



XANADU MINES

# MONGOLIA'S LEADING COPPER-GOLD EXPLORER

INVESTOR UPDATE | MARCH 2015



# Disclaimer

## 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.







# 2014 HIGHLIGHTS

## A YEAR OF PROGRESS AND DELIVERY FROM XANADU

### XANADU ENTERING 2015 IN A **STRONG** **POSITION**

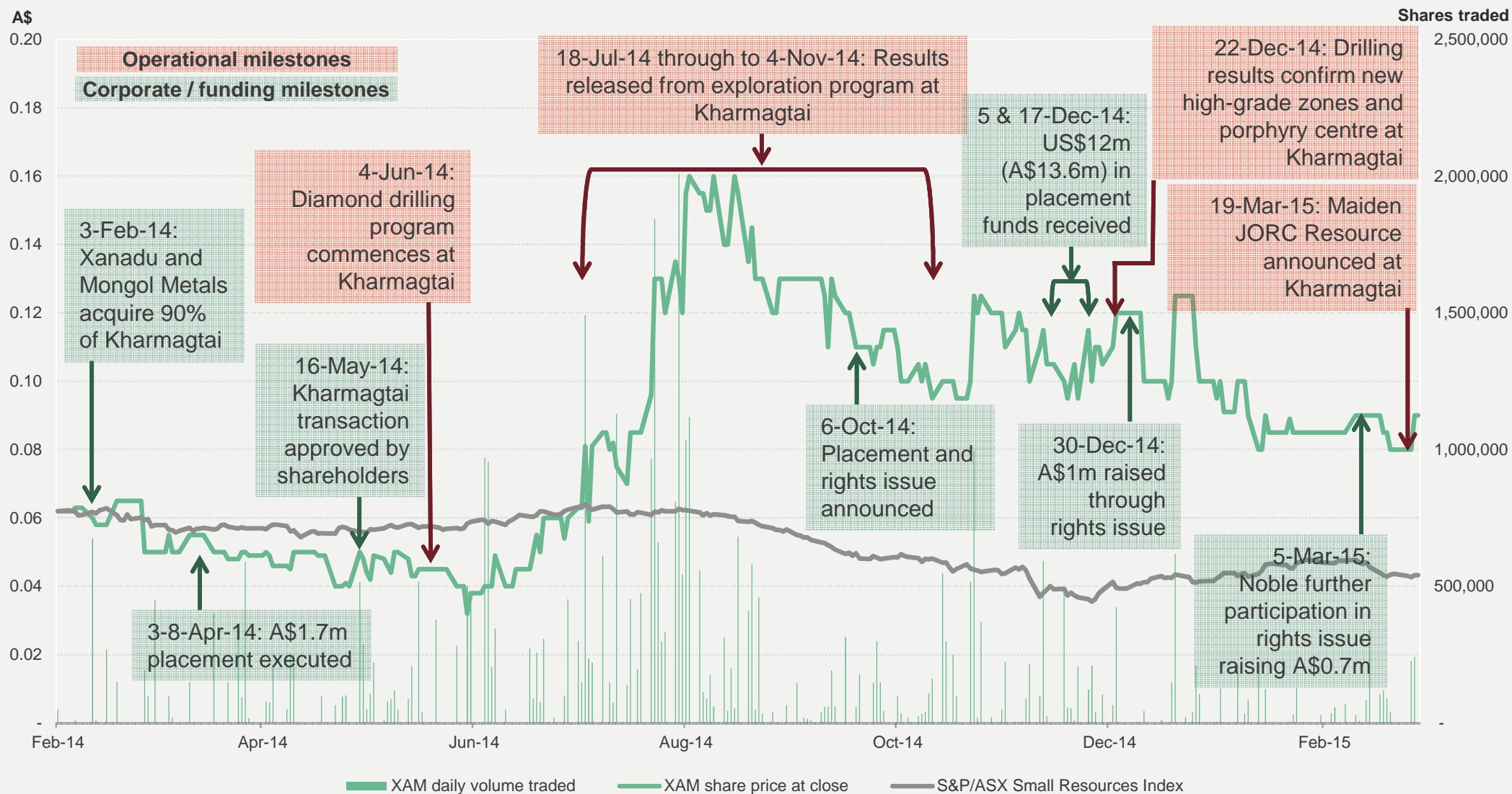
- 2014 – Kharmagtai Project acquired
- Approximately 12,500m of diamond drilling completed
- Potential for a large scale copper-gold system with a multiple near-surface & gold-rich centres
- Drilling intersected the first significant copper-gold (>1% CuEq) mineralisation associated with tourmaline breccia mineralisation
- Maiden Mineral Resource estimate announced on 19 March 2015
- Leveraged shareholder value through deferred acquisition payments
- Exited non-performing and non-core projects & reduced carrying costs
- Rights Issue & Placement completed raising A\$15.3m
- Improved balance sheet underpins growth strategy





# SHARE PRICE PERFORMANCE

## SUSTAINED APPRECIATION AND OUTPERFORMANCE





# MONGOLIA

## FRONTIER JURISDICTION WITH HUGE POTENTIAL



- Xanadu projects located within world-class copper-gold South Gobi province
- South Gobi region has proven company-making copper-gold development potential

- Strong Government support for mining & foreign investment
- Excellent infrastructure
  - **Power • Rail • Road • Water**



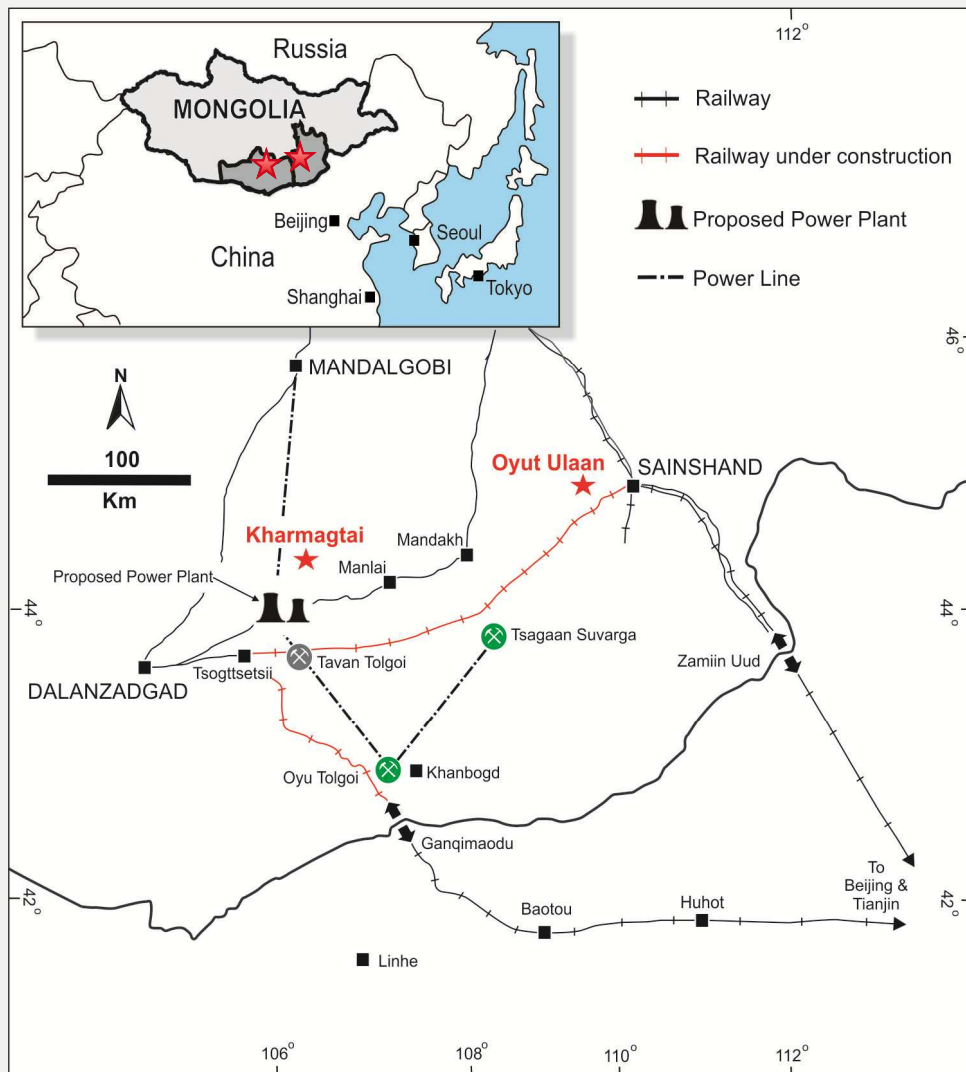
**MONGOLIA EMERGING AS SIGNIFICANT  
GLOBAL COPPER-GOLD PRODUCER**





# SOUTH GOBI REGION

## A WORLD-CLASS MINERAL PROVINCE



- Flat, open terrain at moderate altitude
- Established water resources
- Well-established mining services
- Close proximity to North Asian customers

**POWER** Established power transmission lines  
Tavan Tolgoi power station proposal

**RAIL** North-south rail infrastructure  
East-west rail under development

**ROAD** Quality sealed road network

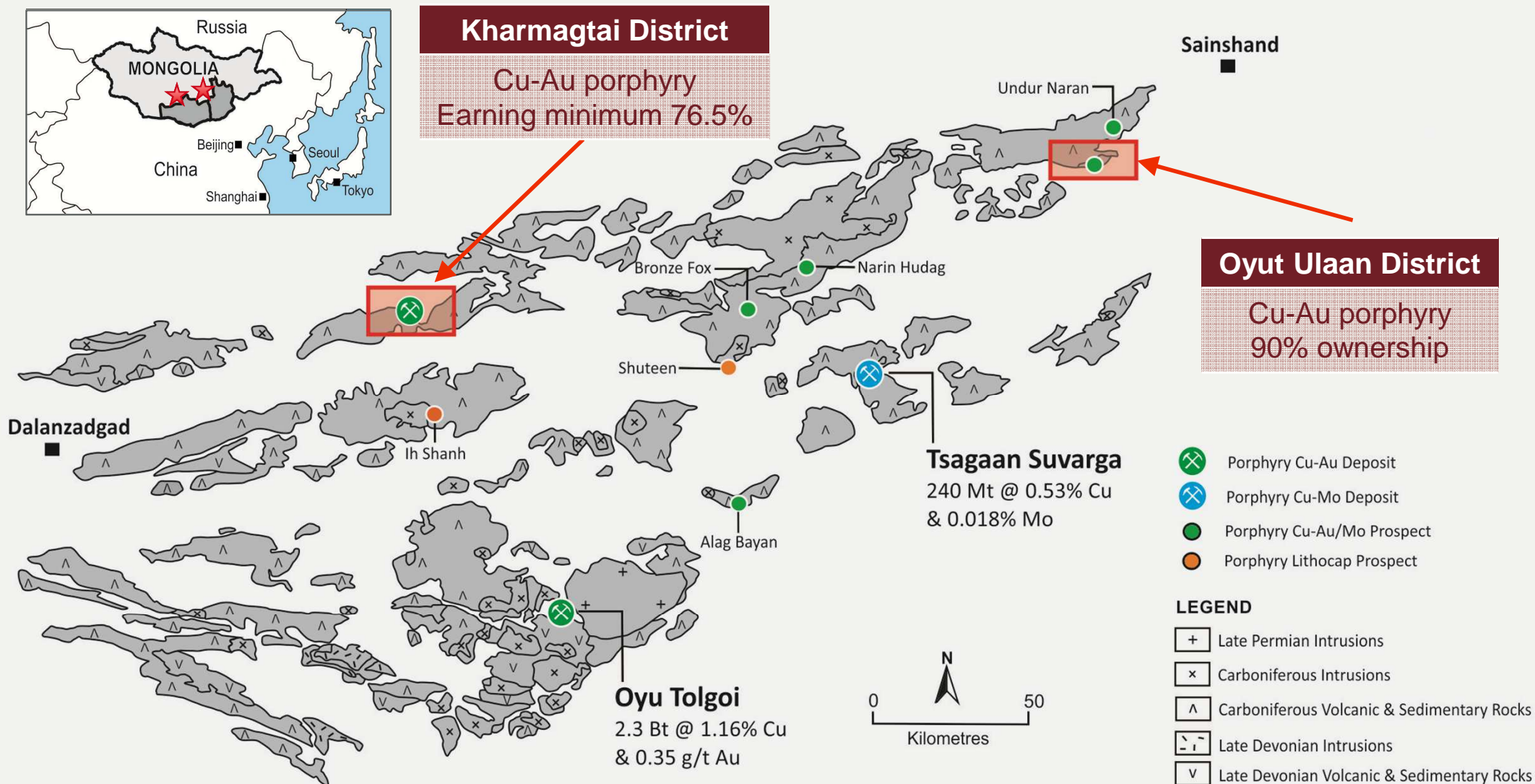
- 5-6 hours to Ulaanbaatar
- 2-3 hours to Oyu Tolgoi

## SIMPLE LOGISTICS AND FAVOURABLE DEVELOPMENT CONDITIONS



# SOUTH GOBI COPPER MINERALISATION

## LEADING RESOURCE DEVELOPMENT IN SOUTH GOBI

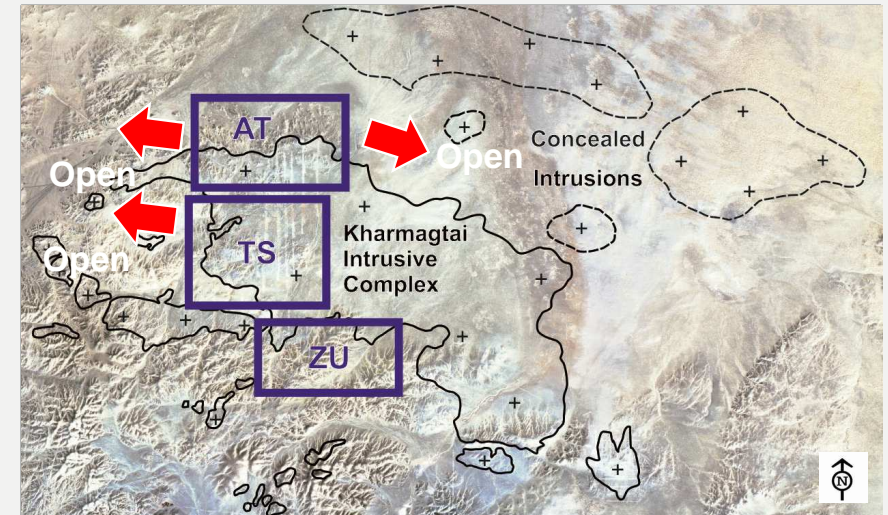




# KHARMAGTAI COPPER-GOLD PROJECT

## SIGNIFICANT MINERAL ENDOWMENT

- Xanadu earning minimum of **76.5%**
- Shallow, gold-rich porphyry mineralisation
  - Three advanced, outcropping prospects
  - Preliminary metallurgical testing indicates high recoveries (>85%) for the copper
  - Gold likely to be a significant by-product
- XAM tourmaline breccia discovery at Altan Tolgoi
  - Shallow, gold-rich stockwork and mineralised breccia units
  - Multiple 200m intercepts grading >1% CuEq
  - Altan Tolgoi high-grade core is increasing in size and remains open
- Stockwork centres hosted within broader mineralised zone
  - $\frac{3}{4}$  of complex under unexplored shallow cover – potential to host multiple porphyry centres over XAM tenement → **new discovery potential**



**AT** - Altan Tolgoi

**TS** - Tsagaan Sudal

**ZU** - Zesen Uul

## PROSPECTIVITY SUPPORTED BY EXTENSIVE GEOPHYSICS, GEOCHEMISTRY & GEOLOGY





# KHARMAGTAI GLOBAL RESOURCE

## SHALLOW, HIGH-GRADE COPPER-GOLD PORPHYRY CENTRES

	Cut-off (CuEq)	Resource Category	Material (Mt)	Grade			Metal	
				Cu (%)	Au (g/t)	CuEq (%)	Cu (Mlb)	Au (Koz)
<b>Open Cut</b>	0.3	Indicated	23	0.41	0.55	0.76	203	401
		Inferred	107	0.27	0.24	0.42	641	833
		<b>Subtotal</b>	<b>129</b>	<b>0.30</b>	<b>0.30</b>	<b>0.48</b>	<b>844</b>	<b>1,234</b>
<b>Underground</b>	0.6	Indicated	24	0.43	0.47	0.73	225	359
		Inferred	51	0.42	0.36	0.64	463	591
		<b>Subtotal</b>	<b>74</b>	<b>0.42</b>	<b>0.40</b>	<b>0.67</b>	<b>688</b>	<b>950</b>
<b>Combined</b>		Indicated	46	0.42	0.51	0.74	428	759
		Inferred	157	0.32	0.28	0.49	1,104	1,424
		<b>Total</b>	<b>203</b>	<b>0.34</b>	<b>0.33</b>	<b>0.55</b>	<b>1,533</b>	<b>2,184</b>

**CONTAINED METAL 1,500Mlb Cu and 2.2Moz Au**

*see the ASX Maiden Resource announcement dated 19 March 2015 with Table 1 information continuing to apply*



# KHARMAGTAI HIGH-GRADE RESOURCE

## SHALLOW, HIGH-GRADE COPPER-GOLD PORPHYRY CENTRES

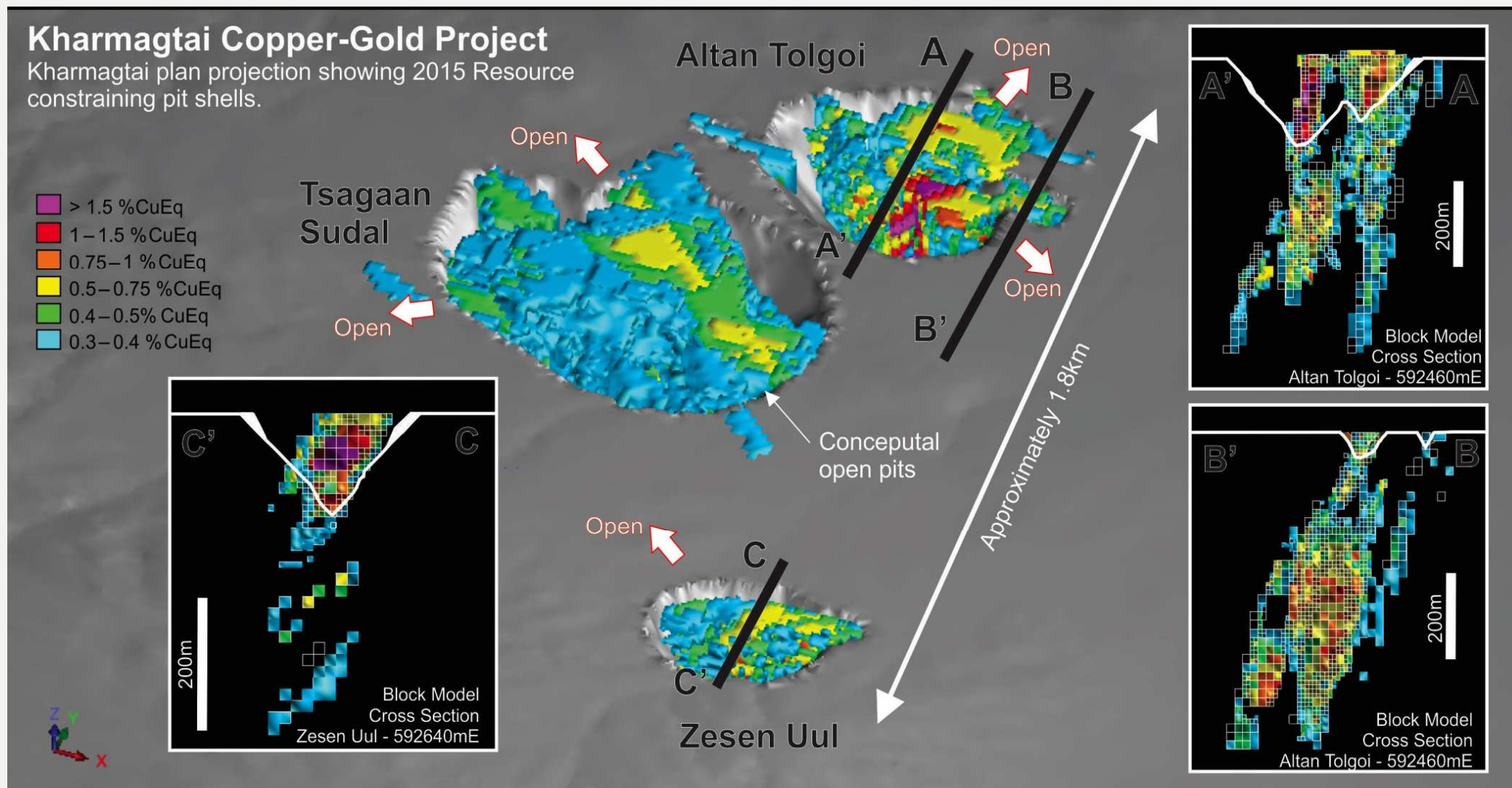
	Cut-off (CuEq)	Resource Category	Material (Mt)	Grade			Metal	
				Cu (%)	Au (g/t)	CuEq (%)	Cu (Mlb)	Au (Koz)
<b>Open Cut</b>	0.6	Indicated	9	0.52	0.87	1.08	102	248
		Inferred	1	0.38	0.82	0.92	11	34
		<b>Subtotal</b>	<b>10</b>	<b>0.50</b>	<b>0.86</b>	<b>1.06</b>	<b>113</b>	<b>282</b>
<b>Underground</b>	0.6	Indicated	20	0.46	0.57	0.83	203	368
		Inferred	26	0.46	0.50	0.78	263	418
		<b>Subtotal</b>	<b>46</b>	<b>0.46</b>	<b>0.53</b>	<b>0.80</b>	<b>465</b>	<b>786</b>
<b>Combined</b>		Indicated	29	0.48	0.66	0.91	305	616
		Inferred	27	0.46	0.52	0.79	274	452
		<b>Total</b>	<b>56</b>	<b>0.47</b>	<b>0.59</b>	<b>0.85</b>	<b>578</b>	<b>1,068</b>

**CONTAINED METAL 580Mlb Cu and 1.1Moz Au**

*ASX announcement dated 19 March 2015*



# SHALLOW HIGH-GRADE PORPHYRY MINERALISATION LOOKING TO GROW THE RESOURCE IN ALL DIRECTIONS

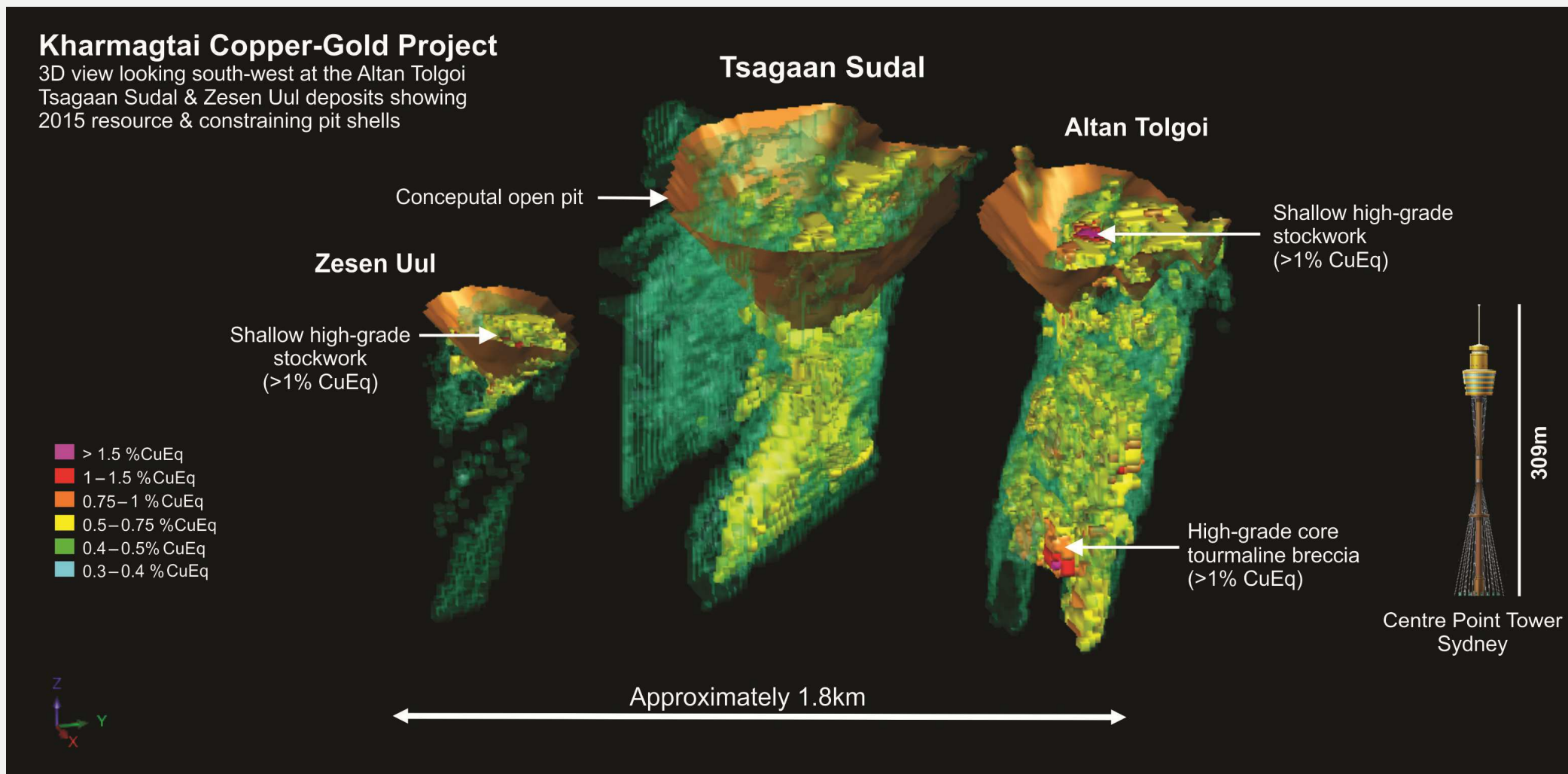


ASX announcement dated 19 March 2015





# SHALLOW, HIGH-GRADE ZONES AT KHARMAGTAI PROVIDING MULTIPLE DEVELOPMENT OPPORTUNITIES



ASX announcement dated 19 March 2015





# CAPITAL STRUCTURE

**BALANCE SHEET RENEWED & NOW FULLY FUNDED FOR 2015**

## Capital Structure

Share price as at 20 March 2015	A\$0.09
Issued shares	371,978,226
<b>Market capitalisation</b>	<b>A\$33.5 m</b>
Cash – 31 Dec 2014	A\$7.5m
Noble debt – 31 Dec 2014, repayable June 2017	US\$2.7m
Kharmagtai Deferred Consideration – March 2015	US\$3.8m
Repayment date July 2016	
Undrawn Noble loan	US\$1.5m

## Major Shareholders

<b>CAAF</b>	<b>13.7%</b>
<b>Copperplate Success Limited</b>	<b>13.7%</b>
<b>Noble Group</b>	<b>9.0%</b>
<b>Sakari Energy</b>	<b>6.6%</b>
<b>Brian Thornton and Associates</b>	<b>5.8%</b>
<b>Khan Mongolia Equity Fund</b>	<b>4.7%</b>



# STRATEGIC PARTNERS AND SHAREHOLDERS

## PARTNERS WITH STRONG MINING & MONGOLIA CREDENTIALS



### MONGOL METALS

- › Kharmagtai acquired via Mongol Metals LLC joint venture company
- › Ganbayar Lkhagvasuren is joint shareholder in Mongol Metals
  - Xanadu Executive Director and co-founder in 2005
  - Has injected US\$4.0m cash equity



- › Market leading global commodities supply chain manager
- › Experienced in marketing for natural resources projects
- › Experienced and well-established in Mongolia
- › Market intelligence and access to global customer and technical networks
- › Strategic alliance with Xanadu formed in February 2011



- › Asian investment management and private equity specialist
- › Manager of Khan Mongolia Equity Fund (4.8% shareholder)



- › A single country-focused Mongolian investment specialist providing global investors with access to a wide range of investment and business opportunities in Mongolia
- › Manager of Khan Mongolia Equity Fund



- › Prominent Asian coal company
- › Subsidiary of PTT, the large Thai conglomerate





# BOARD AND SENIOR MANAGEMENT

## STRONG MONGOLIAN, MINING & CORPORATE EXPERIENCE



### **Mark Wheatley** – Executive Chairman

#### **Engineering & commercial**

- Engineer with over 30 years experience in mining and related industries
- Executive career includes BHP, Bankers Trust Australia, Gold Fields, AurionGold, and CEO/Chair Southern Cross Resources and CEO BMA Gold
- 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 and Uranium One



### **Dr. Andrew Stewart** – CEO

- Exploration geologist with over 15 years experience
- Particular expertise in porphyry copper deposits
- During his time with Ivanhoe and Vale Andrew held various technical and management positions throughout Asia
- Involved in several green fields copper discoveries



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

#### **Geology & commercial**

- 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
- Currently General Director of the Inkai Joint Venture mining operation in Kazakhstan owned by Cameco Corporation and Kazatomprom



### **Ganbayar Lkhagvasuren** – Executive Director

#### **Mongolian business experience**

- Co-founder of Xanadu and a Director since August 2006
- Brings a vital Mongolian perspective to the Board of Directors and works closely with the Executive Chairman and CEO in corporate development and managing the day-to-day operations in Mongolia



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

#### **Commodities & legal**

- Hannah is Director, Mongolia at Noble Resources International
- 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



### **Barry Lavin** – Non-Executive Director

#### **Engineering & corporate finance**

- Accomplished senior mining executive who spent 18 years with Rio Tinto
- Most recent role at Rio Tinto was in its Copper Group with responsibility for identifying and evaluating acquisitions
- Previous Managing Director at Northparkes Mines JV
- Currently a non-executive director at Barminto, non-executive director at Ferrum Americas and MD of Teviot Resources



# EXPLORATION TEAM

## EXTENSIVE MONGOLIAN & PORPHYRY EXPERIENCE



### **Munkhbat Baatar** – Exploration Manager

- Exploration geologist with over 20 years 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
- 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



### **Batbayar Enkhbold** – Senior Geologist

- Experienced exploration geologist who previously worked as an exploration geologist for East Asia Minerals in Indonesia
- Part of the Miwah high-sulphidation Au deposit and the Barisan cluster of porphyry Cu-Au deposits discovery teams with East Asia Minerals



### **Dorjsuren Otgonbayar** – Senior Geophysicist

- Exploration geophysicist with over 10 years experience
- Has held senior positions at Vale focussed primarily on porphyry copper exploration
- Has particular expertise in integrating geological and geophysical data sets for area selection and targeting, data acquisition, processing, modelling, and interpretation



### **Batbaatar Nyamsuren** – Senior Geologist

- Has over 20 years porphyry exploration experience
- Currently leads the Xanadu reconnaissance exploration team responsible for prospect evaluation, ground selection and geological mapping
- Previously worked as a senior exploration geologist for Ivanhoe and Fortress Minerals exploring for porphyry copper deposits throughout Mongolia

## SKILLED TEAM - TRACK RECORD OF DISCOVERIES



# XANADU INVESTMENT CASE

## MONGOLIA'S LEADING COPPER-GOLD EXPLORER

### Advanced projects

- Excellent project momentum with Kharmagtai approaching moderate sized Cu-Au porphyry and multiple drill-ready Cu-Au targets at Oyut Ulaan

### Clear objectives

- Extend shallow, higher-grade mineralisation at Kharmagtai
- Organic growth potential via exploration and discovery

### Well funded

- Strong balance sheet, consolidating project interests, supportive register
- Funded to underwrite value-adding 2015 exploration program

### Strategic position

- Mongolia emerging as significant global copper-gold supplier
- South Gobi region has proven development potential

### Team to deliver

- Strong Mongolian, corporate and exploration credentials
- Strong national and corporate partnerships

### Attractive valuation

- Vision to be one of Asia's next mid-tier copper producers
- Targeting near-term milestones to create value

## MONGOLIA'S NEXT EMERGING **COPPER-GOLD PRODUCER**





XANADU MINES

**Mark Wheatley**  
**Executive Chairman**

m: +61 417 688 539  
t: +612 8280 7497  
Mark.wheatley@xanadumines.com

**Dr Andrew Stewart**  
**Chief Executive Officer**

m: +976 9999 9211  
t: +976 7013 0211  
Andrew.stewart@xanadumines.com

**Address in Australia**  
Level 12, 680 George Street  
Sydney, NSW, 2000

**Address in Mongolia**  
2nd Khoroo, AOS Street  
Military Town  
Bayanzurkh District  
Ulaanbaatar

**WWW.XANADUMINES.COM**

## Competent Persons Statements

The information in this report that relates to Mineral Resources is based on information compiled by Mr Andrew J. Vigar, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Vigar is employed by Mining Associates Limited in Hong Kong. Mr Vigar 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 Vigar consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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, which is incorporated in the database that was provided to Mining Associates for undertaking the resource estimate. Dr Stewart, who is an employee of Xanadu and is a Member of the Australasian Institute of Geoscientists. Dr. 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. Stewart consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.





## Resource Estimation

The Mineral Resource estimate for Kharmagtai was completed by external independent consultants Mining Associates Ltd. The Mineral Resource is reported according to the principles and guidelines of JORC 2012. It is based on a database containing 64,296 records from 265 holes, with a total of 91,837.8 metres drilled that was available as of 31 December 2014.

The Mineral Resource was tested for and found to have reasonable and realistic prospects for eventual economic extraction. It represents a realistic inventory of mineralisation within a conceptual open cut and underground mine design. The base case CuEq cut-off grade assumptions for each deposit were determined using cut-off grades applicable to mining operations exploiting similar deposits. The CuEq cut-off applied for the open pit was 0.3% CuEq and CuEq cut-off 0.5% CuEq applied to the underground.

The 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 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 ( $\text{CuEq} = \text{Cu}\% + (\text{Au (ppm)} \times 0.6378)$ ; Price assumptions: Cu (US\$2.60/lb) and Au (US\$1,300/oz) and a gold recovery factor of 70.85%.

