

6 August 2014

ASX Markets Supervision  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

### **Xanadu Mines Limited (XAM) – Investor Presentation**

Attached is an updated Investor Presentation which includes Xanadu Mines' drilling results released on 28 July 2014.

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– Ends –



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**ASX  
XAM**

**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.



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## UNLOCKING MONGOLIA'S COPPER BELTS

AUGUST 2014





# Information not a recommendation

The views expressed in this presentation are based on information derived from Xanadu's own internal sources and from publicly available sources that have not been independently verified by Xanadu. No representation, warranty or undertaking, express or implied, is made or given by Xanadu or any of its officers or employees as to the fairness, accuracy, completeness or reliability of that information. This presentation should not be relied upon as a recommendation or forecast by Xanadu. Any recipient of this presentation is responsible for conducting their own due diligence and other enquiries as to the information provided herein. Recipients of this presentation should seek and rely upon their own legal, tax, financial and accounting advice. Any decision to rely on the information contained in this presentation is the sole responsibility of the recipient of this document and Xanadu will not be responsible for any loss incurred by the recipient as a result of any actions taken by them relying on the information in this presentation.

The information in this presentation relating to Exploration Results is based on information compiled or reviewed by Dr. Andrew Stewart, who is an employee of Xanadu and is a Member of the Australasian Institute of Geoscientists. Dr. Andrew 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. Andrew Stewart consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

The copper equivalent (CuEq) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. Grades have not been adjusted for metallurgical or refining recoveries and the copper equivalent grades are of an exploration nature only and intended for summarising grade. The copper equivalent calculation is intended as an indicative value only. The following copper equivalent conversion factors and long term price assumptions have been adopted: Copper Equivalent Formula (CuEq) =  $\text{Cu}\% + (\text{Au (ppm)} \times 0.6284)$ ; Price assumptions: Cu (US\$3.20lb) and Au (US\$1,375oz).

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# Investment proposition

- › Leading copper explorer in Asia
- › Advanced Kharmagtai flagship project
- › Progressing to moderate sized Cu-Au porphyry
- › Low-cost, high-impact exploration program
- › Excellent potential for new discoveries
- › Highly experienced management team

## Capital Structure (A\$)

|                              |               |
|------------------------------|---------------|
| Share price <sup>(1)</sup>   | 7.5 c         |
| Issued shares                | 241.5 m       |
| <b>Market capitalisation</b> | <b>18.1 m</b> |
| <b>Cash<sup>(2)</sup></b>    | <b>4.4 m</b>  |

(1) as at 1 August 2014

(2) as at 30 June 2014

## Leadership

|                 |                       |
|-----------------|-----------------------|
| Chairman        | Mark Wheatley         |
| Managing Dir.   | George Lloyd          |
| Executive Dir.  | Ganbayar Lkhagvasuren |
| Chief Geologist | Andrew Stewart        |

## Investors

|                     |     |
|---------------------|-----|
| Sakari Energy (PTT) | 11% |
| Noble Group         | 9%  |





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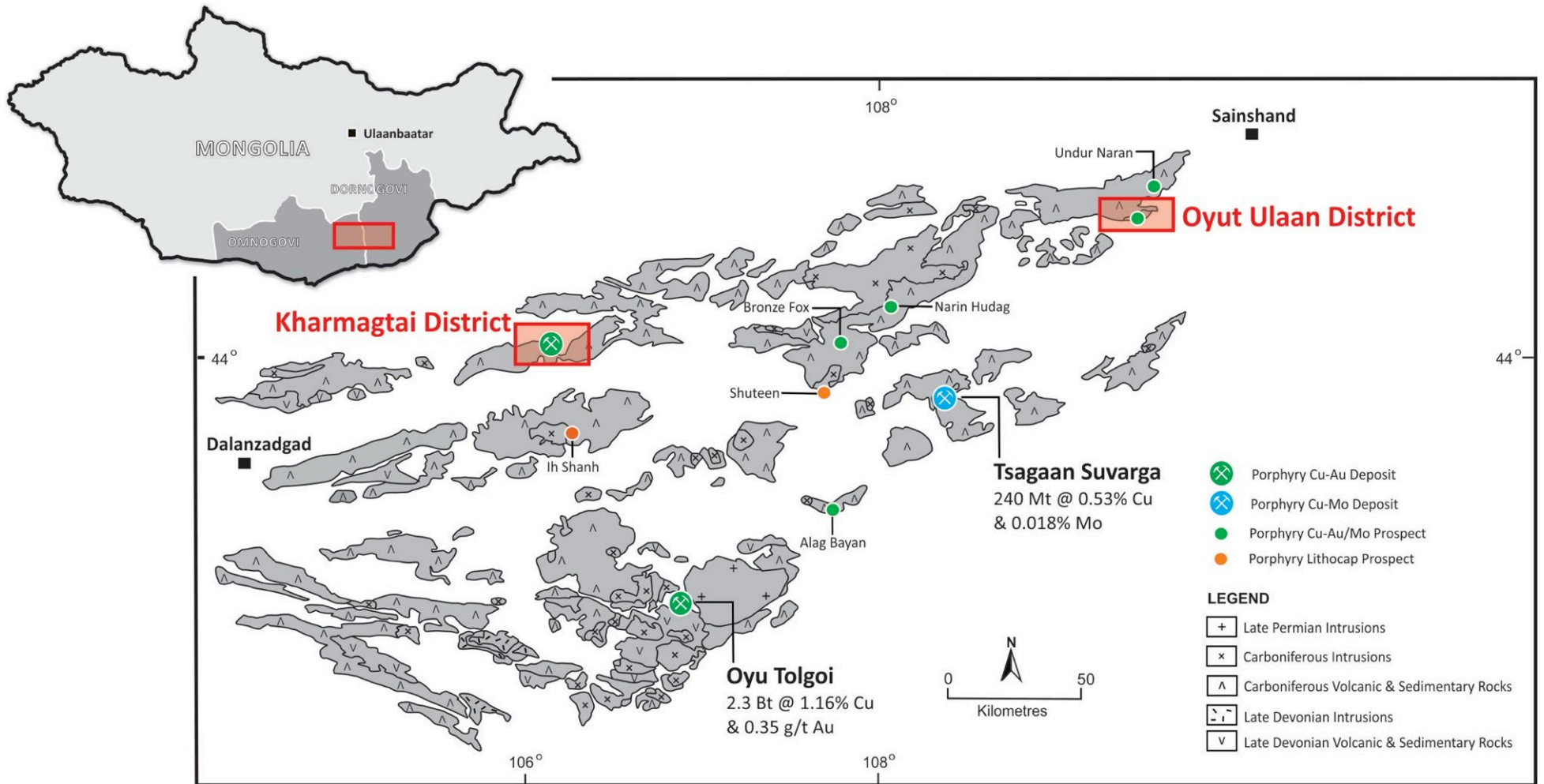
## SECTION 1: Xanadu profile

A real opportunity to be one of Asia's next  
copper-gold developers





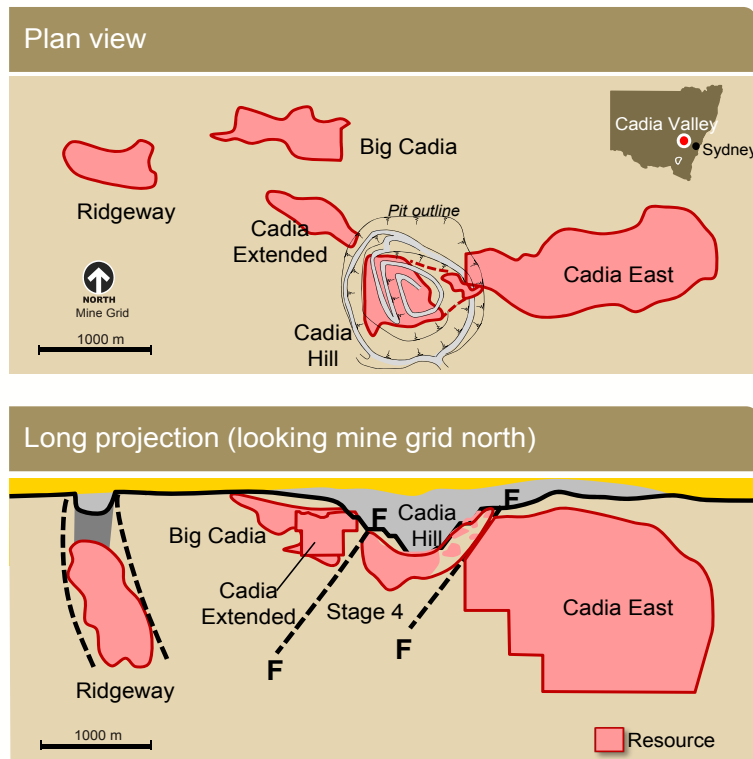
# South Gobi porphyry belt position



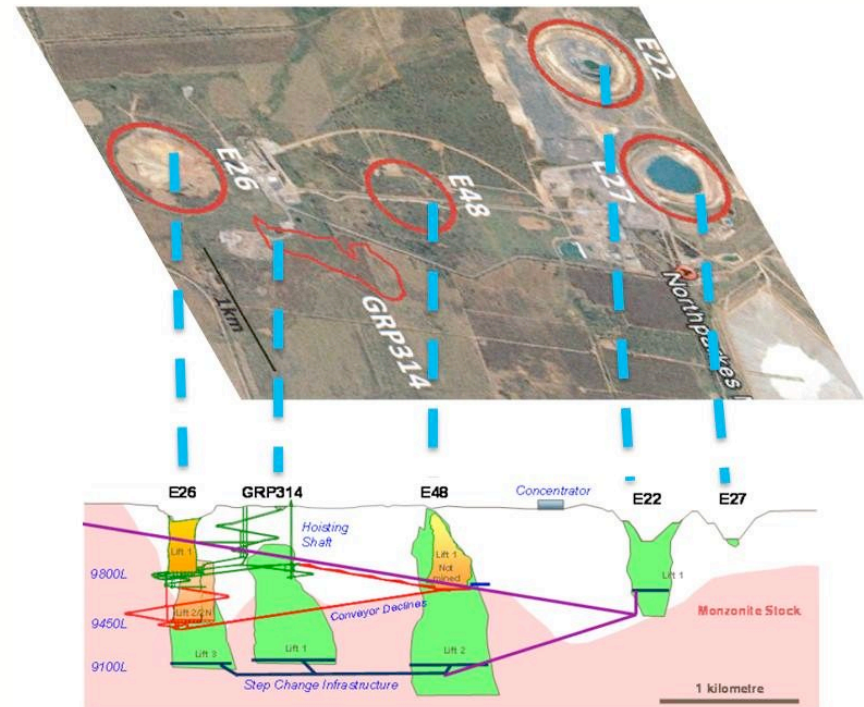


# Targeting gold-rich porphyry copper

- › Lachlan Fold Belt geological and economic analogues
- › Small (10Mt x) to moderate (100Mt x) porphyry systems
- › Clusters of porphyry centres that are typically vertically extensive
- › Resources can grow quickly within a district once geology is understood



Cadia Valley Operations, NSW, Australia

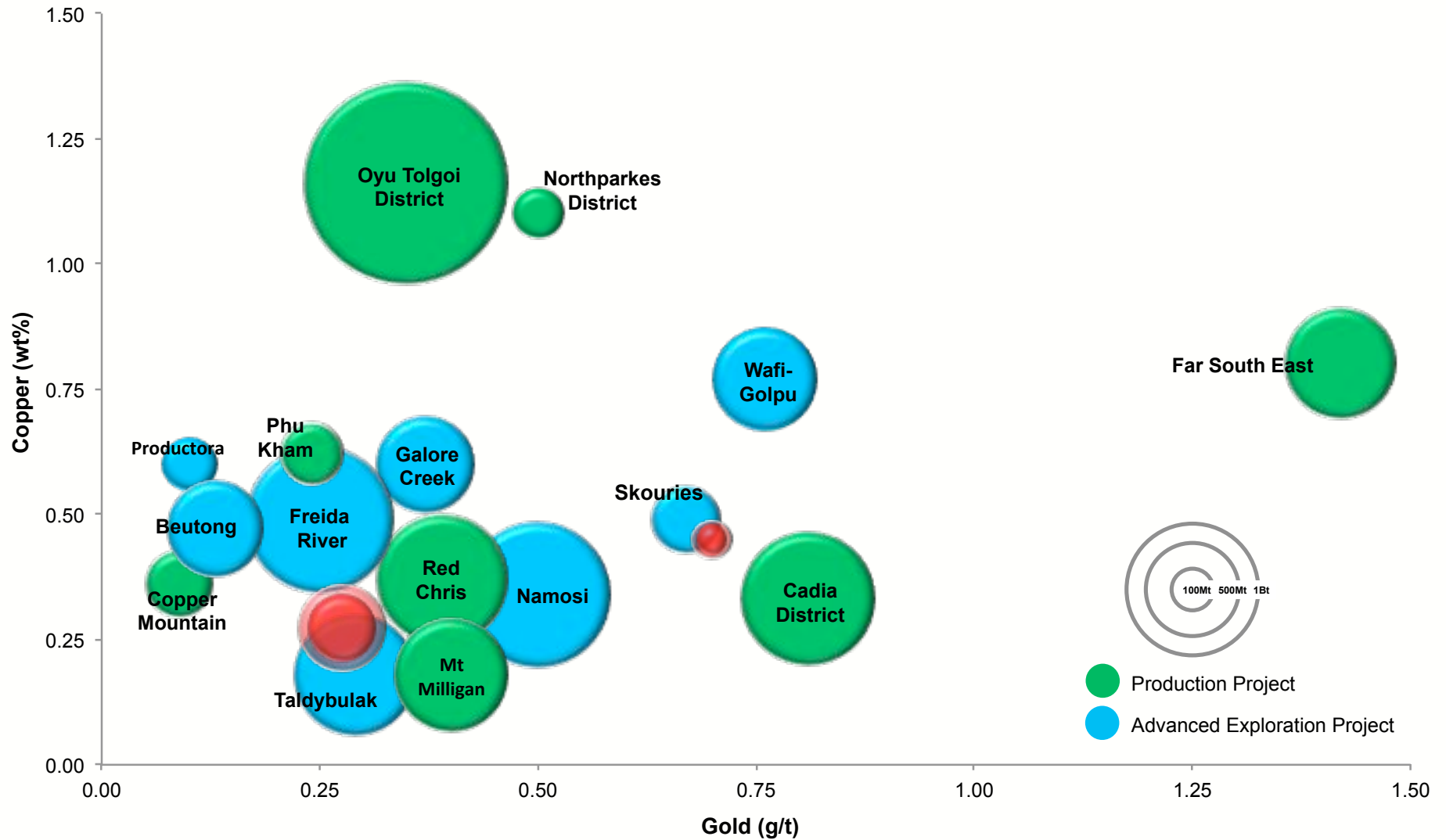


North Parkes, NSW, Australia





# Gold-rich porphyry benchmarks





# Experienced Board



## **Mark Wheatley – Independent Chairman**

- Mark is an experienced company director with a career spanning over 30 years in mining and related industries. His non-executive board roles have included former Chair of Gold One International, Norton Goldfields and Goliath Gold as well as directorships of St Barbara Mines Limited and Uranium One Inc.



## **George Lloyd – Managing Director**

- George has 15 years corporate finance and investment experience Asia-Pac natural resources and related sectors. He has advised on Mongolian coal, copper and mining services transactions since 2009. His earlier roles include business development at Wesfarmers Limited and corporate finance with Grant Samuel & Associates.



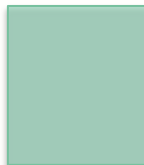
## **Ganbayar Lkhagvasuren – Executive Director**

- Ganbayar is a co-founder of Xanadu and has been a Director since August 2006. He brings a vital Mongolian perspective to the Board of Directors and works closely with the Managing Director and Chief Geologist in corporate development and managing the day-to-day operations of the Mongolian operations.



## **Dr. Darryl Clark – Non-executive Director**

- Darryl is a geologist with over 20 years of corporate and exploration experience with BHP Billiton and SRK and senior exploration roles in Mongolia with Ivanhoe and Vale. He is currently General Director of the Inkai Joint Venture mining operation in Kazakhstan owned by Cameco Corporation and Kazatomprom.



## **Hannah Badenach – Non-executive Director**

- Hannah is Director, Mongolia at Noble Resources International Pte Ltd. Hannah has extensive Mongolian experience including having managed QGX LLC until the company was sold in 2008 and 2 years practising law with Lynch & Mahoney prior to running Noble's business in Mongolia.



# Extensive porphyry experience



## **Dr. Andrew Stewart – Chief Geologist**

- › Andrew is an exploration geologist with over 15 years experience and has particular expertise in porphyry copper deposits. During his time with Ivanhoe and Vale Andrew held various technical and management positions throughout Asia and has been involved in several green fields copper discoveries.



## **Munkhbat Baatar – Exploration Manager**

- › Munkhbat is an exploration geologist with over two decades of experience, primarily focussed on porphyry copper exploration throughout the South Gobi region of Mongolia. During his time with Ivanhoe he held various senior positions and was a critical team member in numerous discoveries including the Kharmagtai cluster of porphyries and recently the high-grade Merlin IOCG deposit in the Cloncurry district of Australia.



## **Dorjsuren Otgonbayar – Senior Geophysicist**

- › Otgonbayar is an exploration geophysicist with over a decade of experience. Otgonbayar has held senior positions at Vale focussed primarily on porphyry copper exploration and has also worked across a diverse range of commodities. He has particular expertise in integrating geological and geophysical data sets for area selection and targeting, data acquisition, processing, modelling, and interpretation.



## **Batbayar Enkhbold – Senior Geologist**

- › Batbayar is an experienced exploration geologist. He previously worked as an exploration geologist for East Asia Minerals in Indonesia, where he was a part of the discovery team of the Miwah high-sulphidation Au deposit and the Barisan cluster of porphyry Cu-Au deposits.



## **Batbaatar Nyamsuren – Senior Geologist**

- › As an experienced explorer and geologist, with over two decades of porphyry exploration, Batbaatar currently leads the reconnaissance exploration team responsible for prospect evaluation, ground selection and geological mapping. He previously worked as a senior exploration geologist for Ivanhoe and Fortress Minerals exploring for porphyry copper deposits throughout Mongolia.



# Mongolian investment environment

## Geopolitical

- > Stable environment
- > Robust democracy

## Regulatory

- > Supportive new investment law
- > Recently amended mining law

## Geography

- > Power and rail infrastructure
- > Development environment

## Experience

- > Oyu Tolgoi construction
- > Mining services sector

## Location

- > Local expertise
- > Asian supplier/customer markets

**Mongolia has  
significant  
comparative  
advantages for  
minerals  
investment and  
development**



## Strong partnerships



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- › Kharmagtai acquired via Mongol Metals LLC joint venture
- › Ganabayar Lkhagvasuren joint shareholder in Mongol Metals
  - Xanadu Executive Director
  - Xanadu co-founder in 2005
  - US\$4.0m cash equity
- › Xanadu can earn 85% of Mongol Metals for a 76% effective project interest



- › Market leading global commodities supply chain manager
- › Experienced marketing partners natural resources projects
- › Experienced and well-established in Mongolia
- › Market intelligence and access to global customer and technical networks





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## SECTION 2: Kharmagtai copper-gold project

Shallow, gold-rich porphyry copper mineralisation with excellent discovery potential





# Kharmagtai deal terms

## Acquisition:

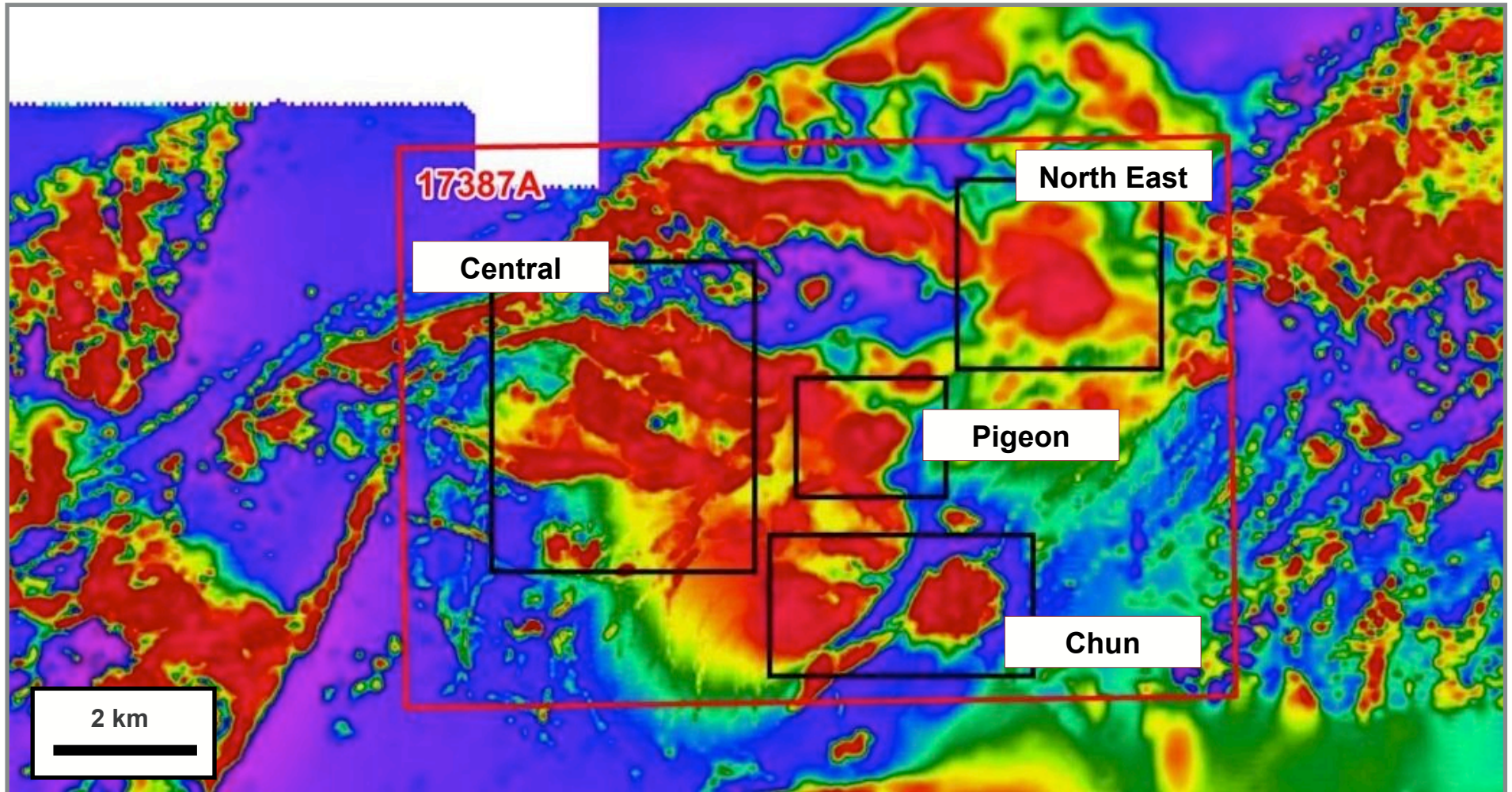
- › Mongol Metals JV acquired 90% interest in Kharmagtai from Turquoise Hill Resources Ltd
- › US\$14.0 million consideration
  - US\$0.5 deposit;
  - US\$3.5m at completion
  - US\$10.0m deferred 18 months
- › Option to acquire a 3% net smelter royalty
- › Approved by Xanadu shareholders 16 May 2014
- › Completion 3 June 2014

## Funding:

- › Xanadu can earn 85% interest in Mongol Metals (76% direct project interest)
- › Circa US\$10.0m arranged in relation to Kharmagtai
  - US\$4.0m Mongol Metals equity
  - US\$4.0m Noble 3-year loan
  - A\$1.7m brokered placement
  - Sale of non-core assets



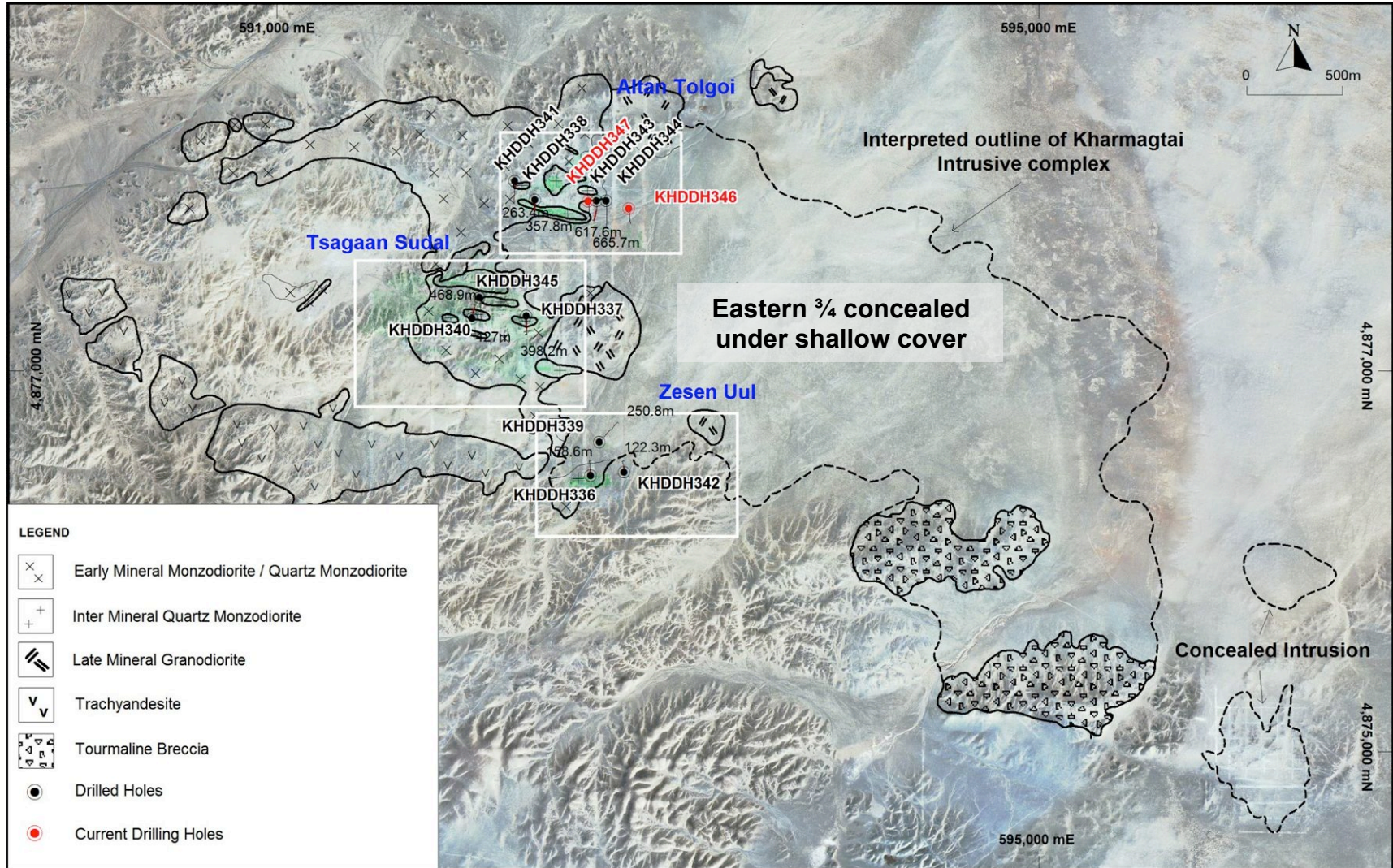
# Kharmagtai porphyry district







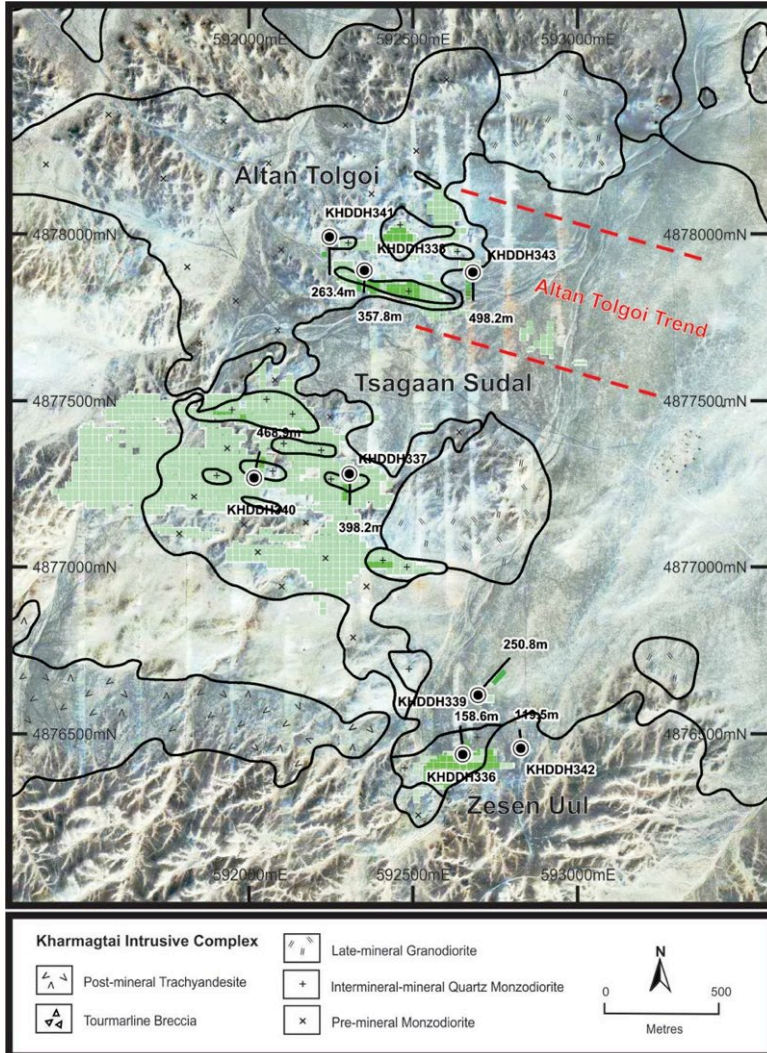
# Kharmagtai Intrusive Complex







# Advanced exploration project



## Exploration Target

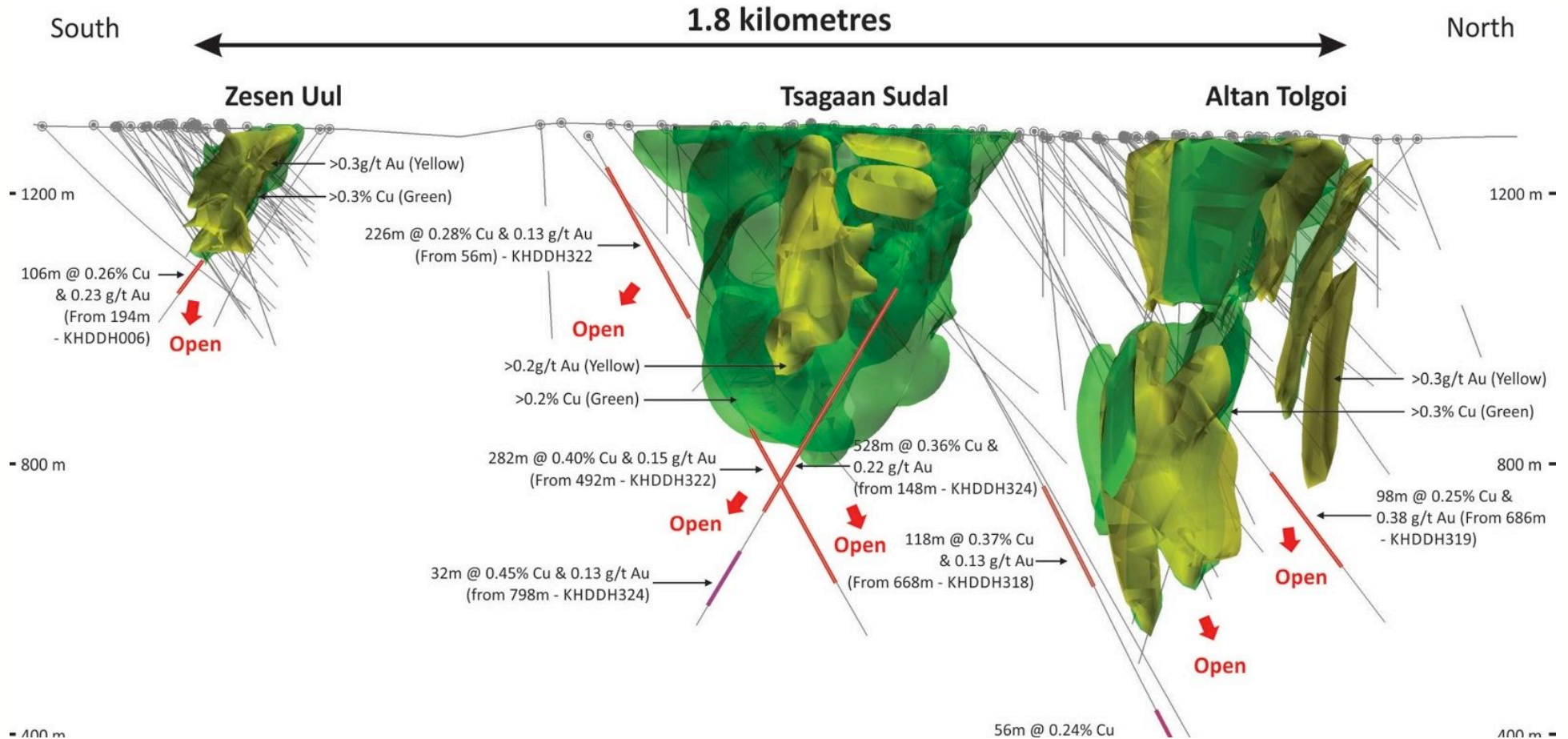
|               | Mt's    | Cu %      | Au g/t    |
|---------------|---------|-----------|-----------|
| Global Target | 200-450 | 0.25-0.30 | 0.25-0.30 |
| High-grade    | 50-80   | 0.40-0.50 | 0.60-0.80 |

- › 119 trenches completed (65,636m)
- › Array IP, ground magnetics, ground gravity
- › 208 reverse circulation drill holes (27,747m)
- › 171 diamond drill holes (63,893m)
- › The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource under the JORC 2012 Code and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The JORC Table 1 disclosure in ASX release of 31 July 2014 continue to apply.





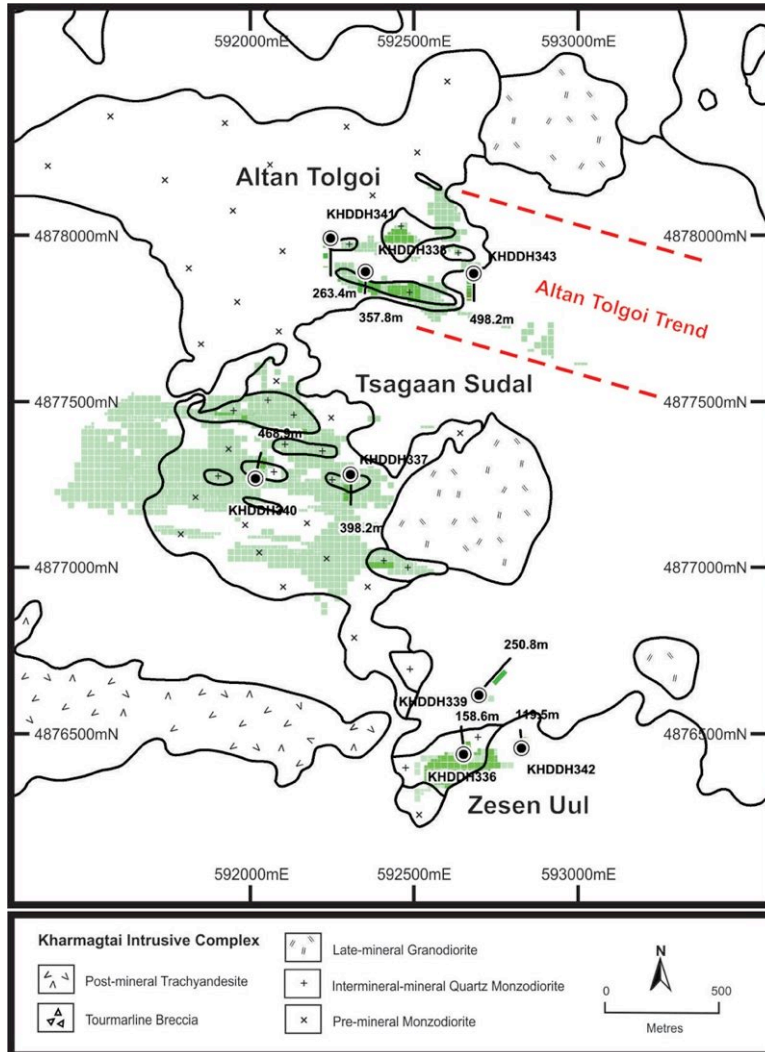
# Central prospect long section



> High-grade Cu-Au porphyry mineralisation open along strike and at depth



# Exploration strategy



- Test high grade extensions of the mineralisation and new areas adjacent to these three prospects
- Directed by comprehensive 3D geological model integrating historic exploration data
- Initial commitment to over 10,000m of diamond drilling targeting high-grade copper-gold mineralisation
  - Extend Altan Tolgoi high-grade zones
  - Define Tsagaan Sudaal high-grade core
  - Locate Zesen Uul off-faulted block
  - Extend mineralisation under shallow cover
  - Test tourmaline breccia system



# East Altan Tolgoi results

| Hole              | From (m) | Interval (m) | Cu (%) | Au (g/t) | CuEq (%) |
|-------------------|----------|--------------|--------|----------|----------|
| KHDDH343          | 2        | 20           | 0.35   | 0.25     | 0.50     |
| <i>Including:</i> | 18       | 4            | 0.47   | 0.22     | 0.61     |
| <i>And:</i>       | 58       | 550          | 0.39   | 0.39     | 0.64     |
| <i>Including:</i> | 358.3    | 241.7        | 0.55   | 0.75     | 1.02     |
| <i>Including:</i> | 358.3    | 27.7         | 0.72   | 0.55     | 1.07     |
| <i>Including:</i> | 400      | 32           | 0.4    | 1.06     | 1.07     |
| <i>Including:</i> | 440      | 14           | 0.38   | 0.77     | 0.81     |
| <i>Including:</i> | 468      | 132          | 0.65   | 0.89     | 1.21     |

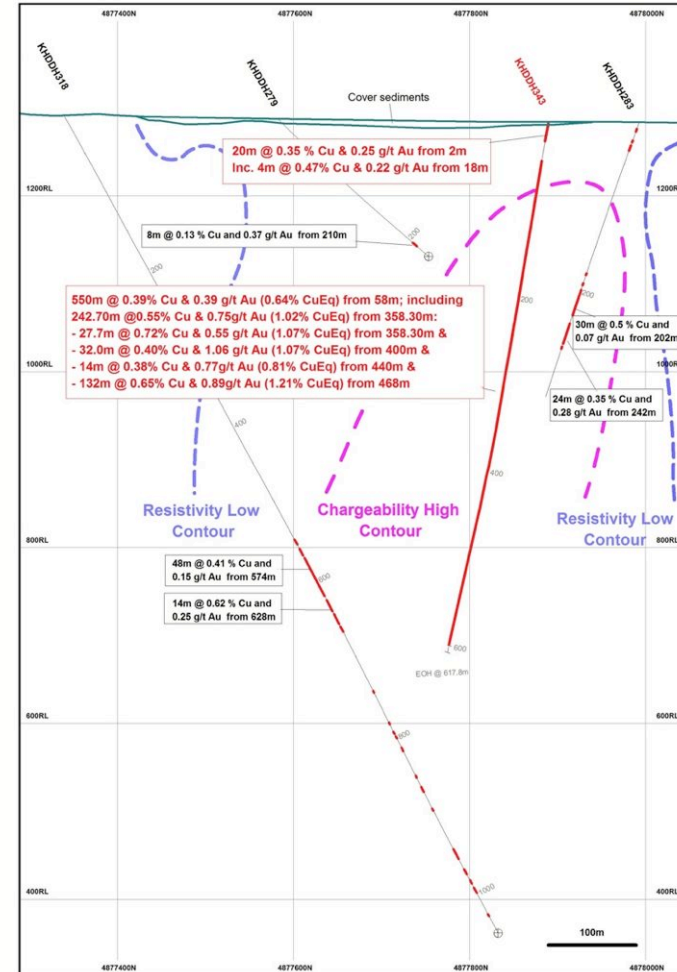
> KHDDH343 intersected a 550m zone of porphyry and tourmaline breccia copper-gold mineralisation and remains open at depth

> KHDDH344 intersected visible copper sulphides from 223m to the end of hole at 659.7m



# Significant mineralised extension

- Material increase in mineralised envelope and bulk tonnage potential



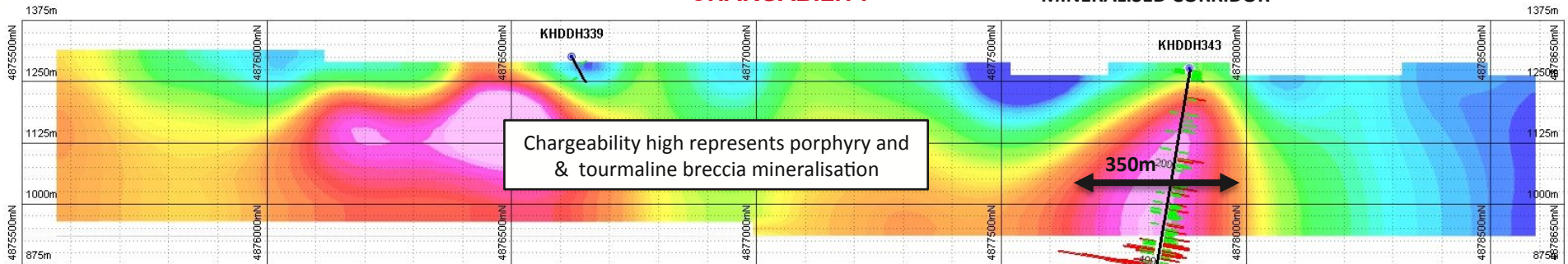




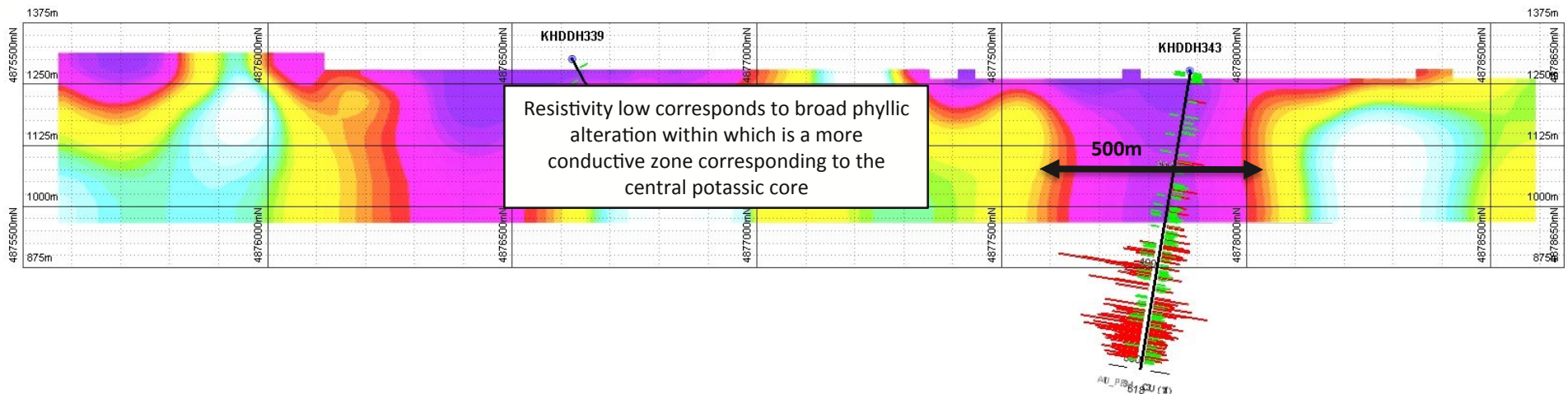
# KHDDH343 geophysics

## CHARGABILITY

## ALTAN TOLGOI MINERALISED CORRIDOR



## RESISTIVITY

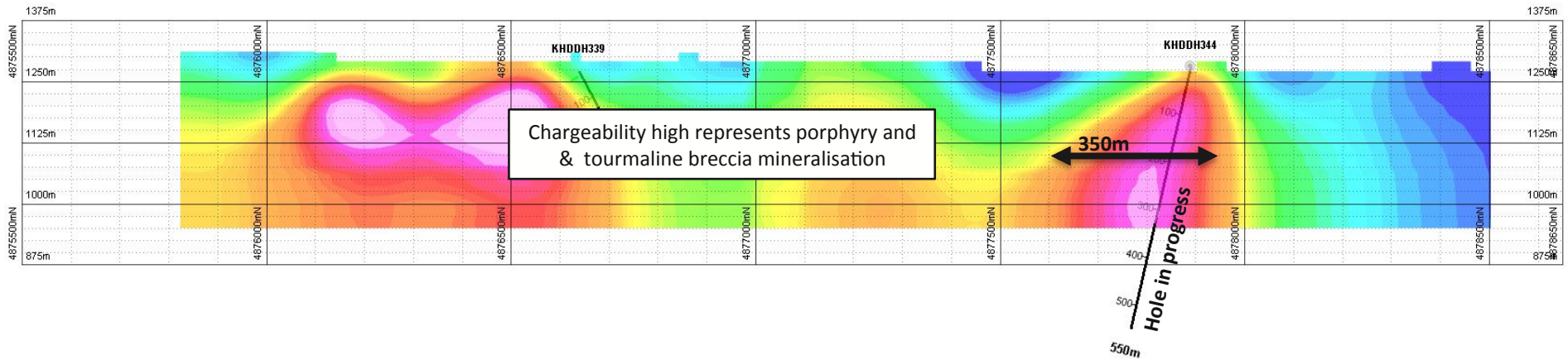




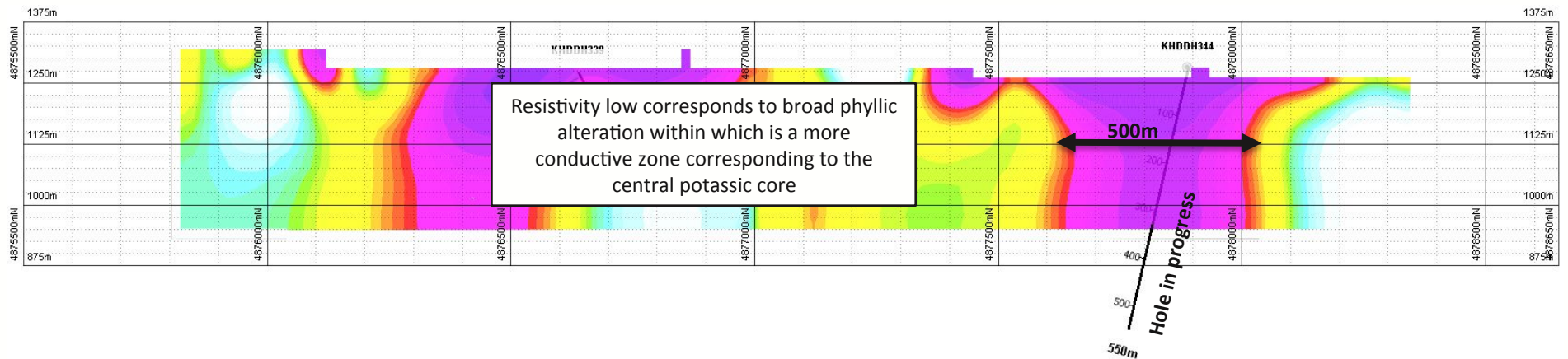


# KHDDH344 geophysics

## CHARGABILITY



## RESISTIVITY

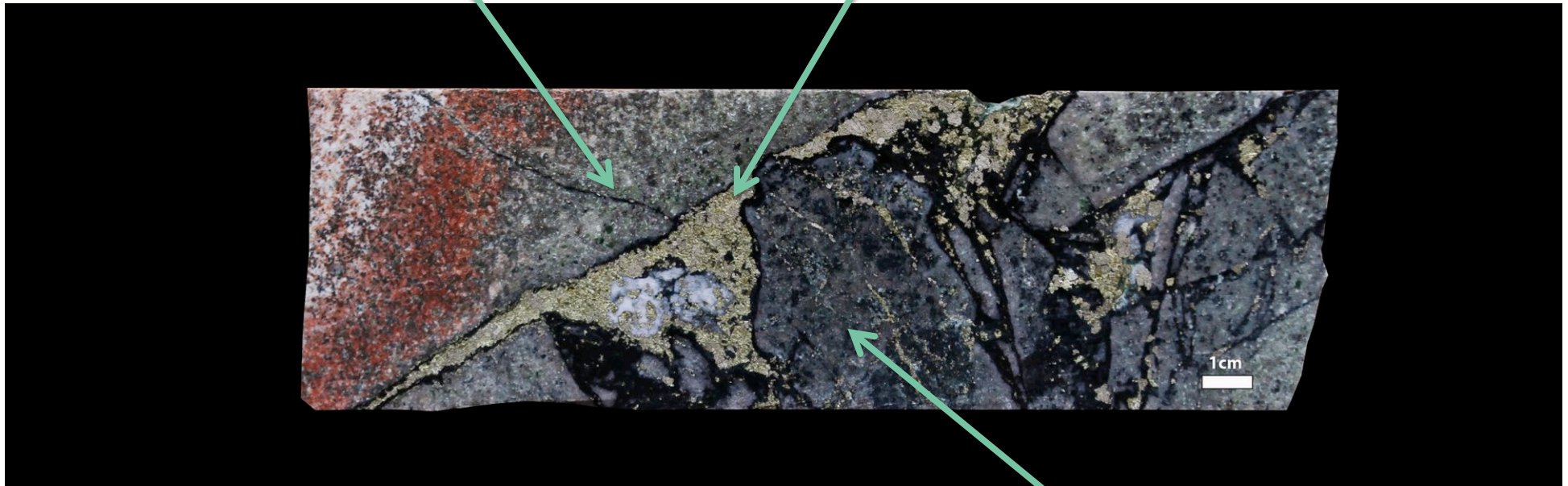




# KHDDH343 core sample

Relic potassic alteration overprinted by late muscovite alteration

Coarse chalcopyrite matrix infill

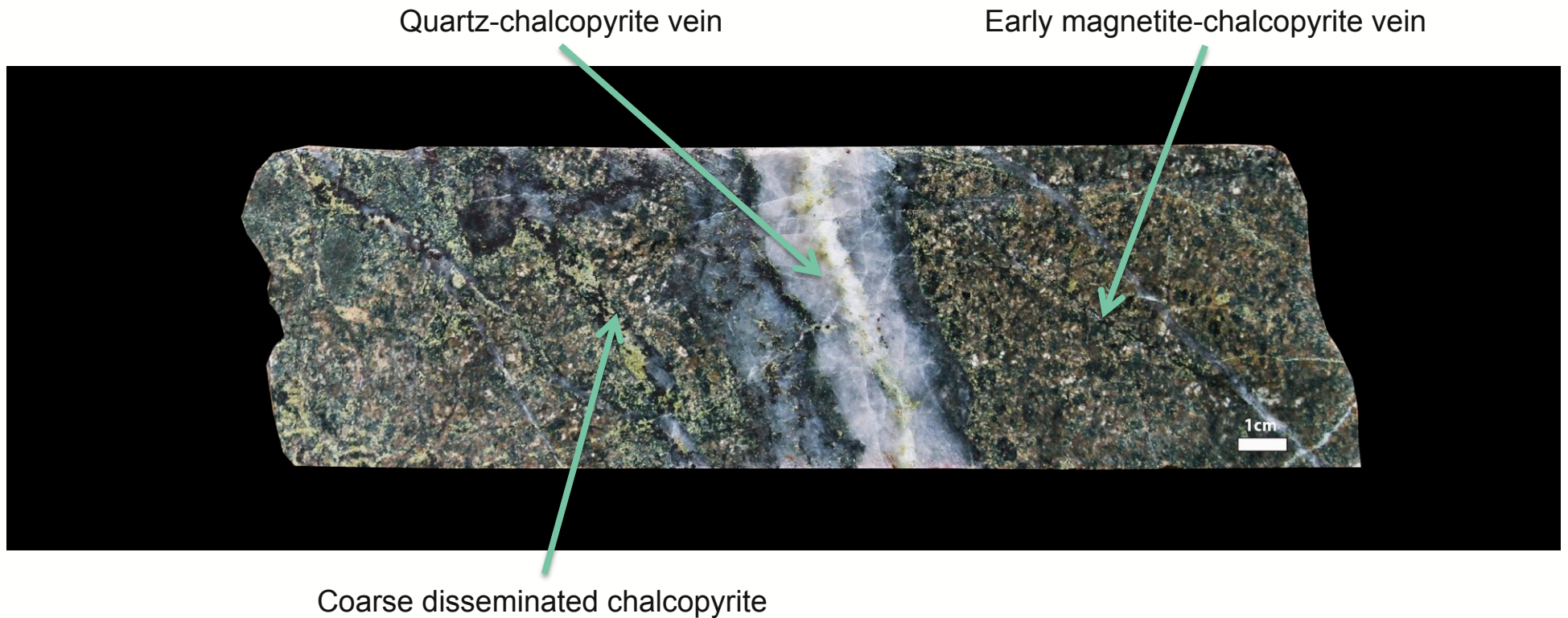


Clasts comprise clasts of stockwork mineralisation

**KHDDH343: 348.10m. From a 2m interval (348m to 350m) that assayed 0.96% Cu & 0.10 g/t Au**



## KHDDH343 core sample

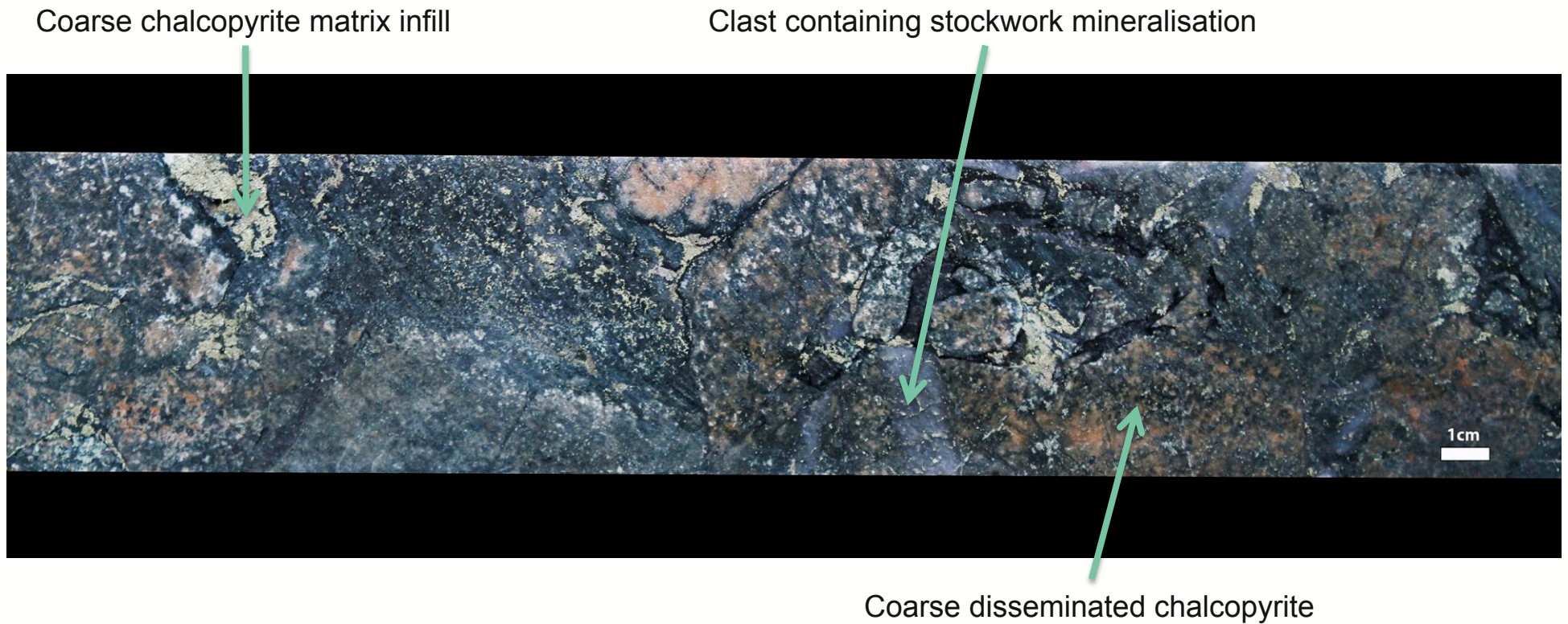


**KHDDH343: 444.30m. From a 2m interval (444m to 446m) that assayed 0.23% Cu & 2.27 g/t Au**





# KHDDH343 core sample



**KHDDH343: 477.10m. From a 2m interval (476m to 478m) that assayed 0.89% Cu & 0.25 g/t Au**



# KHDDH343 core sample

Coarse chalcopyrite matrix infill

Clasts of massive chalcopyrite



Massive chalcopyrite vein

**KHDDH343: 497m. From a 2m interval (496m to 498m) that assayed 2.06% Cu & 1.56 g/t Au**





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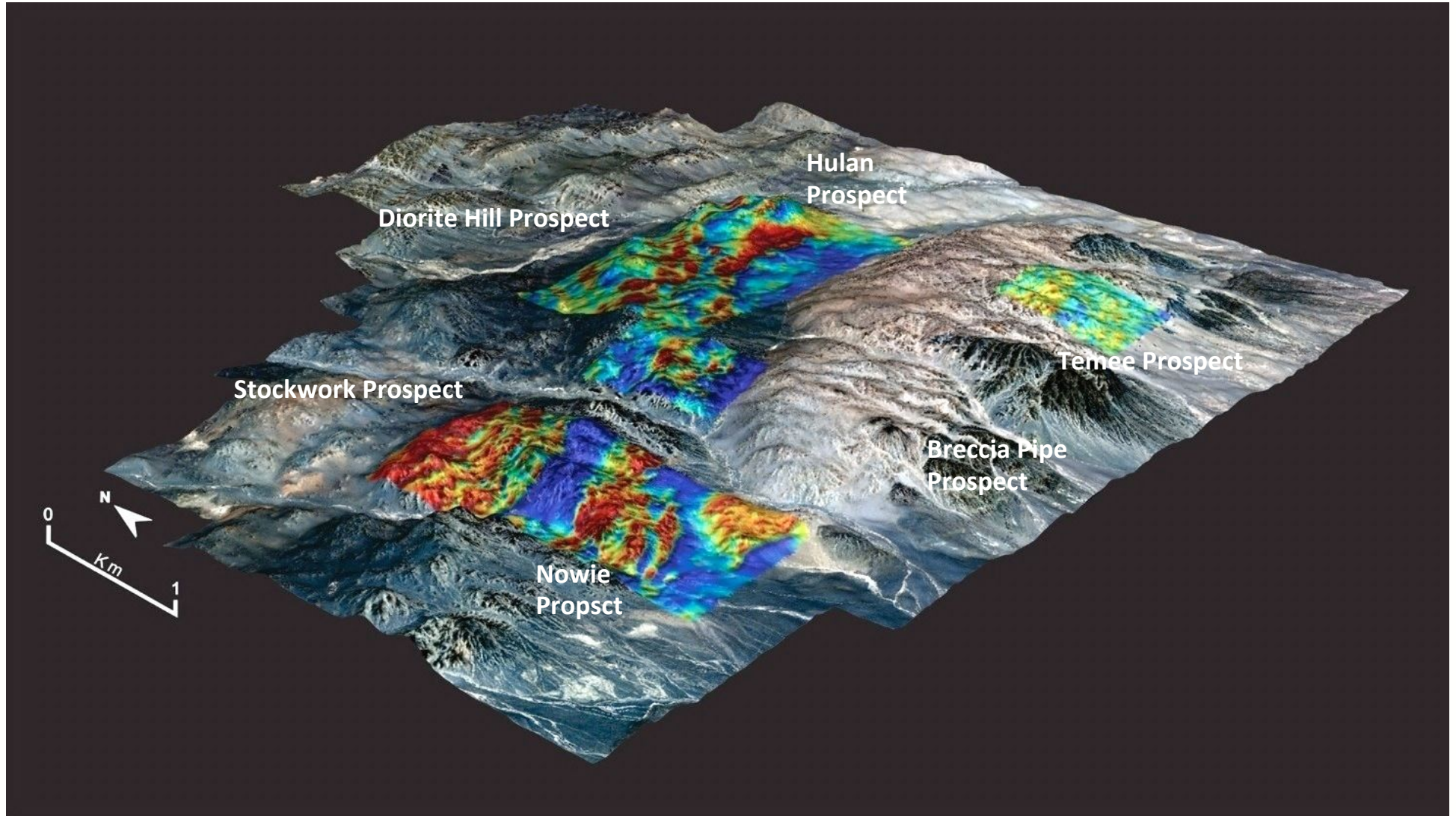
## SECTION 3: Oyut Ulaan copper-gold project

Gold-rich porphyry mineralisation from surface





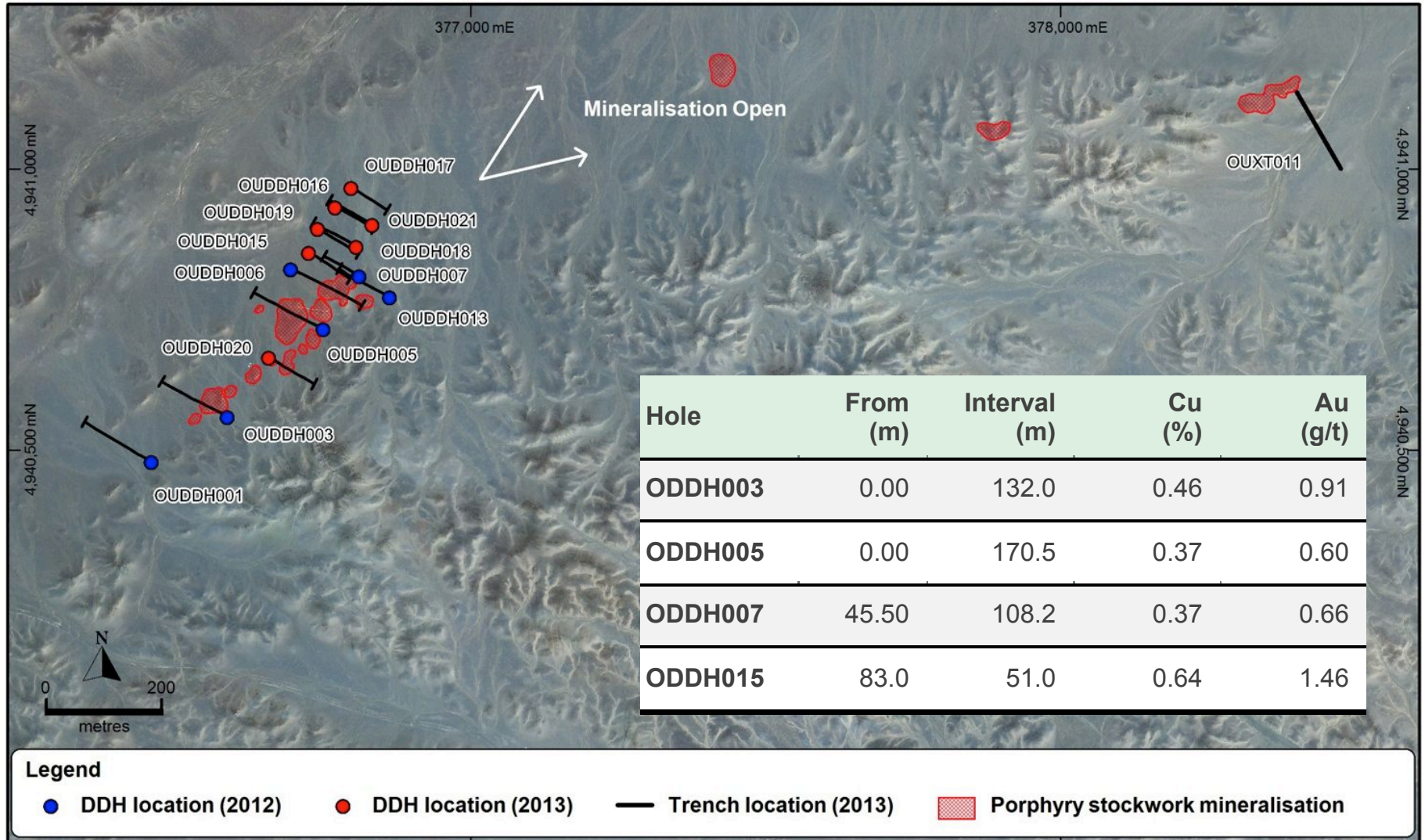
# Oyut Ulaan porphyry district







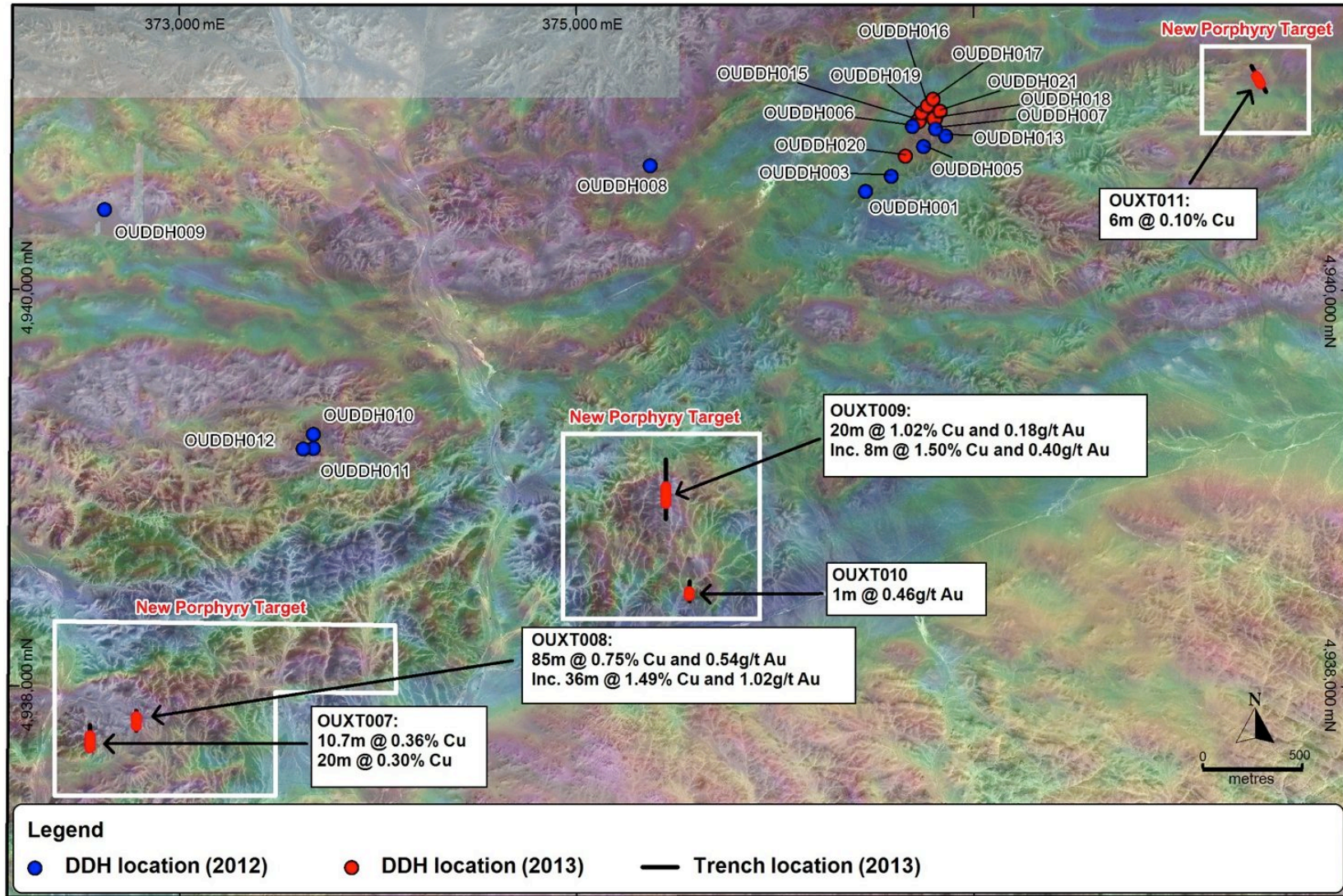
# Diorite Hill







# Stockwork to Diorite Hill corridor





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