

23 December 2016

## 2017 EXPLORATION BUDGET AND APPOINTMENT OF CHIEF GEOLOGIST

Xanadu Mines Ltd (**ASX: XAM** – “Xanadu” or “Company”) the owner of Mongolia’s largest undeveloped copper-gold deposit, has committed to spending more than \$4.5 million on exploration across its advanced porphyry copper-gold projects in the world class South Gobi porphyry Belt in 2017.

The planned exploration programs, among the largest to be undertaken by a junior ASX-listed exploration company next year, will target the discovery of additional copper-gold deposits on the Company’s South Gobi porphyry projects at Kharmagtai and Oyut Ulaan.

Xanadu has already defined over 1.5 Mlb copper and over 2 million ounces of gold resource at its flagship Kharmagtai copper-gold project (see Xanadu’s ASX announcement – 19 March 2015), which means it is one of the most promising copper-gold projects globally.

Xanadu’s Managing Director & Chief Executive Officer, Dr Andrew Stewart, said “Our exploration is continuing to plan and we believe there remains excellent potential for more large-scale discoveries within our porphyry districts at Kharmagtai that has already yields three porphyry centres and at Oyut Ulaan. We will continue to take a systematic approach throughout 2017 to assess the multiple copper-gold targets we have identified as being the most prospective. We look forward to presenting the results of the first phase of drilling this quarter.”

### Exploration Management Changes

Following the promotion of Andrew Stewart from Chief Geologist to CEO in 2015 and then to Managing Director earlier in the year, Xanadu is pleased to announce the appointment of Mat Brown as Chief Geologist of Xanadu Mines. Mat will undertake and supervise the responsibilities and duties associated with the Chief Geologist role, drawing on his vast experience with porphyry copper-gold and epithermal gold systems around the world. Mat has over 20 years of experience as an exploration geologist in porphyry, epithermal and iron oxide copper gold-style mineralisation in the circum-Pacific region and Australia and applies cutting edge methods of structural geology and geochemistry towards gold and base-metals exploration. He has previously worked with Ivanhoe Mines for ten years, including six years as Exploration Manager in Cloncurry, Australia. He has been involved with several greenfields discoveries including the Merlin high-grade molybdenum and SWAN copper-gold deposits; and brownfields projects at Osborne, Kulthor, and Starra.

Mat has been instrumental to date in the implementation of state-of-the-art geophysical and geochemical strategies on site aimed at unlocking the copper-gold potential of the Kharmagtai and Oyut Ulaan districts. These strategies are leading to high-quality porphyry targets for testing in 2017.

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**Xanadu Mines Ltd (ASX: XAM)** 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.

Speaking about his appointment as Chief Geologist, Mr Brown said: "I am delighted to take up this role with Xanadu Mines, and to guide the exploration team through the next phase of exploration on one of the most advanced porphyry-copper exploration projects in Asia, while ensuring the appropriate focus is maintained on our exciting regional exploration programs at Oyut Ulaan."

### **About Xanadu Mines**

Xanadu Mines is a copper and gold exploration company with several advanced exploration projects in Mongolia's highly mineralised and vastly underexplored south Gobi region. Our strategy is to build long-term value for shareholders by becoming the next internationally competitive mid-tier copper & gold company in Asia; through conversion of our exploration assets into mineable deposits.

Xanadu controls one of the most promising porphyry copper-gold districts in Asia with Kharmagtai, and has an established portfolio of exploration projects at Oyut Ulaan and Sharchuluut Uul.

Xanadu is increasing its exploration budget and programs to aggressively pursue these promising opportunities and is one of the only companies doing so in Asia.

### **COMPETENT PERSON STATEMENT**

The information in this report 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". Dr Stewart consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

*For the purposes of ASX Listing Rule 5.7.1, Xanadu refers to its Table 1 disclosure dated 22 December 2016 which continues to apply as at the date of this announcement.*

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