

18 March 2015

SENIOR EXECUTIVE APPOINTMENTS

The Board of Xanadu Mines Ltd (**ASX: XAM** - “Xanadu”) is pleased to announce the internal appointments of Mark Wheatley and Dr Andrew Stewart as Executive Chairman and Chief Executive Officer (“**CEO**”), respectively. These appointments are an important step for Xanadu as the Company focuses on its Mongolian copper-gold strategy and continued exploration success.

Mark Wheatley, in the role of Executive Chairman, will guide and oversee the growth of the Company as it continues the exploration and development of its copper-gold projects. Mark has had a successful executive career and has led a number of listed junior miners as both CEO and Chairman through significant periods of growth. The move to an executive role allows more direct access to Mark’s experience as Xanadu delivers on its Mongolian copper-gold strategy.

Andrew has been promoted to CEO from his current position as Xanadu’s Chief Geologist and Country Manager in Mongolia. Andrew is a strong internal candidate as a porphyry copper specialist with a track record of new discoveries and extensive Mongolian experience. Andrew will continue to be based in Mongolia and focus on delivering exploration success and the Company will also benefit from Andrew’s contribution to all of its corporate activities. We congratulate Andrew on this promotion. Andrew’s profile is included in Appendix 1.

George Lloyd fully supports the succession process as he steps down as Managing Director and CEO and will act as an advisor to Mark and Andrew over a brief transition period.

Mark Wheatley, Xanadu’s Executive Chairman, commented: “This is a natural progression for Andy who has provided excellent leadership in exploration over a number of years and he will thrive with the additional challenges in his new role. Andrew is fully committed to Xanadu’s success and I look forward to working with him. I also thank George for his drive and professionalism throughout the restructuring and repositioning of Xanadu and look forward to continuing to work with him during the handover period.”

Andrew Stewart commented, “I’m very excited by the opportunity to lead Xanadu through its next stage of development. Exploration drilling has commenced at Oyut Ulaan and our multi-rig drilling program at Kharmagtai is well funded. I look forward to working with Mark and the Xanadu team to realise the full potential of our copper and gold projects in Mongolia’s highly prospective South Gobi region.”

The key executive engagement terms are provided in Appendix 2.

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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.

APPENDIX 1: ANDREW STEWART PROFILE

Andrew Stewart (BSc, PhD, MAIG, MSEG)

Dr Andrew Stewart joined Xanadu in 2011.

Andrew is a geologist with over 15 years' experience in mineral exploration; primarily focussed on project generation, project evaluation and exploration strategy development throughout Asia and Eastern Europe. Andrew has particular expertise in porphyry copper and epithermal gold deposits, but has worked across a diverse range of commodities. He holds a BSc (Hons) from Macquarie University and a PhD from the Centre of Ore Deposits and Exploration Studies at the University of Tasmania. During his time at Ivanhoe Mines and Vale, Andrew held various technical and management positions in Mongolia and Indonesia and has been involved in several green fields discoveries. After providing technical and program management for Vale in Indonesia and Mongolia, Andrew joined Xanadu Mines as Chief Geologist leading the gold and base metals project generation and evaluation team in Mongolia. Andrew has an in-depth understanding of Xanadu's projects and Mongolia, and has strong support from our leading technical and operating team in Mongolia, including our partner Ganbayar Lkhagvasuren.

APPENDIX 2: KEY ENGAGEMENT TERMS

The key terms of the new executive agreements are summarised in the following table for the purposes of ASX Listing Rule 3.16.4.

Item	Description
1. Andrew Stewart – Chief Executive Officer	
<u>Remuneration</u>	<p><u>Fixed</u></p> <ul style="list-style-type: none"> Unchanged. Please refer to page 15 of the Annual Financial Statements dated 13 March 2015 (2015 Statements). The Company will also pay reasonable private school tuition fees (in Mongolia) for Dr Stewart's children. <p><u>Short Term Incentive (STI)</u></p> <ul style="list-style-type: none"> An amount equal to up to 50% of Dr Stewart's total fixed remuneration (of US\$260,000) may be paid under the Company's STI program, depending on Dr Stewart's achievement against personal key performance indicators as annually assessed initially by the Governance Committee and as ultimately approved by the Board. <p><u>Long Term Incentive (LTI)</u></p> <ul style="list-style-type: none"> Dr Stewart's existing participation in the Company's LTI program is described on page 17 of the 2015 Statements.
<u>Termination</u>	<ul style="list-style-type: none"> Please refer to page 15 of the 2015 Statements.
2. Mark Wheatley – Executive Chairman	
<u>Remuneration</u>	<p><u>Fixed</u></p> <ul style="list-style-type: none"> A\$200,000 per annum, inclusive of superannuation (total fixed remuneration). Part-time role, 50% basis. <p><u>Short Term Incentive (STI)</u></p> <ul style="list-style-type: none"> An amount equal to up to 30% of Mr Wheatley's total fixed remuneration may be paid under the Company's STI program, depending on Mr Wheatley's achievement against personal key performance indicators as annually assessed initially by the Governance Committee and as ultimately approved by the Board. <p><u>Long Term Incentive (LTI)</u></p> <ul style="list-style-type: none"> Mr Wheatley's existing participation in the Company's LTI program was approved by shareholders in May 2014
<u>Termination</u>	<p><u>By Xanadu</u></p> <ul style="list-style-type: none"> With notice: Provision of 6 months' notice. The Company may, at its discretion, provide Mr Wheatley with payment of fixed remuneration in whole or in part in lieu of notice, however the Company's right to make such a payment does not give Mr Wheatley any right to receive such a payment. Without notice: Immediately with cause. <p><u>By Mr Wheatley</u></p> <ul style="list-style-type: none"> Provision of 6 months' notice.
3. George Lloyd – Consultant	
<u>Term</u>	<ul style="list-style-type: none"> 4 months
<u>Fee</u>	<ul style="list-style-type: none"> A\$5,000 per month. At the end of the consultancy arrangement, a success fee of A\$20,000 may be payable to Mr Lloyd, depending on Mr Lloyd's achievement against performance criteria as determined and assessed by the Board.