

17 February 2015

KHARMAGTAI DEFERRED CONSIDERATION PAYMENT DATE EXTENDED TO 31 JULY 2016

Xanadu Mines Ltd (**ASX: XAM – “Xanadu”**) is pleased to announce that the repayment date of the **“Deferred Consideration”** for the Kharmagtai project has been extended by eight months to 31 July 2016.

Xanadu and its joint venture company, Mongol Metals LLC, entered an agreement with Turquoise Hill Resources Ltd (**“TRQ”**) to acquire a 90 per cent interest in the advanced Kharmagtai copper-gold project located in the South Gobi region of Mongolia in early 2014. Mongol Metals LLC agreed to pay initial consideration of US\$4.0 million, with US\$10.0 million of Deferred Consideration to be paid over 18 months from completion (total consideration of US\$14.0 million). Xanadu guaranteed the Deferred Consideration in favour of TRQ. The Kharmagtai acquisition was approved by Shareholders at the Company’s May 2014 Extraordinary General Meeting.

The remaining balance of the Deferred Consideration is US\$4.1 million. All other terms and conditions of the agreement with TRQ remain unchanged, including Xanadu’s obligation to pay 50% of net proceeds from any equity capital raised or asset sales towards the Deferred Consideration.

For further information, please contact:

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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 – with Mongolia emerging as a globally significant copper province.