commercial, finance, risk, IR, business development and project development at ExxonMobil and Newcrest

# Why Mongolia?

Delivering shorter time to production and lower capital intensity than other parts of the world



## World-Class Deposits

The South Gobi is home to giant projects such as Oyu Tolgoi

Billions of dollars committed to development & exploration



## Excellent Location

On China's doorstep, the world's largest copper customer

Sparsely populated  
3.2m people in  
1.5m km<sup>2</sup>

Proactive & effective approach to COVID-19



## Established Infrastructure

Major investments in proximate grid power, sealed roads, rail & water



## Emerging Mining Region

Mining is 21% of GDP & 85% of exports

+40,000 Mongolian mining professionals

Improved legal & fiscal regime



## Political / Social Support

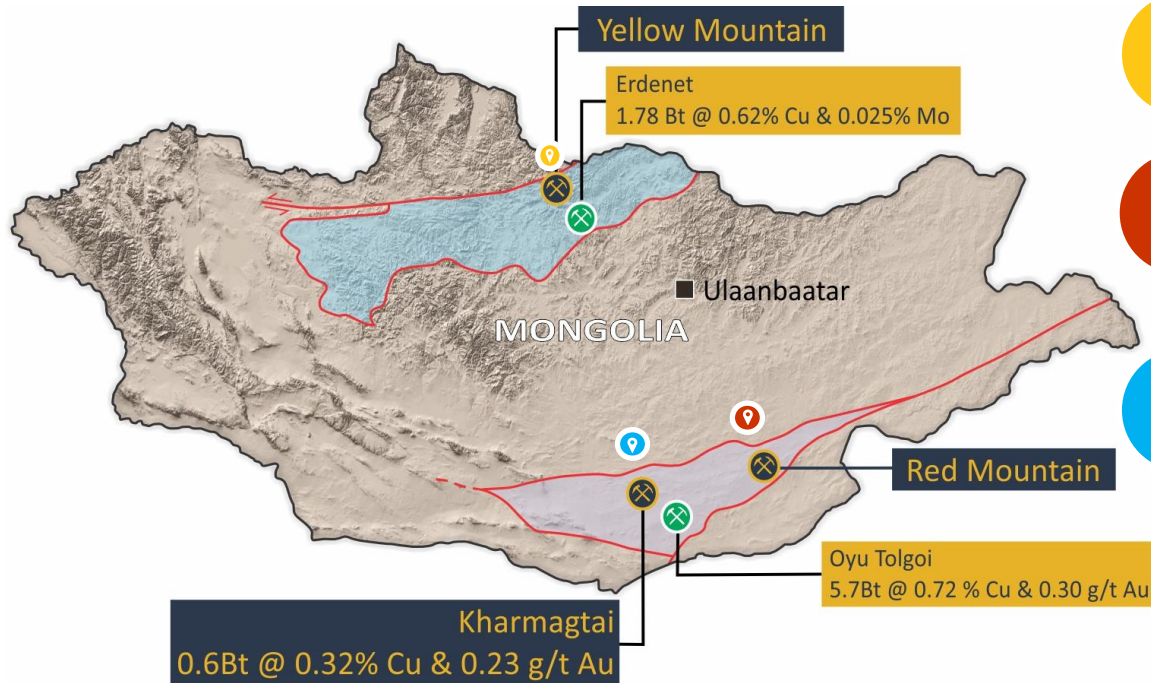
30-year history of democratic elections

MPP returned to government with a super-majority

Well educated, 98% literate, young population

# Established Copper & Gold Portfolio

Kharmagtai is an emerging Tier 1 asset proximate to Oyu Tolgoi



## Yellow Mountain (100%)

- Early stage exploration
- Established copper district



## Red Mountain (90%)

- Highly prospective district
- Joint Venture with JOGMEC



## Kharmagtai (76.5%)

- Mining Licence with large scale interim Mineral Resources defined
- Access to established infrastructure
- Rapid resource growth & low discovery cost
- Unrivalled exploration upside
- Orebody is open in all directions
- Bears hallmarks of other world class assets like Oyu Tolgoi and Cadia Valley

Oyu Tolgoi resource figure sourced from S&P Market Intelligence & Company Disclosure

Erdenet resource figure sourced from <http://www.portergeo.com.au/database/mineinfo.asp?mineid-mn647>

Kharmagtai ASX announcement dated 11 April 2019 "Kharmagtai open pit scoping study completed." Table 1 information dated 11 April 2019 continues to apply

Refer to Kharmagtai Resource Statement in Appendix



# Kharmagtai - Emerging World Class Deposit

Exploration program re-commenced; open in all directions

## Granted Mining License

- 30 years of tenure with option to extend for an additional 40 years

## Rapid Resource Growth

- Achieved a 400% increase in contained copper and a 250% increase in contained gold over 4 years
- Resource growth potential well understood and significant additions targeted through 2020-2021 drill program

## Low Discovery Costs

- <0.05c per lb of copper (global average >0.07c lb Cu)

## Drilling Program Has Commenced

- Resource is open in all directions, and step out drilling is planned targeting higher grade zones
- Drilling extensions to known high grade ore zones targeting significant growth of higher-grade tourmaline breccia zones (> 0.8% CuEq)
- First year Exploration program anticipates 18-20 km of drilling



## INTERIM MINERAL RESOURCE

0.6Bt containing  
1.9Mt copper and 4.3Moz gold  
(2.6Mt CuEq)

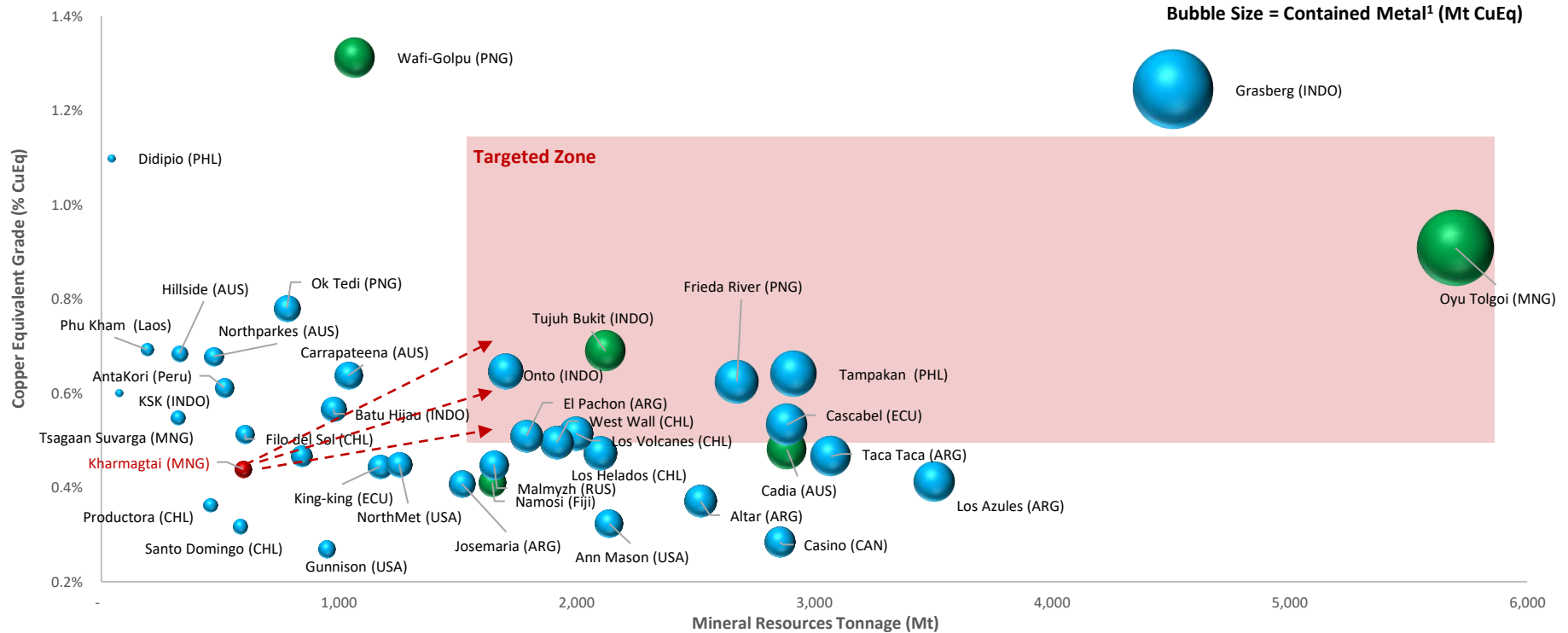


## HIGHER GRADE ZONES IDENTIFIED

Includes shallow, high grade  
mineralisation  
54Mt @ 0.86% CuEq for 317kt Cu  
& 1.13 Moz Au

# Emerging, Globally Significant Deposit

At 2.6Mt CuEq Mineral Resources, Kharmagtai is already one of the largest copper and gold projects



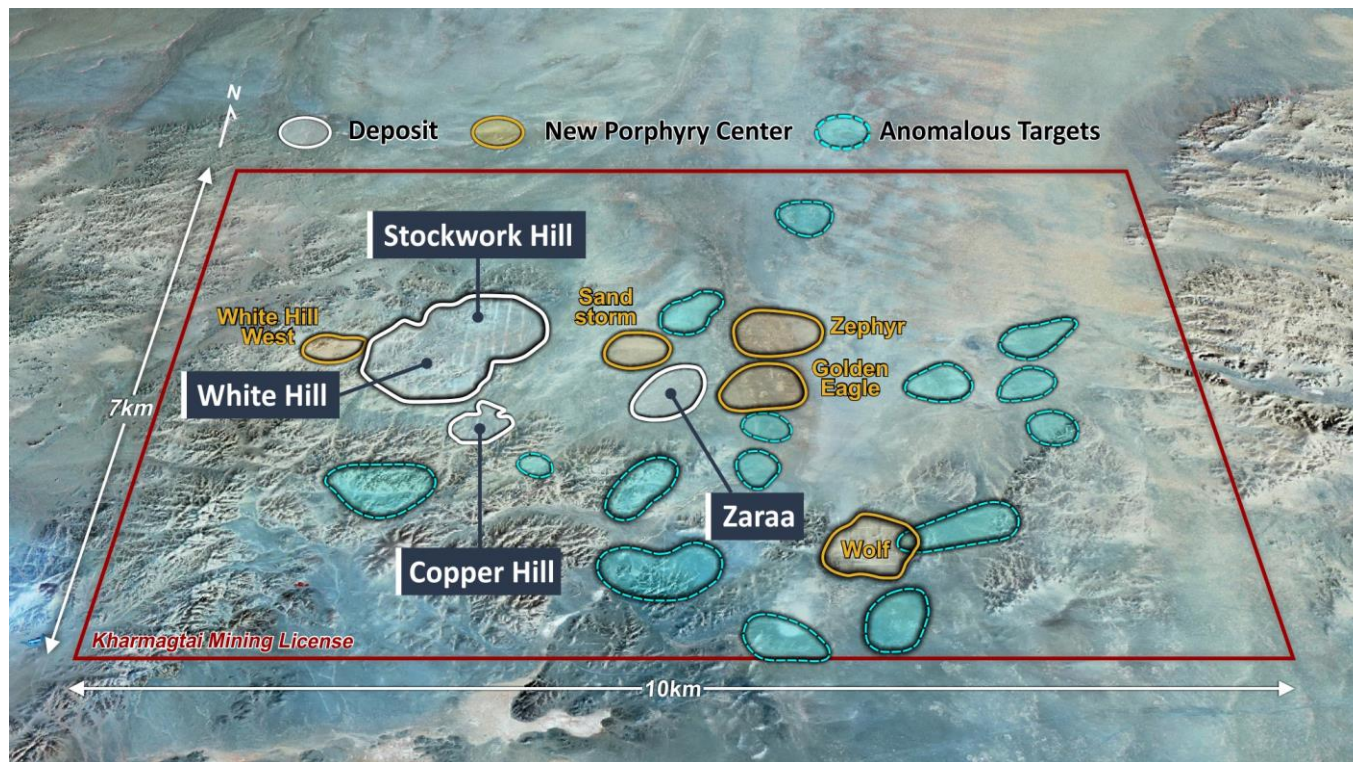
Source: S&P Global Market Intelligence, Company Disclosure

Note: Graphic depicts non-production assets only. Assumptions: Gold Price: US\$1,320/oz and Copper Price US\$3.1/lb; NuevaUnion and KSM are excluded due to the project scale

● Represents where a Xanadu Board and/or Management member has had a significant involvement in discovery or development of the deposit

# 70km<sup>2</sup> Porphyry Intrusive Complex

Western half relatively well drilled & outcropping; Eastern half underexplored & under shallow cover



## Low-cost brownfield exploration

- Established Au-Cu breccia clusters
- Scale & grade

## Established Resources

- Stockwork Hill
- Copper Hill
- White Hill

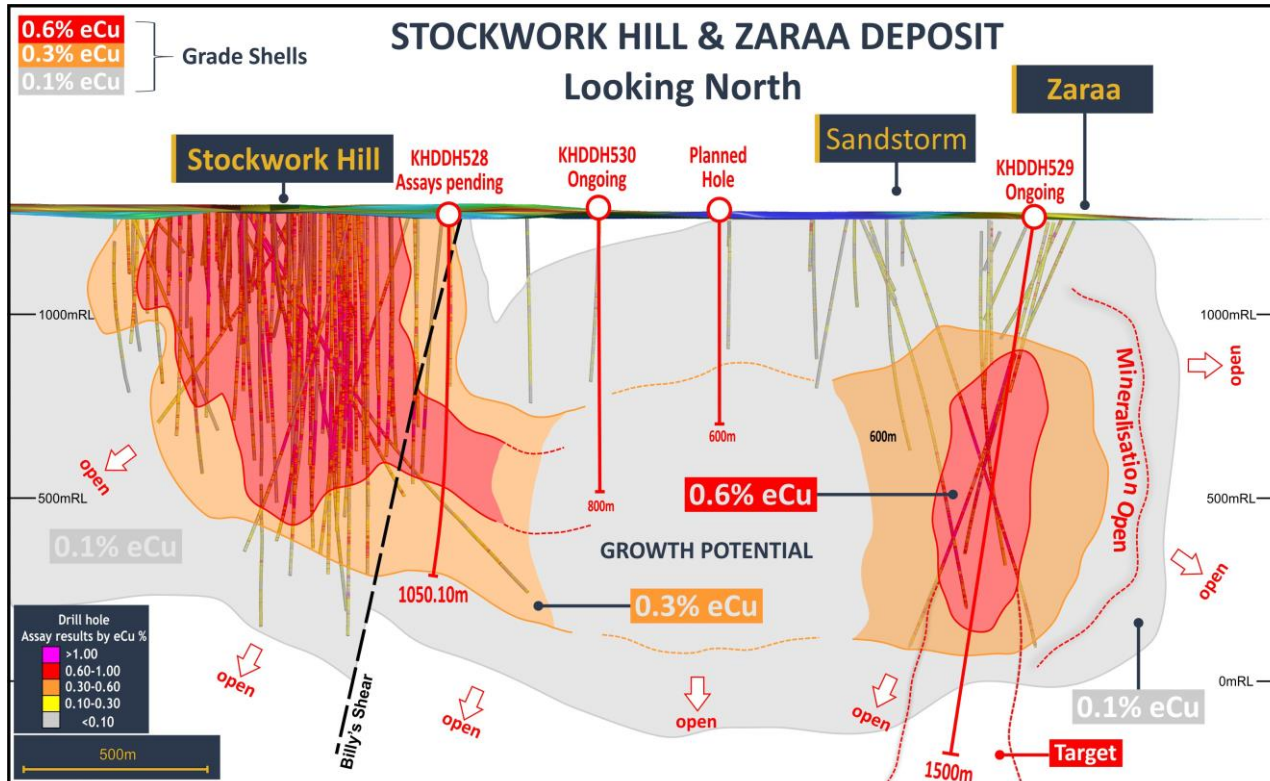
## New Discoveries

- Zaraa
- Stockwork Hill East

Numerous Prospects to unlock much larger system

# Step Out Potential – Zaraa Example

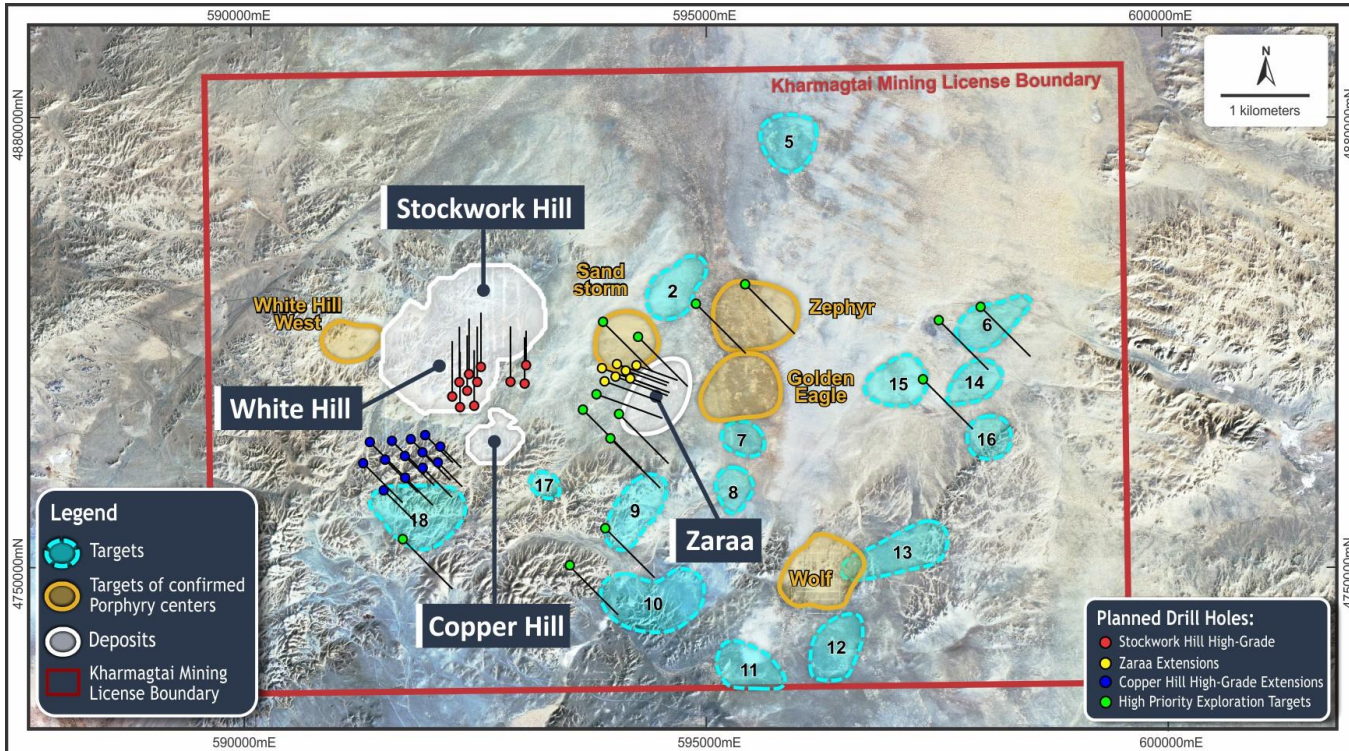
## Extensional drilling expanding high-grade mineralisation



- Immediate Mineral Resource growth potential
- 7km-long mineralised system identified to date
- Exceptional Cu-Au grades intersected down-plunge
- Deposits remain open
- Large areas outside of the current resource yet to be drilled

# Planned Drill Program CY2020

18-20km targeting early wins to materially grow the complex



- Aggressive program with potential to materially increase Kharmagtai Resource
- Extensions to Stockwork Hill and Copper Hill
- Growth of higher grade at Zaraa
- Targeting underexplored zones to the east

# VRIFY 360 District Tour

Explore Kharmagtai both above and below the ground

# VRIFY

**For a self-guided tour:**

1. Go to VRIFY.com in your browser
2. Click Explore – Explore Companies
3. Type Xanadu & click Search
4. Click Xanadu picture
5. Click Kharmagtai project, and map opens
6. Click through icons to explore Kharmagtai both above and below ground

# Red Mountain - Funded For Large Scale Discovery

Highly prospective for a major Cu-Au porphyry discovery

## Granted Mining Licence

- 30 years of tenure with option to extend for an additional 40 years

## JOGMEC JV to Sole Fund 4 Years of Exploration

- JOGMEC to earn a 51% interest in the project
- Expenditure up to US\$7.2m
- Xanadu manages the project

## Targeting a Significant Cu-Au Discovery

- Similar potential as Kharmagtai to be a globally significant Cu-Au project
- Targeting higher grade, lower tonnage deposits vs Kharmagtai

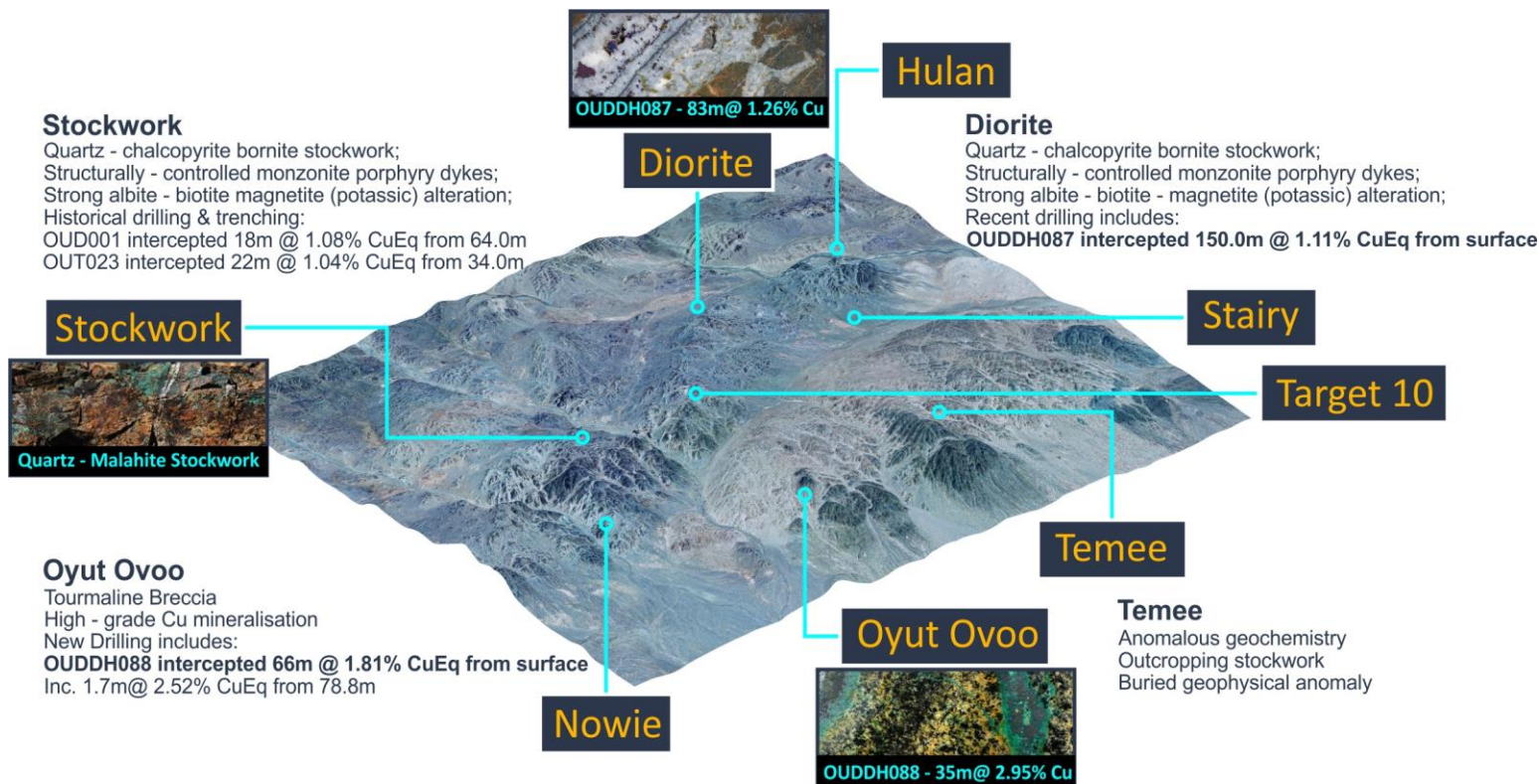
## Exploration Program is Underway

- Exploration program anticipates ~2km drilling in 2020



# Red Mountain is a Large and Under-explored Porphyry District

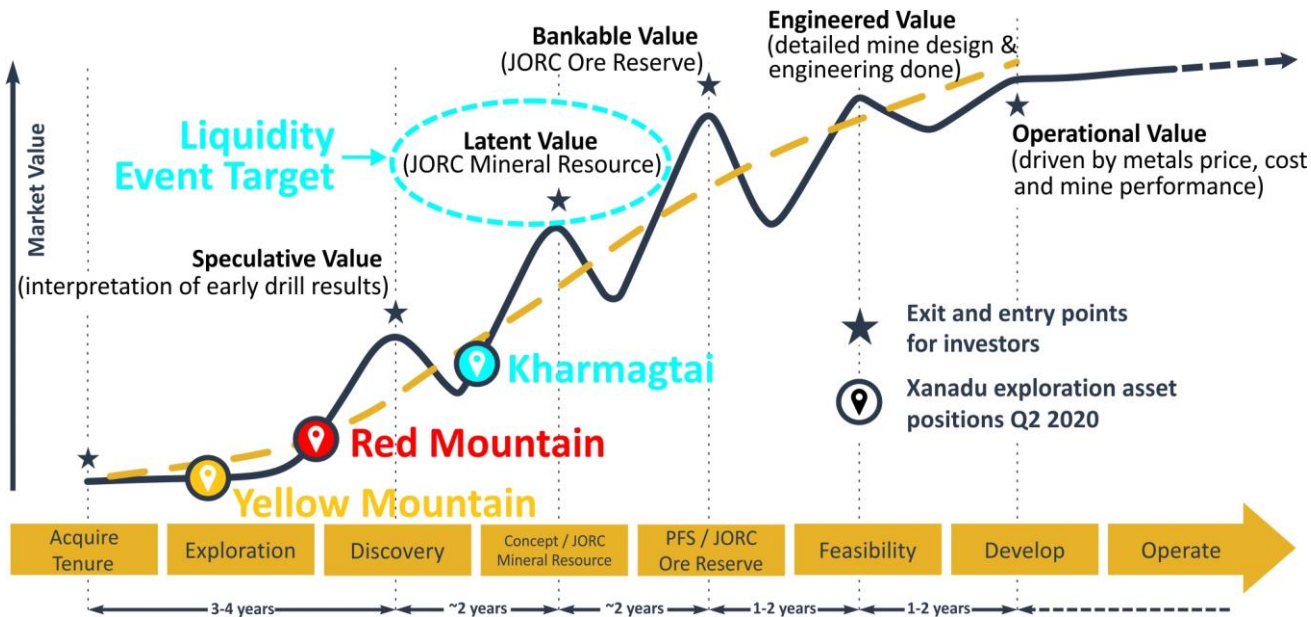
Many different prospects over a fully permitted Mining Lease





# Program to Move Up the Value Curve

Clear strategy to create significant shareholder value



## Who Invests, When and Why?

Investor type	primarily private	public, institutional investors
time horizon	medium term, high risk	long term, lower risk
value exposure	uplift from discovery	definition & growth
		exposure to copper market and global economic output, dividends

## 2020 Exploration Program

### Kharthagtai

- Step out and deeper drilling of Kharthagtai district to confirm a Tier 1 orebody
- 18-20km drilling planned
- Progressing to an updated JORC Mineral Resource Estimate

### Red Mountain

- ~2km of new drilling of known targets planned
- Undertaking geophysics to identify new target generation on the ML
- Progressing towards a Definition phase

# Compelling Investment Opportunity

One of the few juniors who control a globally significant copper-gold deposit



EXPLORATION  
IN MONGOLIA



EXPERIENCED  
TEAM



WORLD CLASS  
PORTFOLIO



EMERGING  
TIER 1 PROJECT

# Q&A

## Investor Queries:

[www.xanadumines.com](http://www.xanadumines.com)

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Non-Executive Chairman

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# Appendix: Kharmagtai Interim Mineral Resource Estimate

Deposit	Classification	Tonnes (Mt)	Grades			Contained Metal		
			CuEq (%)	Cu (%)	Au (g/t)	CuEq ( Kt)	Cu (Kt)	Au (Koz)
White Hill	Indicated	45.2	0.42	0.30	0.23	189	135	340
Stockwork Hill		74.4	0.59	0.38	0.41	441	286	972
Copper Hill		9.7	0.76	0.48	0.54	73	47	167
<b>Total Indicated</b>		<b>129.3</b>	<b>0.54</b>	<b>0.36</b>	<b>0.36</b>	<b>703</b>	<b>468</b>	<b>1,479</b>
White Hill	Inferred	412.8	0.40	0.31	0.17	1,653	1,299	2,227
Stockwork Hill		55.4	0.47	0.30	0.34	263	167	601
Copper Hill		0.7	0.39	0.31	0.16	3	2	4
<b>Total Inferred</b>		<b>468.9</b>	<b>0.41</b>	<b>0.31</b>	<b>0.19</b>	<b>1,919</b>	<b>1,468</b>	<b>2,832</b>

Mineral Resources are classified according to CIM Guidelines .

Mineral Resources for open pit mining are estimated within the limits of an ultimate pit shell.

A cut-off grade of 0.3% CuEq has been applied for open pit resources.

Density values of 2.65 t/m<sup>3</sup> for oxide zones; 2.76, 2.74, 2.73 and 2.71 t/m<sup>3</sup> for country rocks, 2.78, 2.80 2.77, 2.81 and 2.76 t/m<sup>3</sup> for porphyries and 2.76 t/m<sup>3</sup> for andesite dyke were used for the model cells.

CuEq – copper equivalent was calculated using conversion factor 0.62097 for gold. Metal prices used were 3.1 \$/lb for copper and 1320 \$/oz for gold, recoveries – 70% for gold and 85% for copper (82.35% relative gold to copper recovery), copper equivalent formula applied:  $CuEq = Cu + Au * 0.62097 * 0.8235$ .

Rows and columns may not add up exactly due to rounding.

# Appendix: Global Peer Benchmarking

## Listed Cu-Au Porphyry Advanced Developers



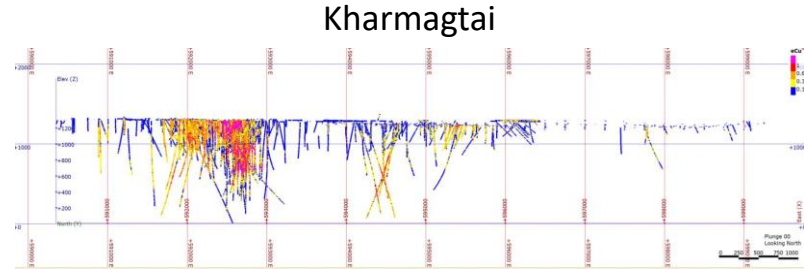
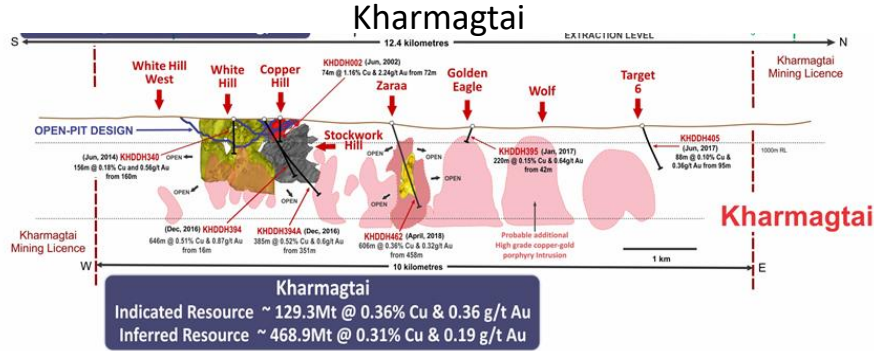
Key Project	Kharmagtai	Cascabel	Tujuh Bukit	Oyu Tolgoi
Location	South Gobi, Mongolia	Imbabura, Ecuador	East Java, Indonesia	South Gobi, Mongolia
Deposit Type	OP porphyry (from surface) Type II <sup>1</sup>	UG porphyry (from 600m) Type II <sup>1</sup>	UG porphyry (from 250m) Type II <sup>1</sup>	OP & UG porphyry (from 500m) Type II <sup>1</sup>
Development Stage	SS (Scoping Study)	PEA (PFS expected in late 2020)	PEA (PFS expected in 2021)	OP Production started in 2013
Commodities	Cu, Au	Cu, Au	Cu, Au, Ag	Cu, Au, Ag, Mo
Reserves (Mt) / Grade (%)	n/a	n/a	36Mt @ 0.74g/t Au & 30.5g/t Ag	1,272Mt @ 0.81% Cu, 0.29g/t Au & 1.87g/t Ag
Resources (Mt) / Grade (%)	598.2Mt @ 0.32% Cu & 0.23g/t Au	2,950Mt @ 0.37% Cu & 0.24g/t Au	2,121Mt @ 0.41% Cu, 0.04g/t Au & 1.9g/t Ag	5,698Mt @ 0.72% Cu, 0.30g/t Au, 1.92g/t Ag & 32.7ppm Mo
Contained Metal by Resources (Mt, CuEq) / Grade <sup>2</sup> (% CuEq)	2.6Mt CuEq / 0.44% CuEq	15.4Mt CuEq / 0.53% CuEq	14.6Mt CuEq / 0.69% CuEq	51.7Mt CuEq / 0.91% CuEq
Project Ownership (%)	Xanadu Mines (76.5%) QGX (10.0%), Mongol Metals (13.5%)	SolGold (85.0%) Cornerstone Capital (15.0%)	Merdeka (100%)	Turquoise Hill (66.0%) Government of Mongolia (34.0%)
Corporate Ticker	ASX:XAM	LON:SOLG / TSX:SOLG	IDX:MDKA	TSX:TRQ / NYSE:TRQ
Market Cap (\$m)	41.3	741.7 <sup>3</sup>	3,007.2	2,562.8
Cash / Debt (\$m)	2.5 / -	74.6 / 21.5	63.0 / 230.1	2,673.9 / 6,908.6
EV (\$m)	38.8	688.6	3,174.3	6,797.5
EV / Attrib. Resources (\$/t, CuEq)	19.5	52.6	n/a, multiple assets owned	199.2
Key Shareholders	ACA (20.6%), Neate Family (10.9%), SSI (9.5%) and Noble (6.9%)	BHP Group (14.7%) Newcrest Mining (14.6%) DGR Global (10.6%)	Saratoga (23%) Provident (23%) Garibaldi Thohir (9%)	Rio Tinto (50.8%) Pentwater (9.1%) Sailingstone Capital (6.0%)

Source: Company Reports, S&P Market Intelligence

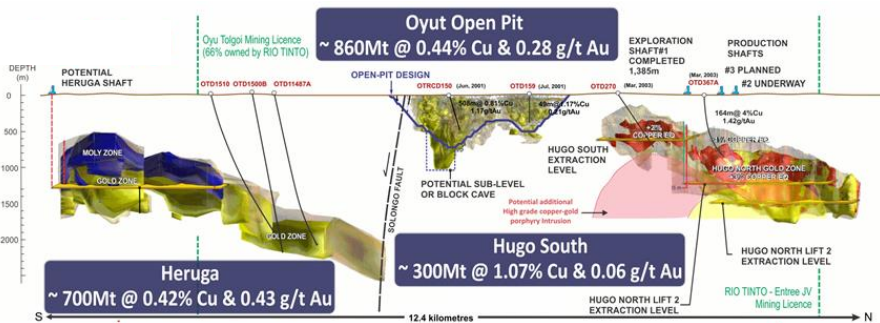
1. Type II porphyry deposits are commonly associated with more gold and copper in the form of chalcopyrite
2. Assumptions Gold Price: US\$1,700/oz and Copper Price US\$5,800/t
3. Inclusive of recent equity raising (gross proceeds of c. £26.1m) and Franco Nevada bridge loan (US\$15m)

# Appendix: Architecture of Gobi Cu-Au Porphyry Systems

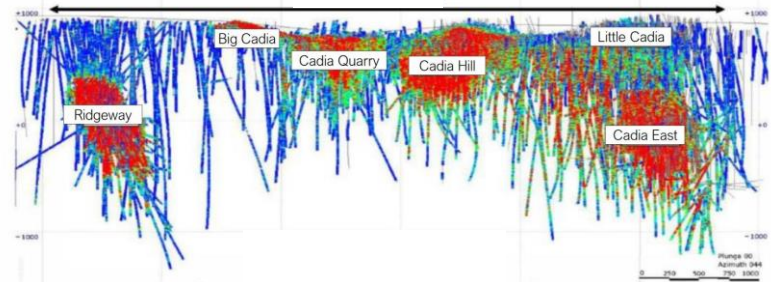
Following an established roadmap to define the next world class porphyry system



## Oyu Tolgoi

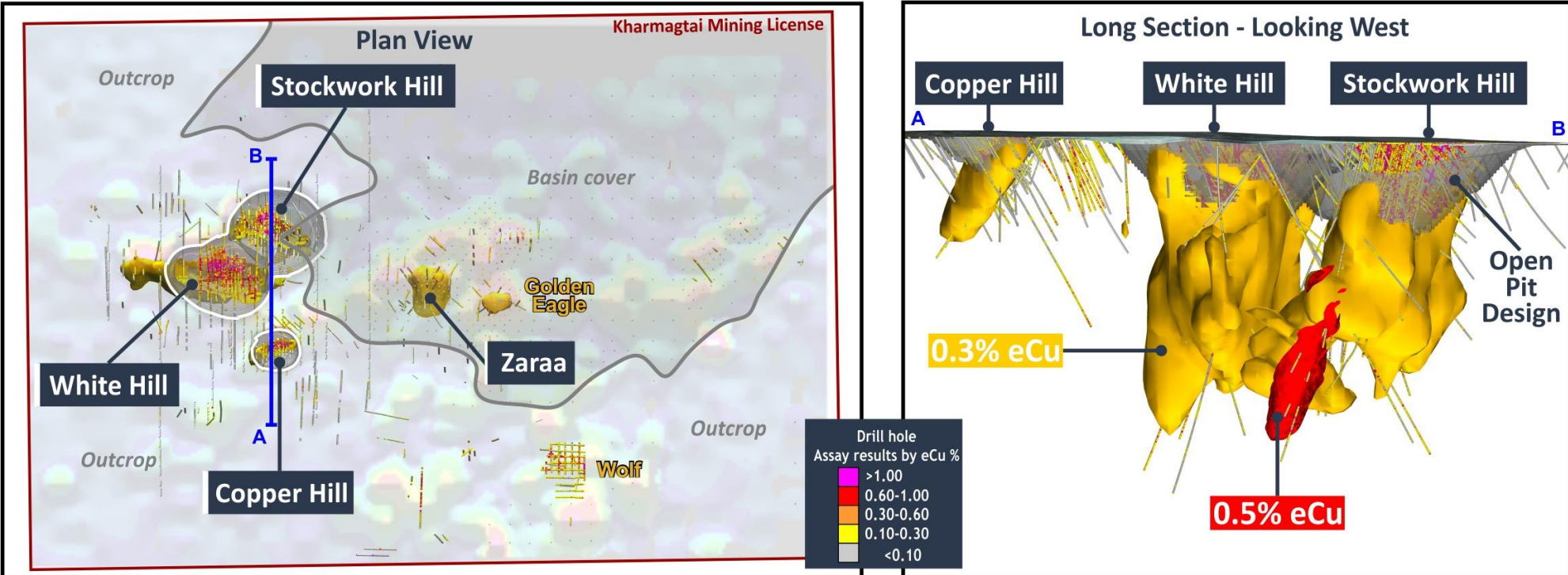


## Cadia Valley



# Appendix: Kharmagtai Interim Mineral Resource Estimate

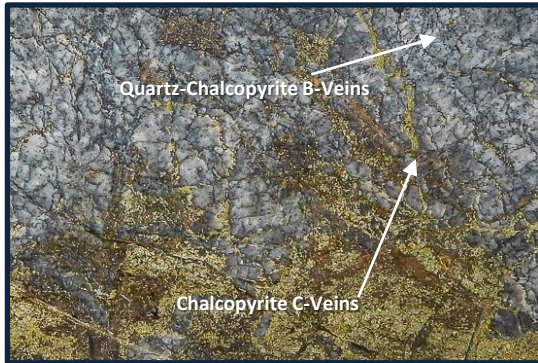
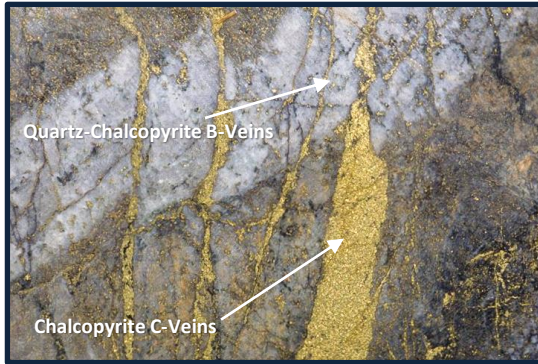
Significant targets outside the Interim Resource open pit shells



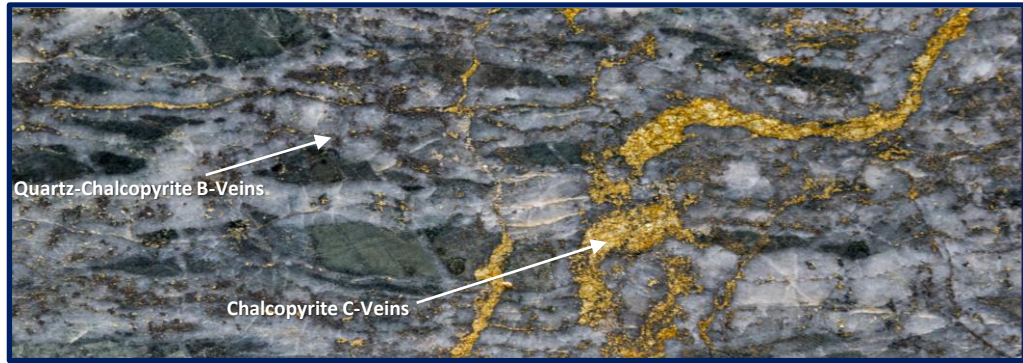
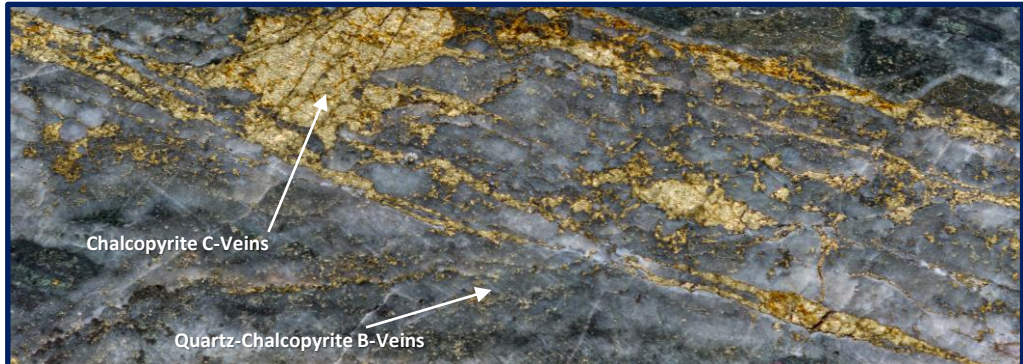
# Appendix: The Right Characteristics

Kharmagtai core bears similar features to Oyu Tolgoi

Oyu Tolgoi Core



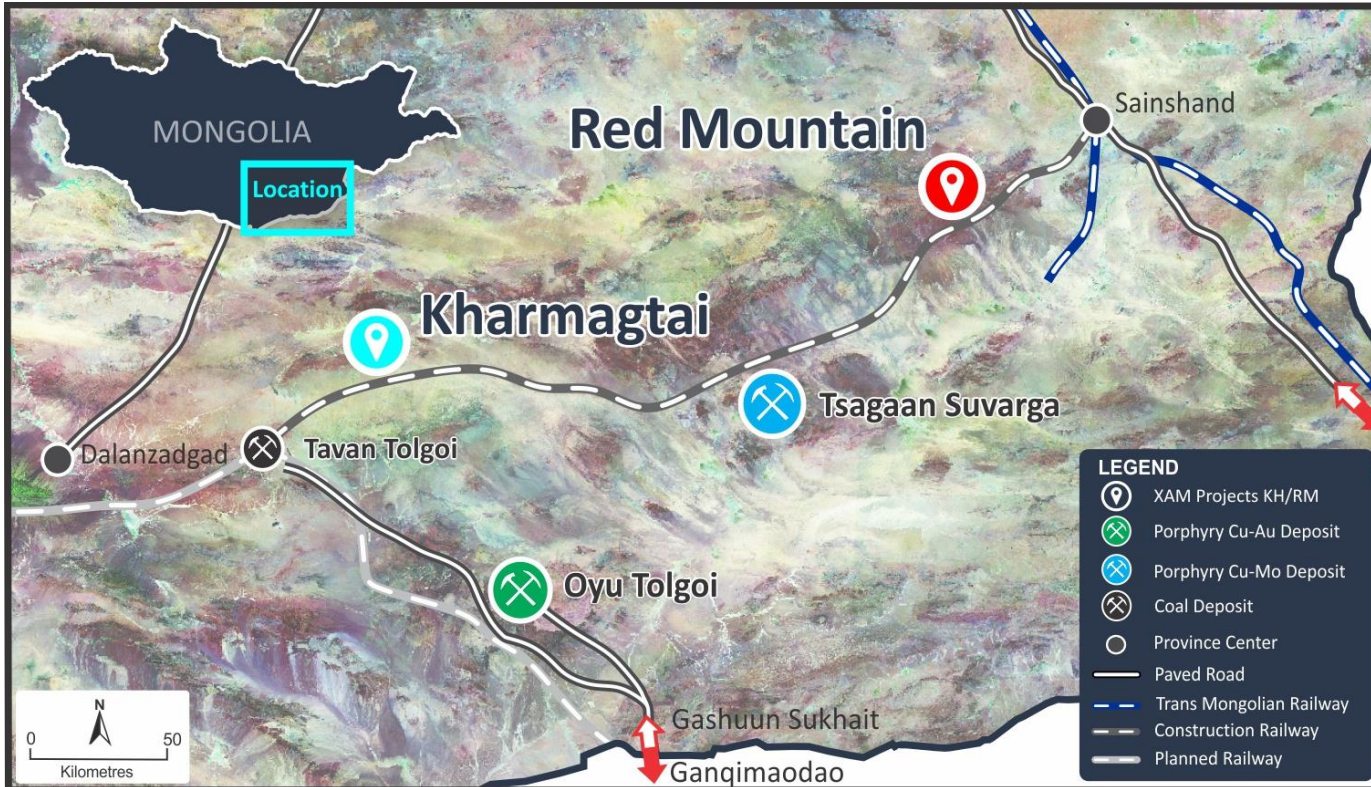
Kharmagtai Core





# Appendix: South Gobi Infrastructure

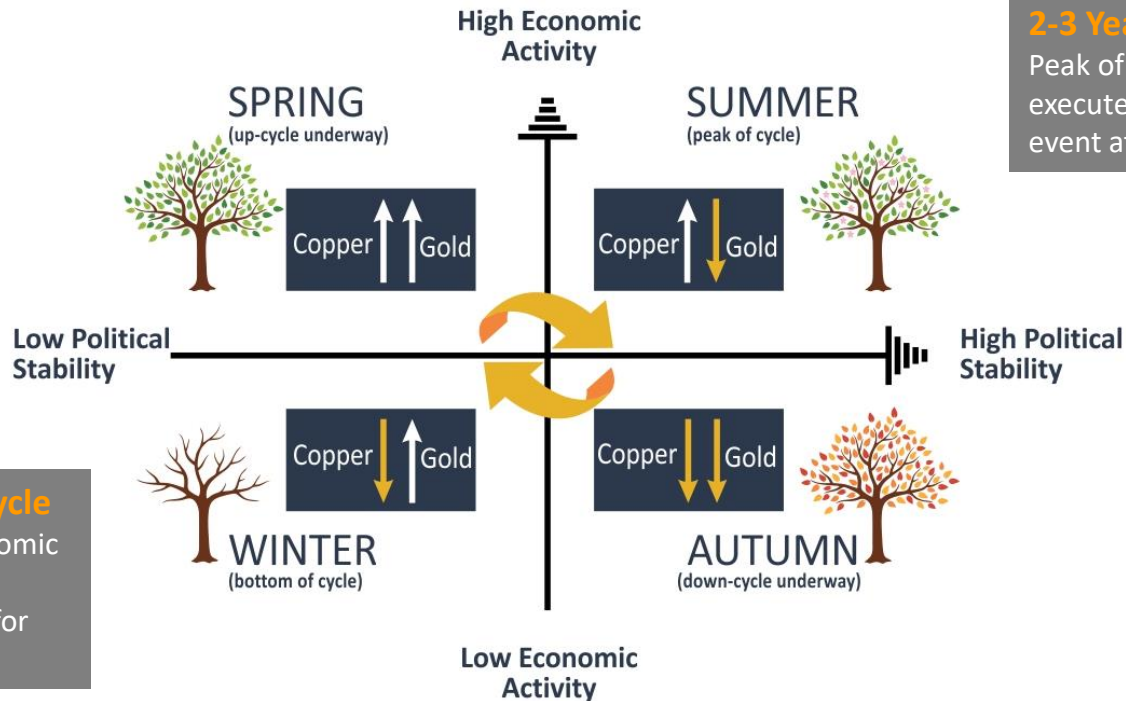
## Transport infrastructure next door to Kharmagtai and Red Mountain



- Rail line under construction, running near Kharmagtai and Red Mountain
- Sealed roads constructed to Oyu Tolgoi and Tavan Tolgoi
- Grid power and water investments to follow sealed roads and rail

# Appendix: Exploration Timed to Leverage Copper Cycle

Sustained copper price recovery underway from COVID-19 induced lows



**2-3 Years: Top of Cycle**

Peak of economic recovery;  
execute shareholder liquidity  
event at Kharmagtai

**Today: Bottom of Cycle**

In the midst of an economic  
slowdown (COVID-19);  
invest now to position for  
Summer

# Competent Person's Statement

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code 2012') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The Information contained in this announcement has been presented in accordance with the JORC Code 2012.

The information in this announcement that relates to Mineral Resources is based on information compiled by Dmitry Pertel who is responsible for the Mineral Resource estimate. Mr Pertel is a full-time employee of CSA Global and is a Member of the Australian Institute of Geoscientists, 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 "Qualified Person" as defined in the CIM Guidelines and National Instrument 43-101. Mr Pertel consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to the Scoping Study is based, and fairly reflects, information compiled by Gordon Zurowski, P.Eng is a registered Professional Engineer in Ontario, Canada. Mr Zurowski is employed by CSA Global, independent resource industry consultants. Mr Zurowski 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 Zurowski consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to metallurgical test work is based on a summary of results compiled by Andrew Holloway who is responsible for metallurgical and process engineering aspects of the project. Mr. Holloway, who is a principal of AGP Mining Consultants Inc. (Toronto, Canada) and is a Professional Engineer in Ontario, Canada, 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" and the National Instrument 43-101. Mr Holloway consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this announcement 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. Dr Stewart, who is an employee of Xanadu and is a Member of the Australasian Institute of Geoscientists, 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" and the National Instrument 43-101. Dr Stewart consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.