



XANADU
MINES

Unlocking Mongolia's Copper Belts

INVESTOR PRESENTATION | OCTOBER 2015

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Xanadu Past Year Highlights



Driving Ahead In Copper Hotspot

- Kharmagtai one of the most promising Cu-Au projects globally;

One of the highest grade porphyry discoveries

Maiden JORC Resource of 1,533 Mlb Cu & >2 Moz Au*

- Drilling success set to extend resources;

Longest intersection & highest grades to date

High-grade Cu-Au mineralisation at surface

- Advanced portfolio of quality projects.

**ASX announcement dated 19 March 2015 "Kharmagtai Maiden JORC Resource."
Table 1 information dated 19 March 2015 continues to apply.*



Corporate Snapshot



Capital Structure

Share price¹ A\$0.13

Issued shares 374.7m

Market capitalisation A\$48.7m

Cash² A\$2.5m

Debt³ A\$8.6m

Enterprise Value A\$54.8m

Undrawn debt US\$1.5m

3.0m Jun 2016 options exercisable at A\$0.60-1.80

5.5m share rights (exercise prices A\$0.14-0.19)

35m Oyut Ulaan project JORC milestone options

1. as at 6 October 2015

2. as at 30 September 2015

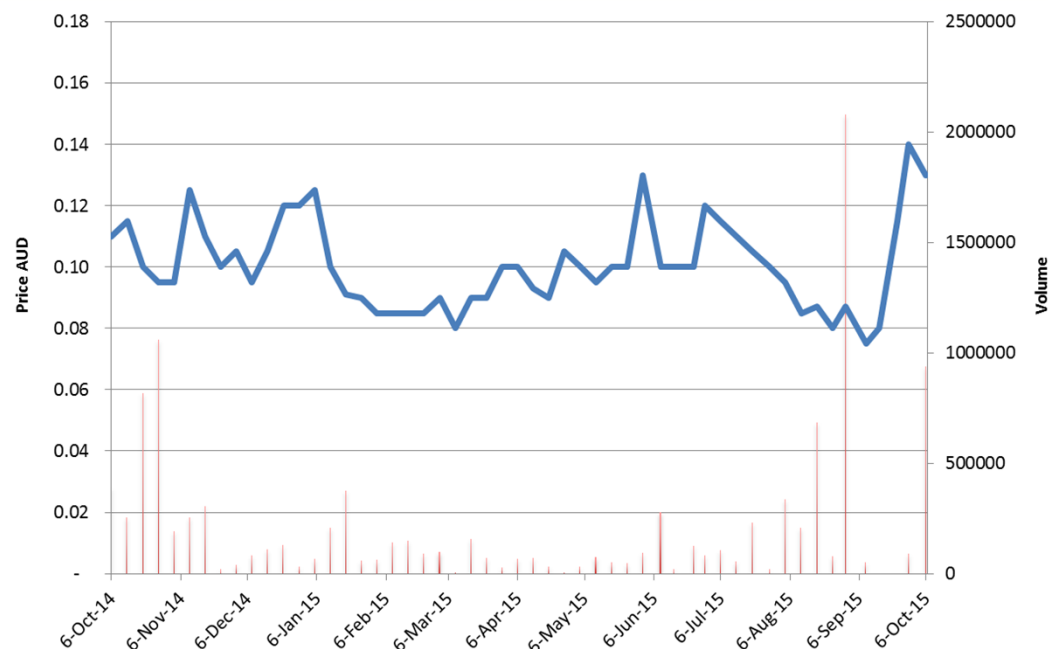
3. term loan due July 2017 and Kharmagtai deferred consideration due July 2016

Major Shareholders

ACA Associated Interests 27.2%

Noble Group 9.0%

Sakari Energy 6.9%



Strategic Partners

Asia Capital & Advisors



Noble Group



Mongol Metals LLC

National Partnership



Research

Bell Potter



Exploration – a key pillar for growth

- Focused on our strength as a proven explorer;
- Conversion of exploration assets into mineable deposits;
- Our strategy for continued growth is underpinned by our focus on Cu & Au porphyries;
- Our vision is to build long-term value for shareholders by becoming the next internationally competitive mid-tier copper & gold company in Asia.

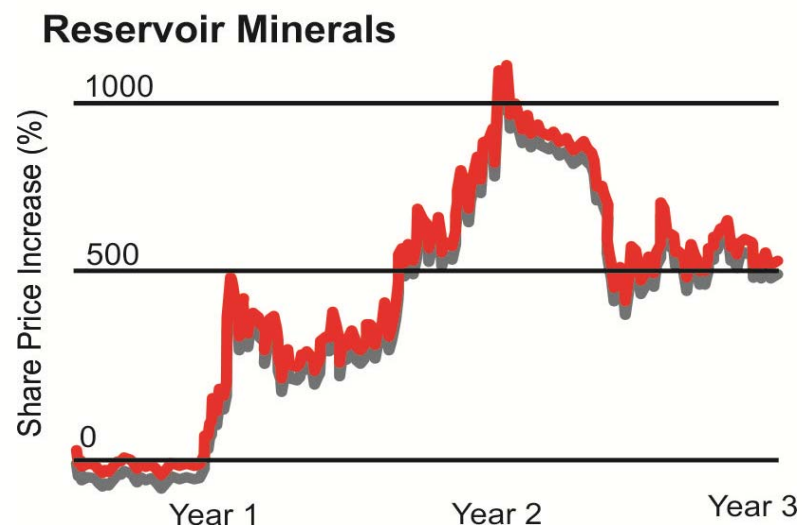
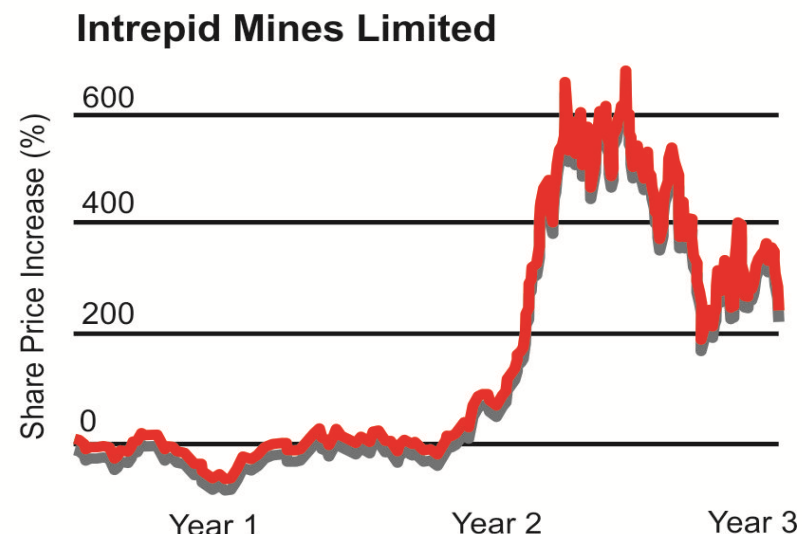


Quartz stockwork: 2 m @
1.63% Cu & 6.9 g/t Au

Creating Value Through Discovery

Exploration Business

- High risk = high reward;
 - Turning discoveries into value for share holders;
 - We are looking for world class deposits;
 - Rerating through discovery;
1. Intrepid Mines Limited - Tujuh Bukit Discovery
 2. Reservoir Minerals - Cukaru Peki Discovery



Focused on the right commodities

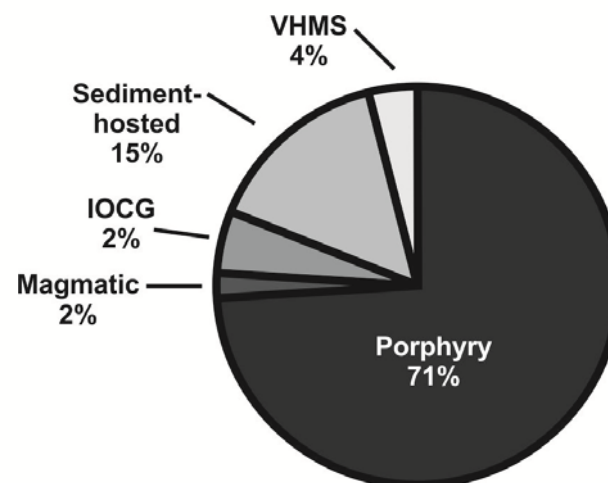
Copper outlook is robust

- Copper is exposed to infrastructure and consumer growth;
- No significant substitution risk;
- Significant deficits expected to emerge beyond 2018 – grade decline and higher strip ratios;
- Gold is a great by-product;
- Production cutbacks helping to revive copper price.

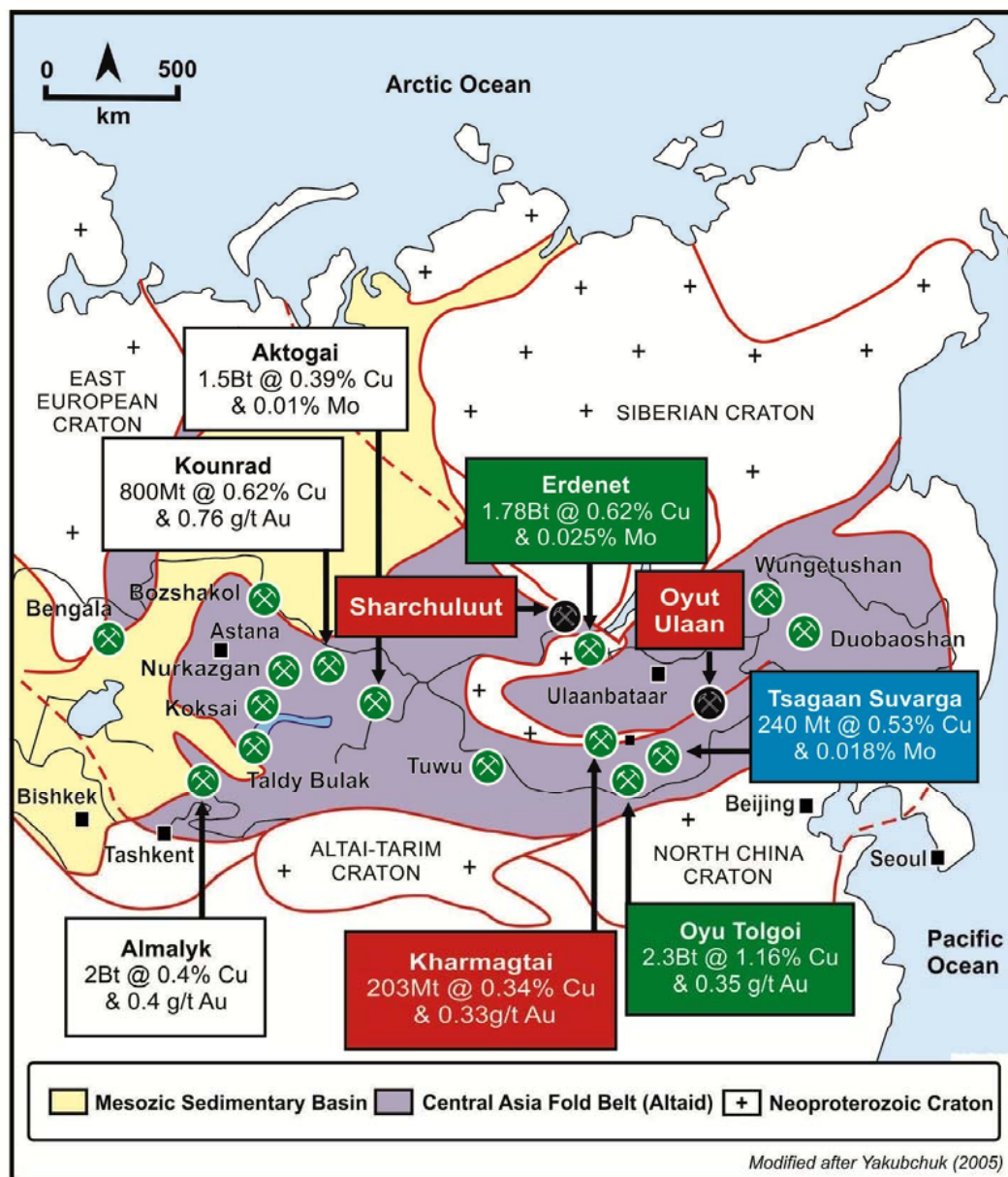
Copper outlook remains positive



World copper endowment by deposit type



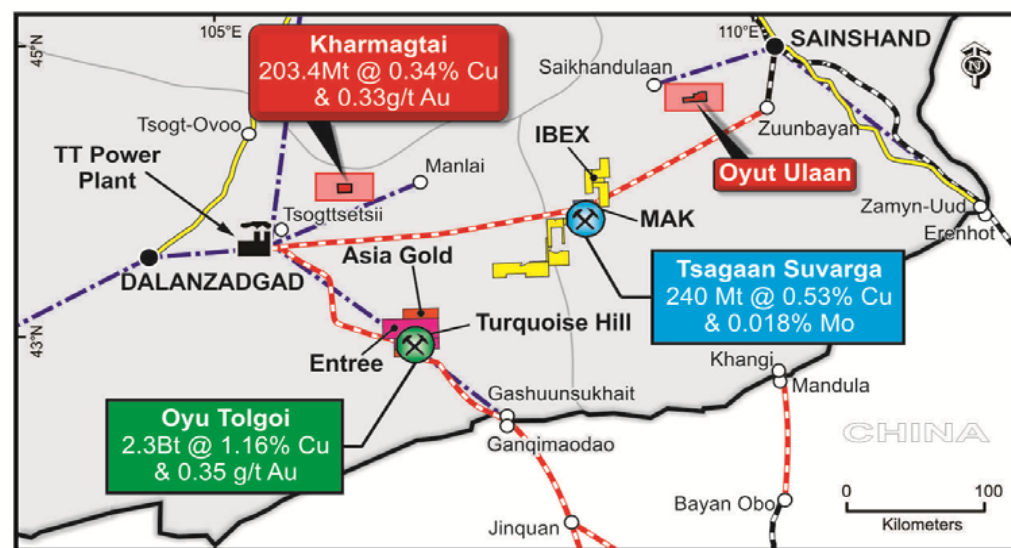
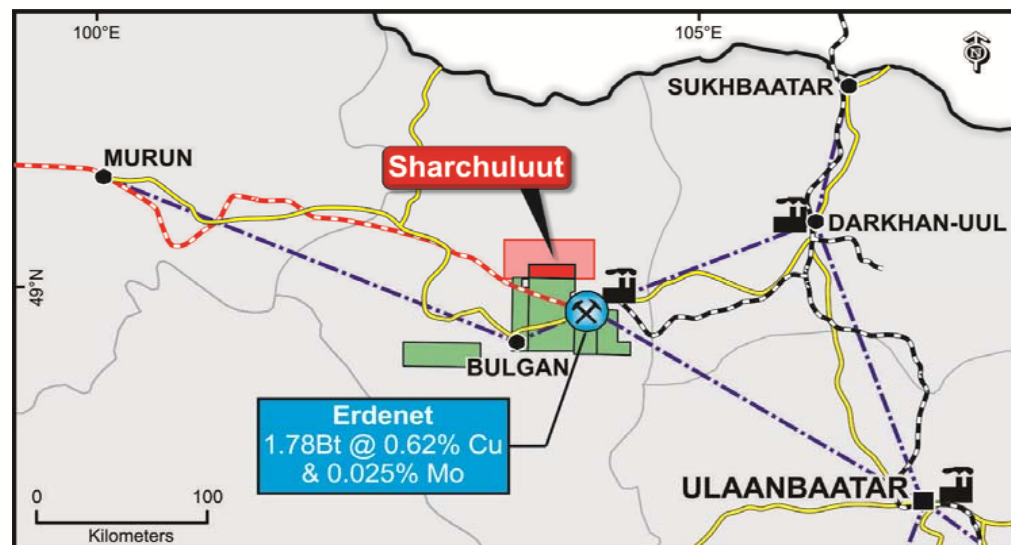
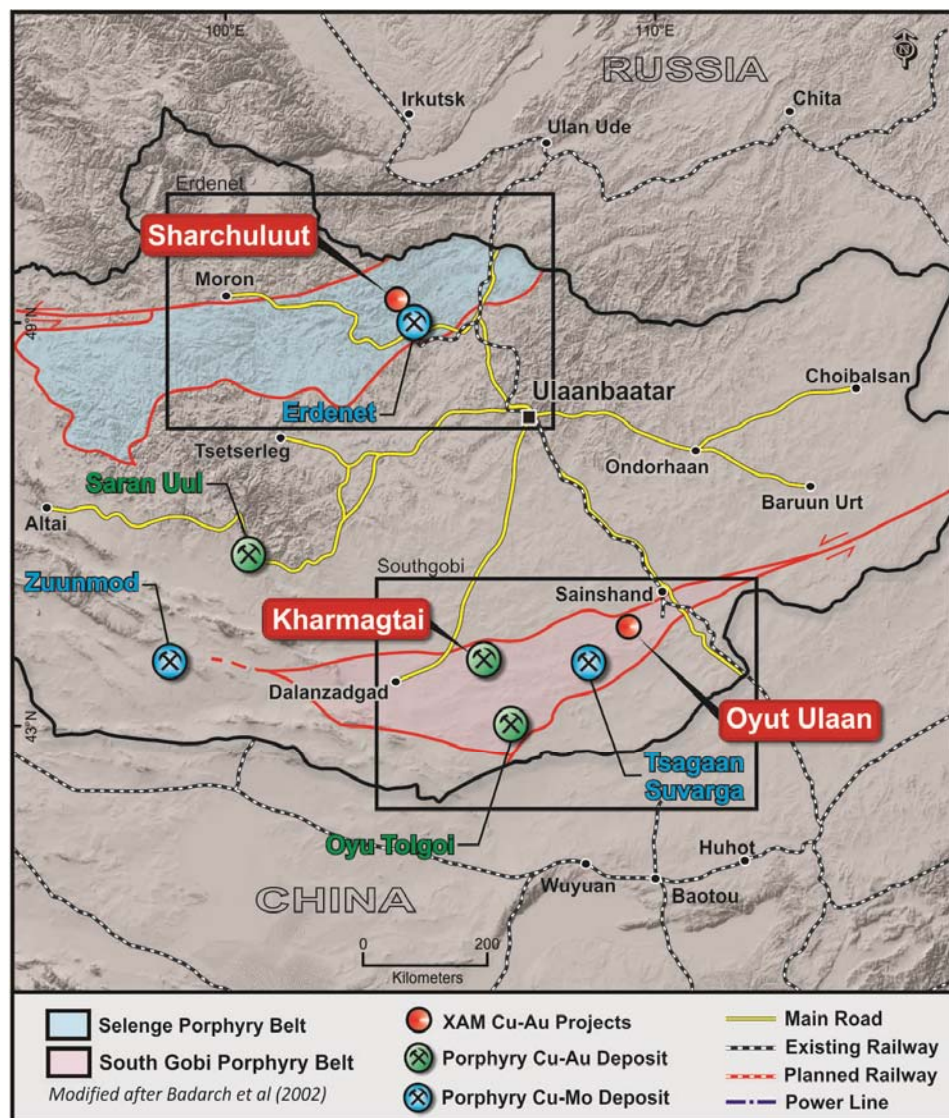
Projects strategically located



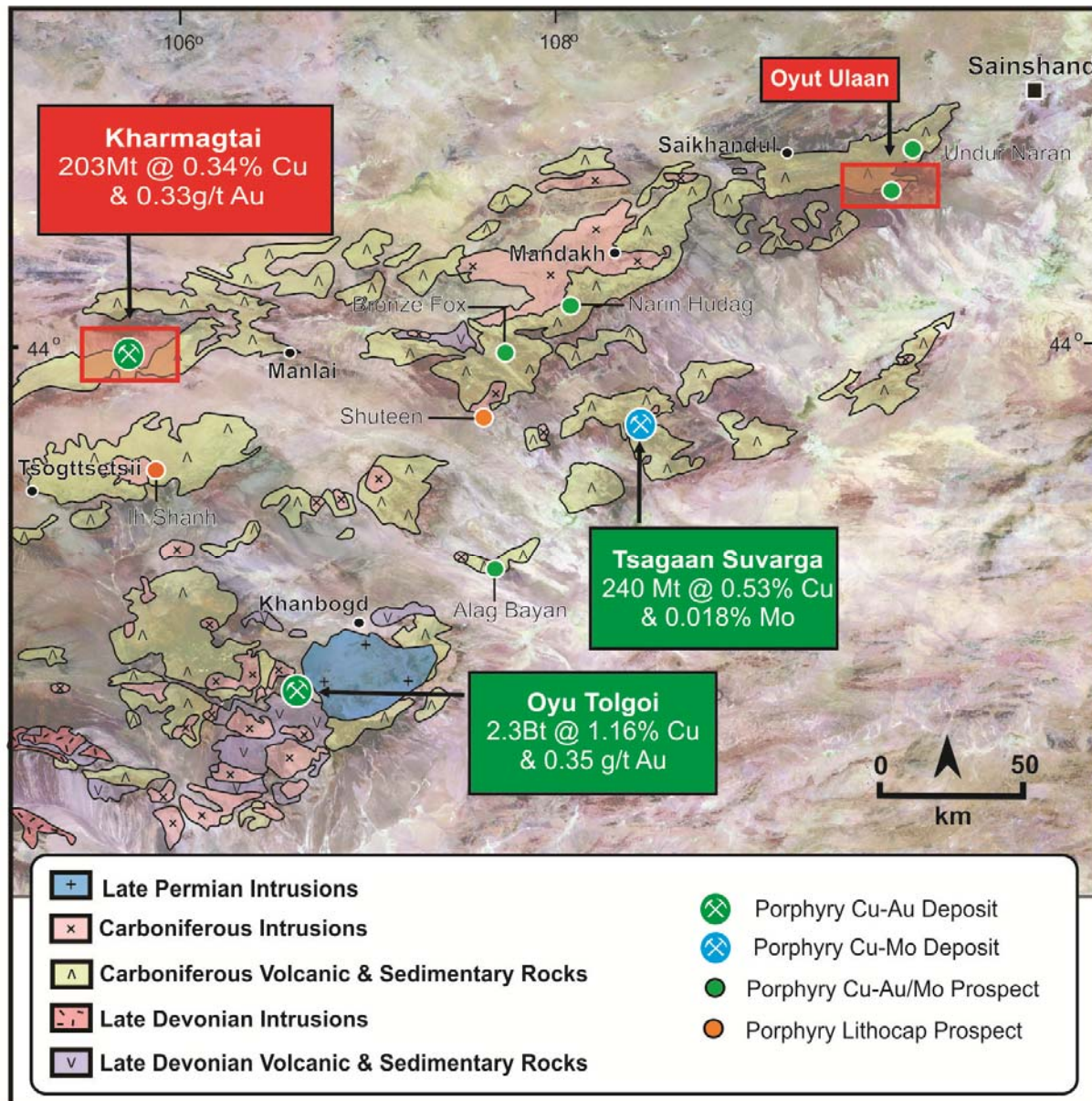
- One of the last great exploration frontiers;
- Fourth most endowed copper province globally;
- Highly mineralised & vastly underexplored mineral belts known to host large deposits;
- Current annual production is approximately 1.35 Mt Cu;
- Proximity to infrastructure and the North Asia market.

Mongolia's Porphyry Copper Belts

Advanced portfolio of quality projects



South Gobi Copper Province

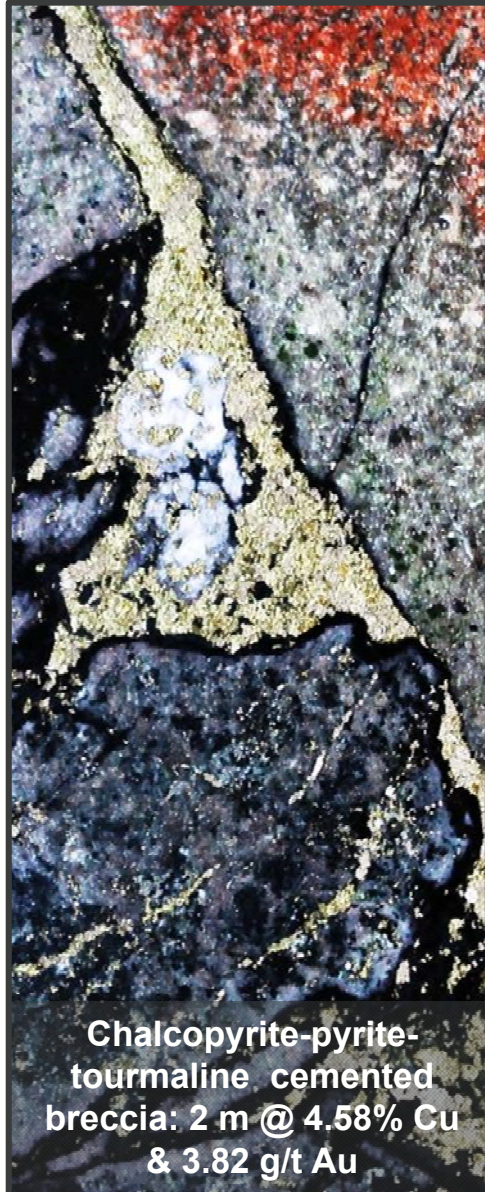


- Large tenement holding in South Gobi Porphyry Belt;
- Highest ranked porphyry copper belt in Central Asia;
- Giant porphyry-related copper and/or gold deposits are related to a range of magmatic events;
- Significant deposits in development & production.

Experienced Team of Explorationists



Track record of value creation



Chalcopyrite-pyrite-tourmaline cemented breccia: 2 m @ 4.58% Cu & 3.82 g/t Au

Mark Wheatley

Chairman

Engineer with over 30 years experience. Formerly Director of St Barbara Mines Limited and Uranium One Inc.

Ganbayar Lkhagvasuren

Executive Director

Co-founder of Xanadu and a Director since August 2006. Brings a vital Mongolian perspective to the Board of Directors.

Hannah Badenach

Non-Executive Director

Director Mongolia at Noble Resources International.

Darryl Clark

Non-Executive Director

Over 20 years as Geologist with BHP Billiton and SRK and senior exploration roles in Mongolia with Ivanhoe and Vale.

Marcus Engelbrecht

Non-Executive Director

Well-rounded senior mining executive with both mining and exploration management experience with a strong finance background.

Barry Lavin

Non-Executive Director

Accomplished senior mining executive who spent 18 years with Rio Tinto. Previous Managing Director at Northparkes Mines JV.



Andrew Stewart

Chief Executive Officer

Exploration geologist with over 15 years experience. Particular expertise in porphyry copper deposits.

Munkhbat Baatar

Exploration Manager

Exploration geologist with over 20 years of experience. Primarily focused on porphyry copper exploration throughout the South Gobi region of Mongolia.

Dorjsuren Otgonbayar

Senior Geophysicist

Exploration geophysicist with over 10 years experience. Has held senior positions at Vale focused primarily on porphyry copper exploration.

Batbaatar Nyamsuren

Senior Geologist

Has over 20 years porphyry exploration experience. Currently leads the Xanadu reconnaissance exploration team.

Batbayar Enkhbold

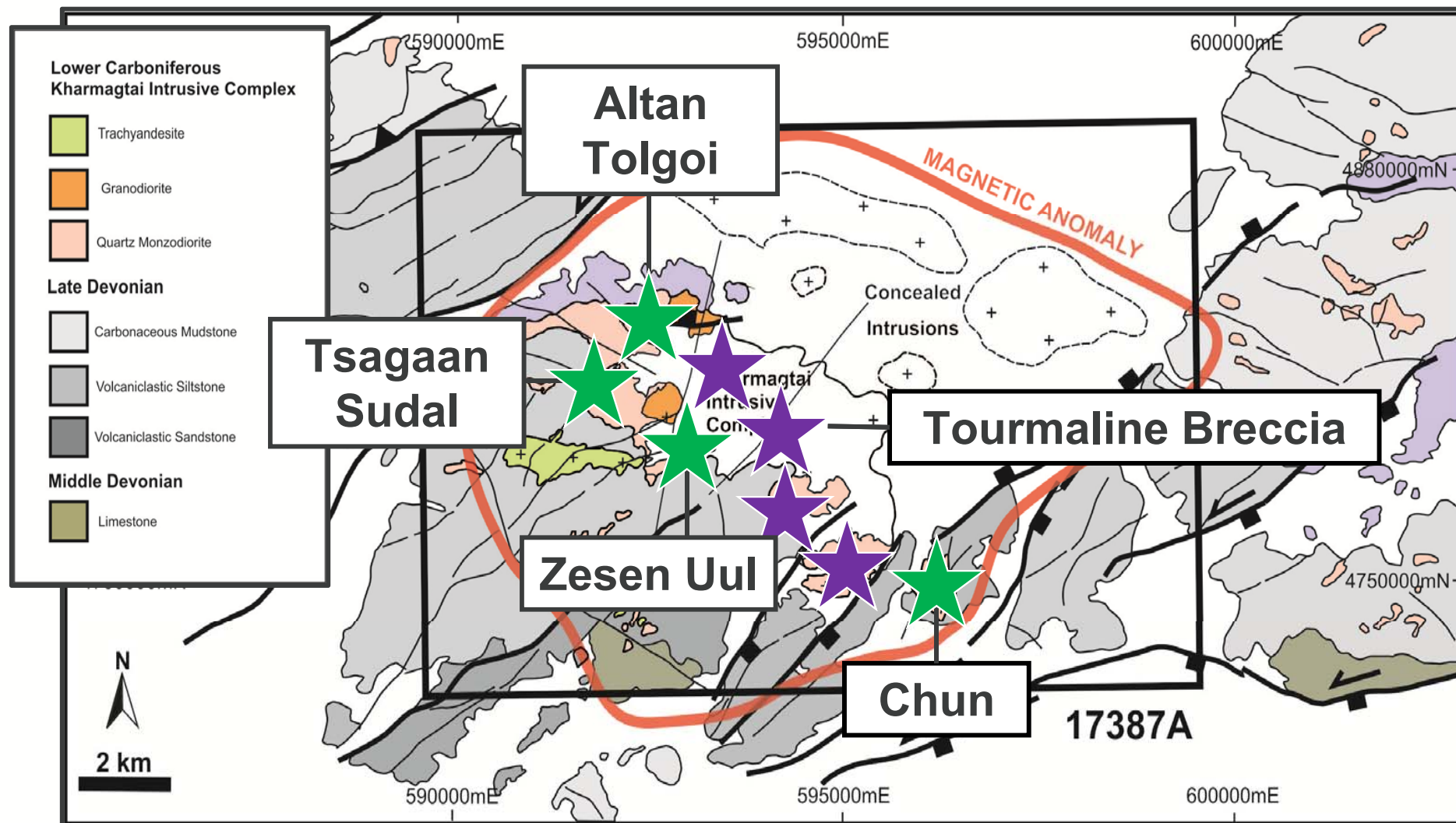
Senior Geologist

Experienced exploration geologist who previously worked at East Asia Minerals in Indonesia.



Kharmagtai Porphyry Project

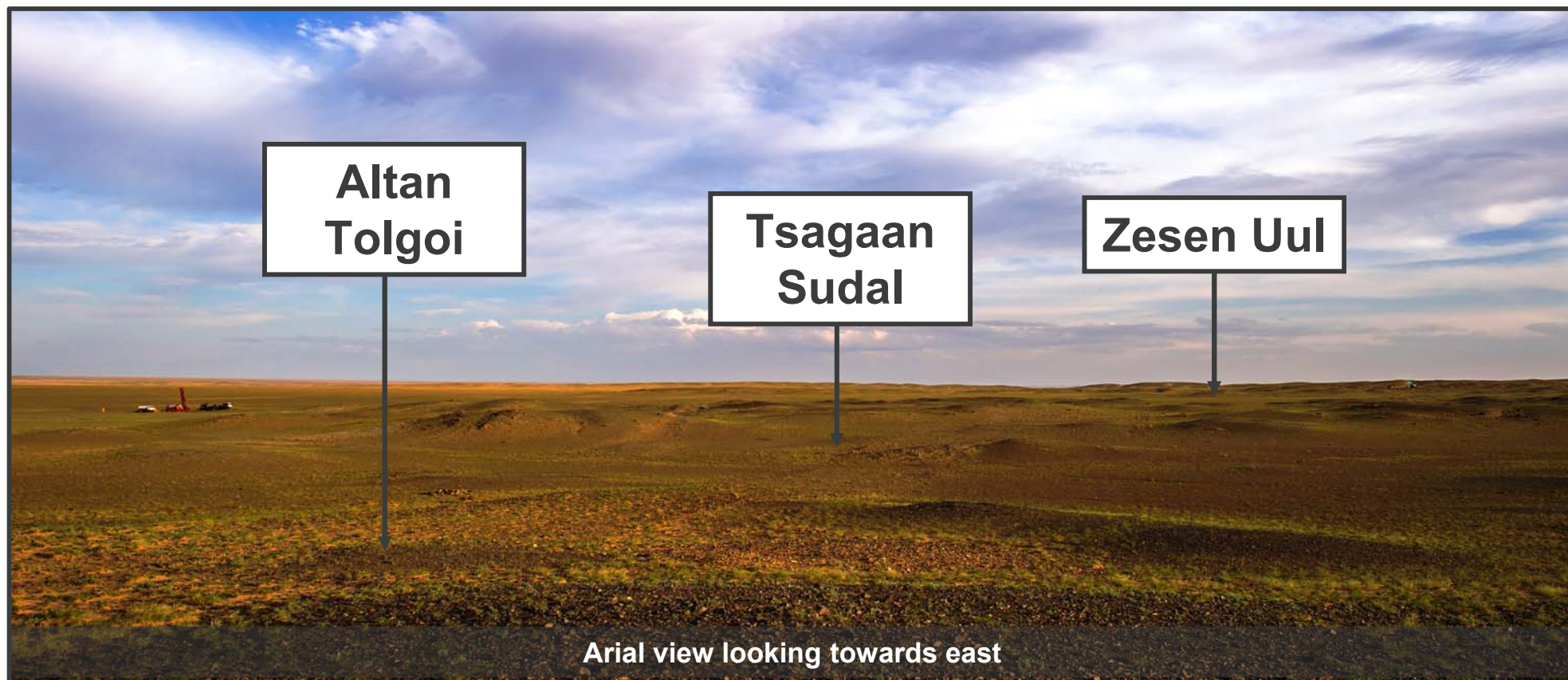
Multiple porphyry & late-stage breccia centres



Kharmagtai Copper- Gold Project

Panorama of Kharmagtai

Outcrop throughout the Kharmagtai district is sparse
Quaternary sand covers over most of the mineralisation





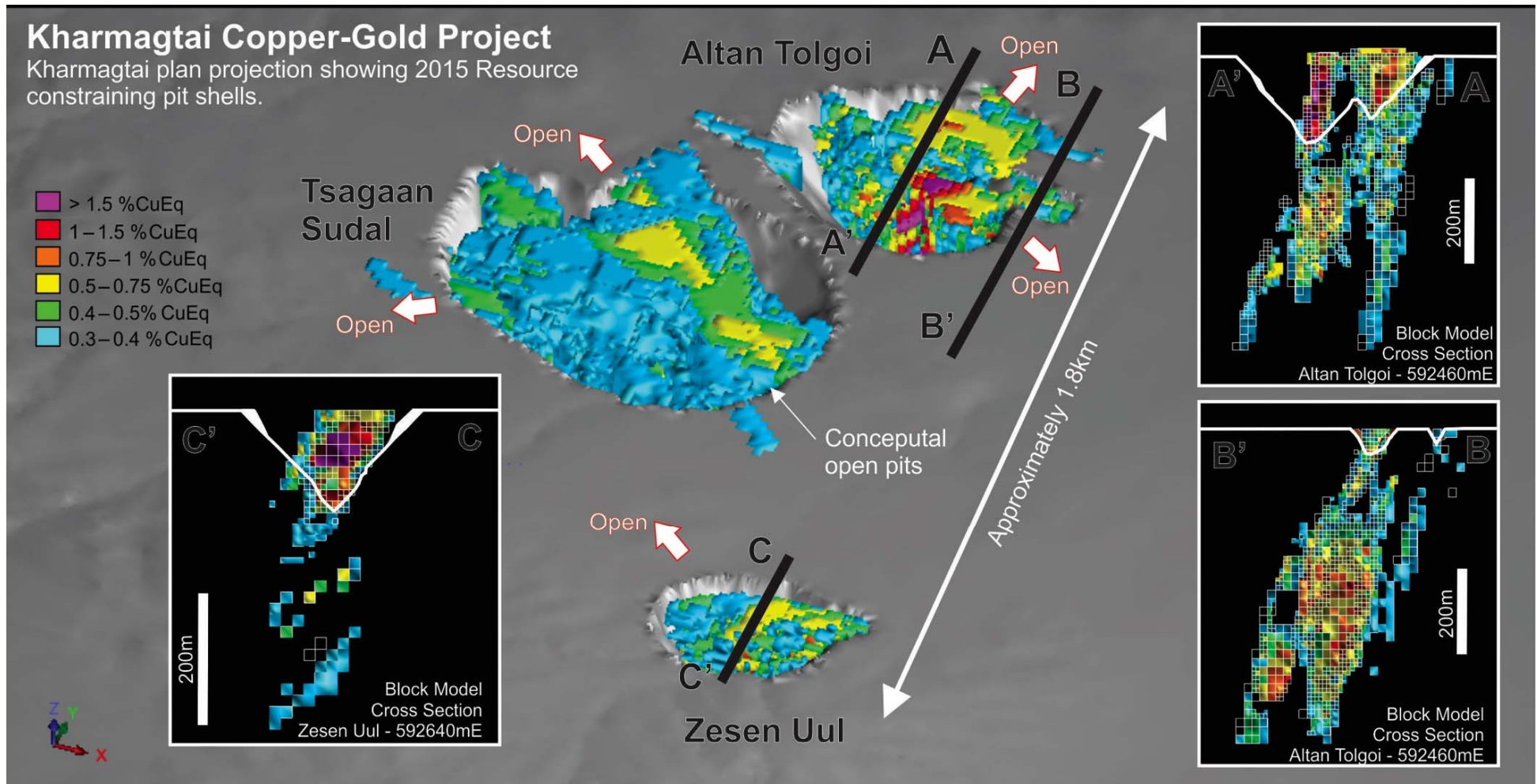
Quartz stockwork: 2 m @
1.63% Cu & 6.9 g/t Au

Maiden Mineral Resource estimate

- Resource of 203Mt containing 1,500Mlb Cu & 2.2Moz Au;
- Higher grade core of 56 Mt at 0.47 % Cu and 0.59 g/t Au (0.85 % Cu equivalent);
- Large porphyry style deposit with multiple near-surface, gold-rich zones;
- Mineralisation outcrops at surface and remains open at depth;
- Resource only a small portion what appears to be a large mineral system.

Kharmagtai Copper- Gold Project

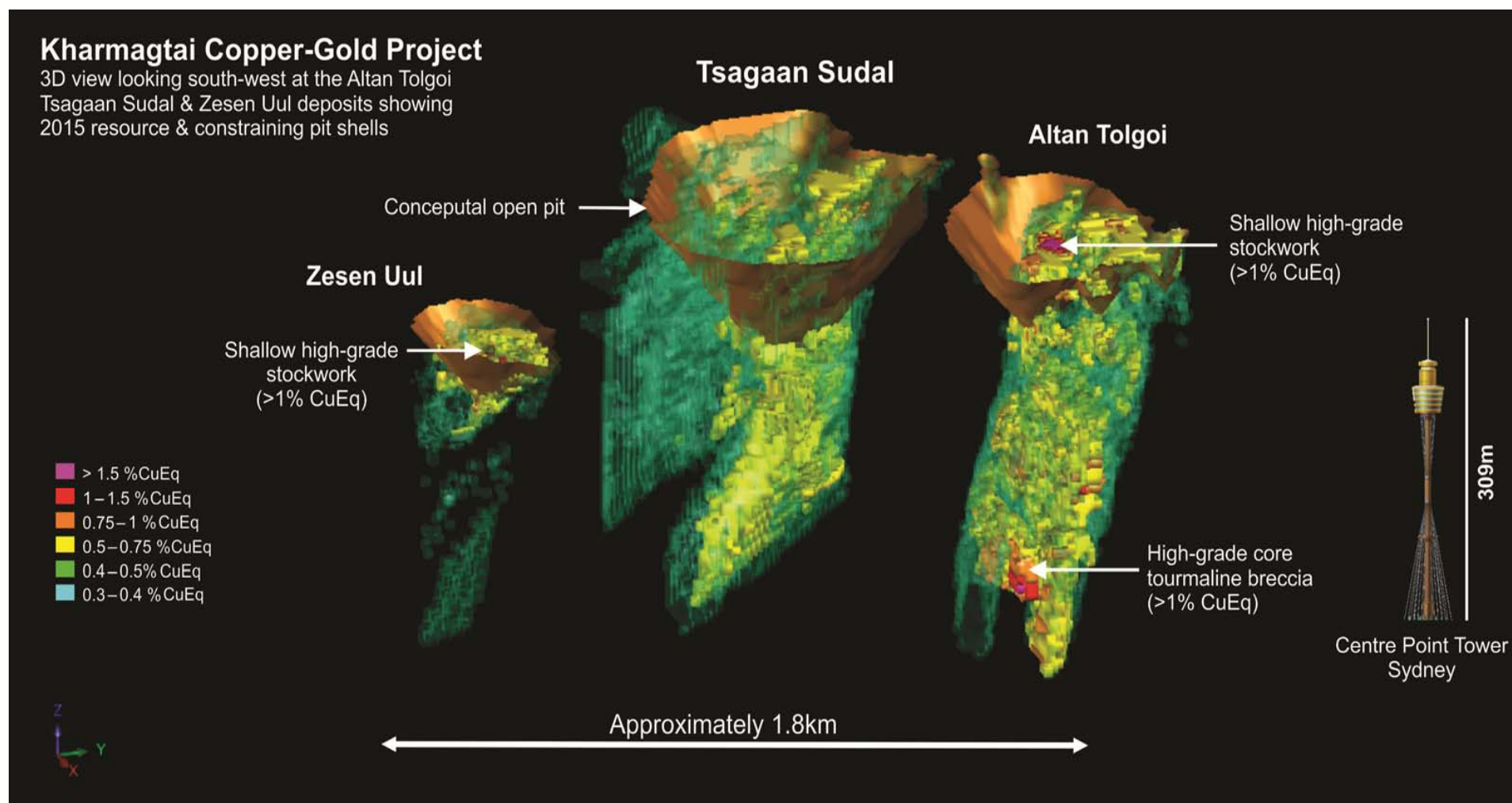
Resource constrained by open-cut pit shells



*ASX announcement dated 19 March 2015 "Kharmagtai Maiden JORC Resource."
Table 1 information dated 19 March 2015 continues to apply.

Kharmagtai Copper- Gold Project

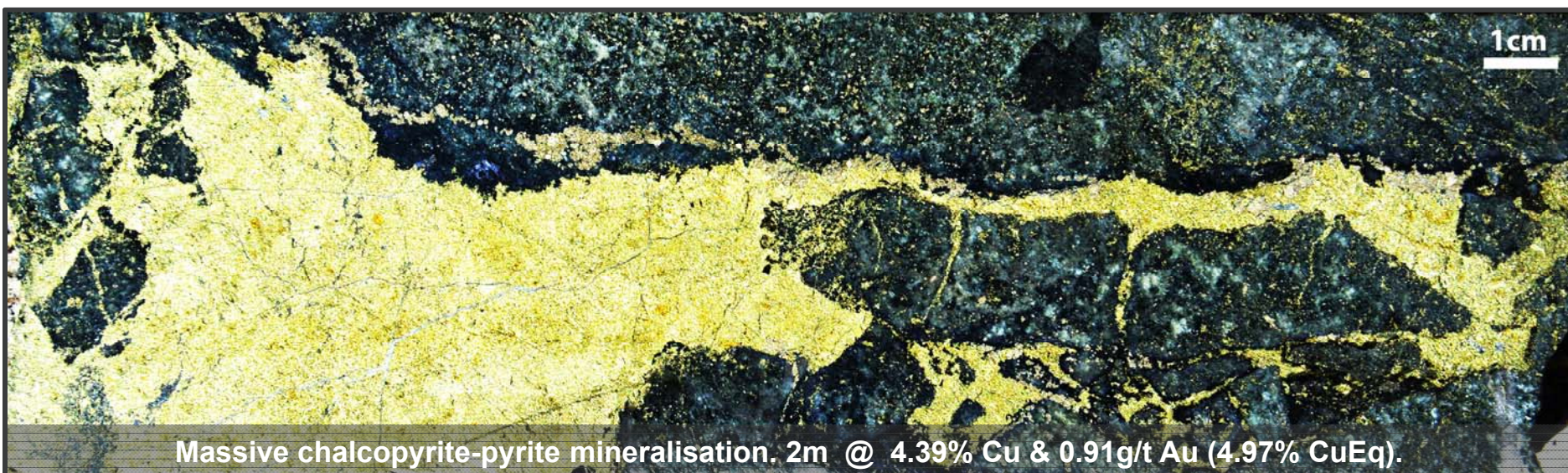
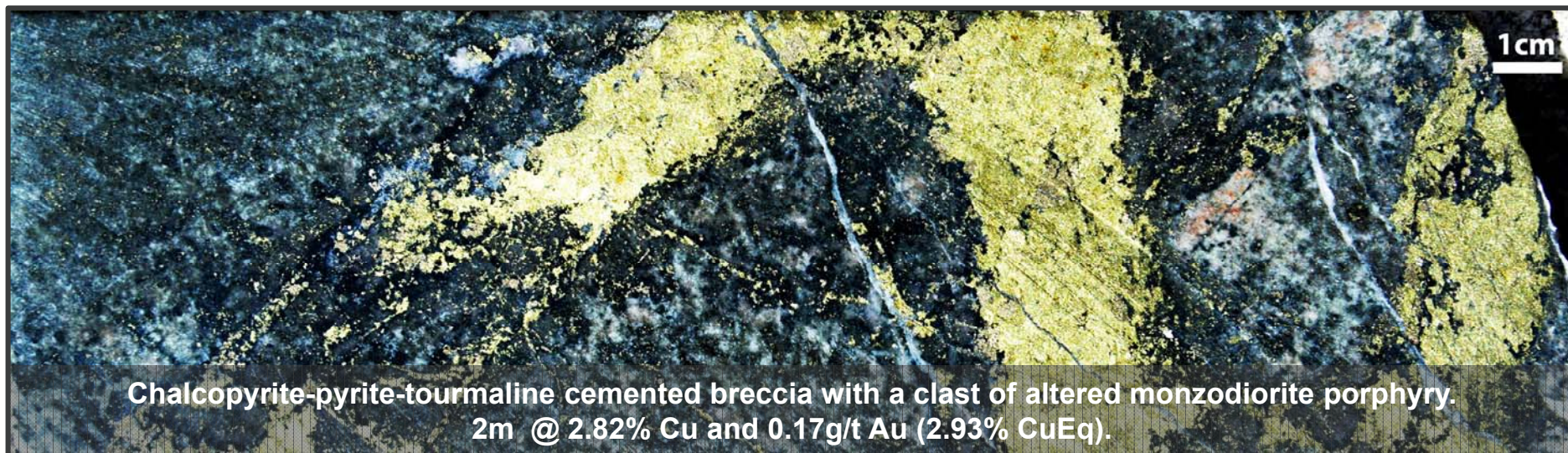
3D view looking south-west at the deposits



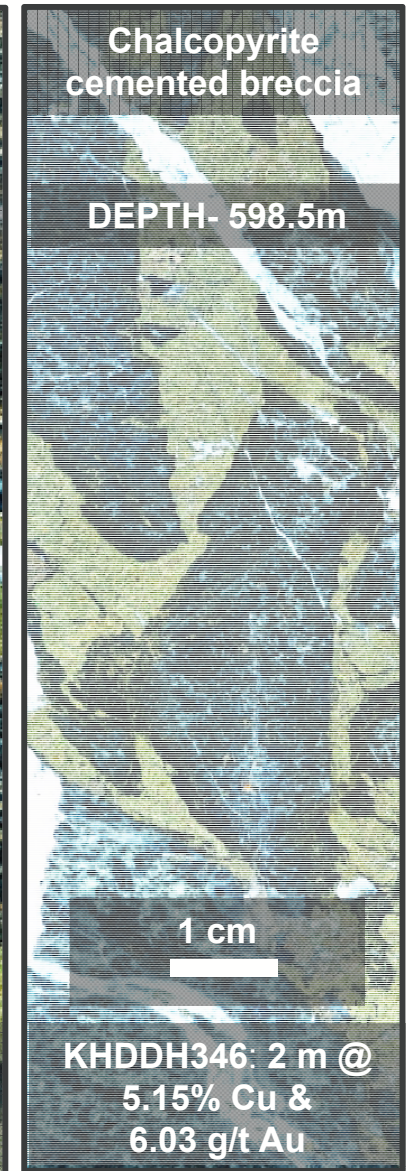
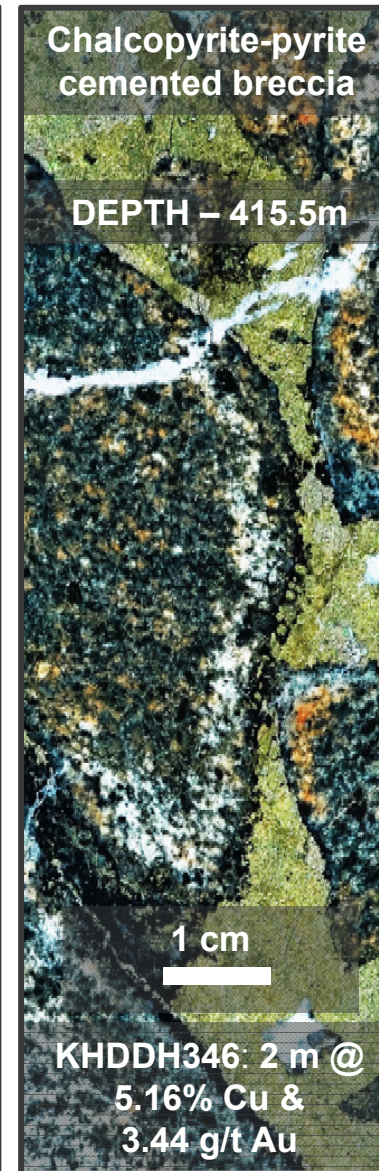
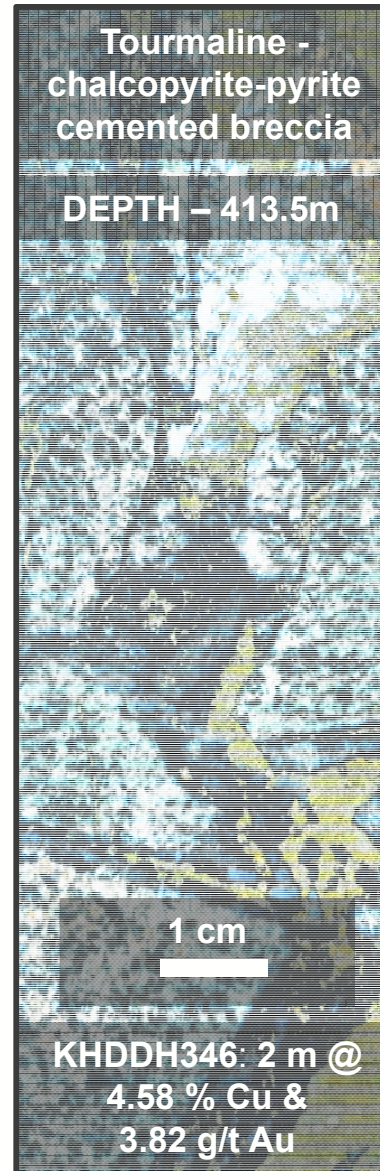
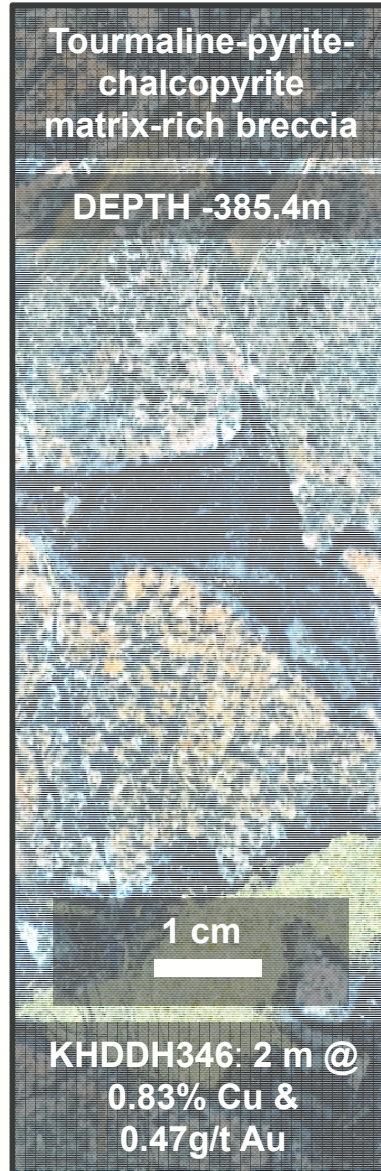
*ASX announcement dated 19 March 2015 “Kharmagtai Maiden JORC Resource.”
Table 1 information dated 19 March 2015 continues to apply.

A Significant New Discovery

Longest intersections & highest grades

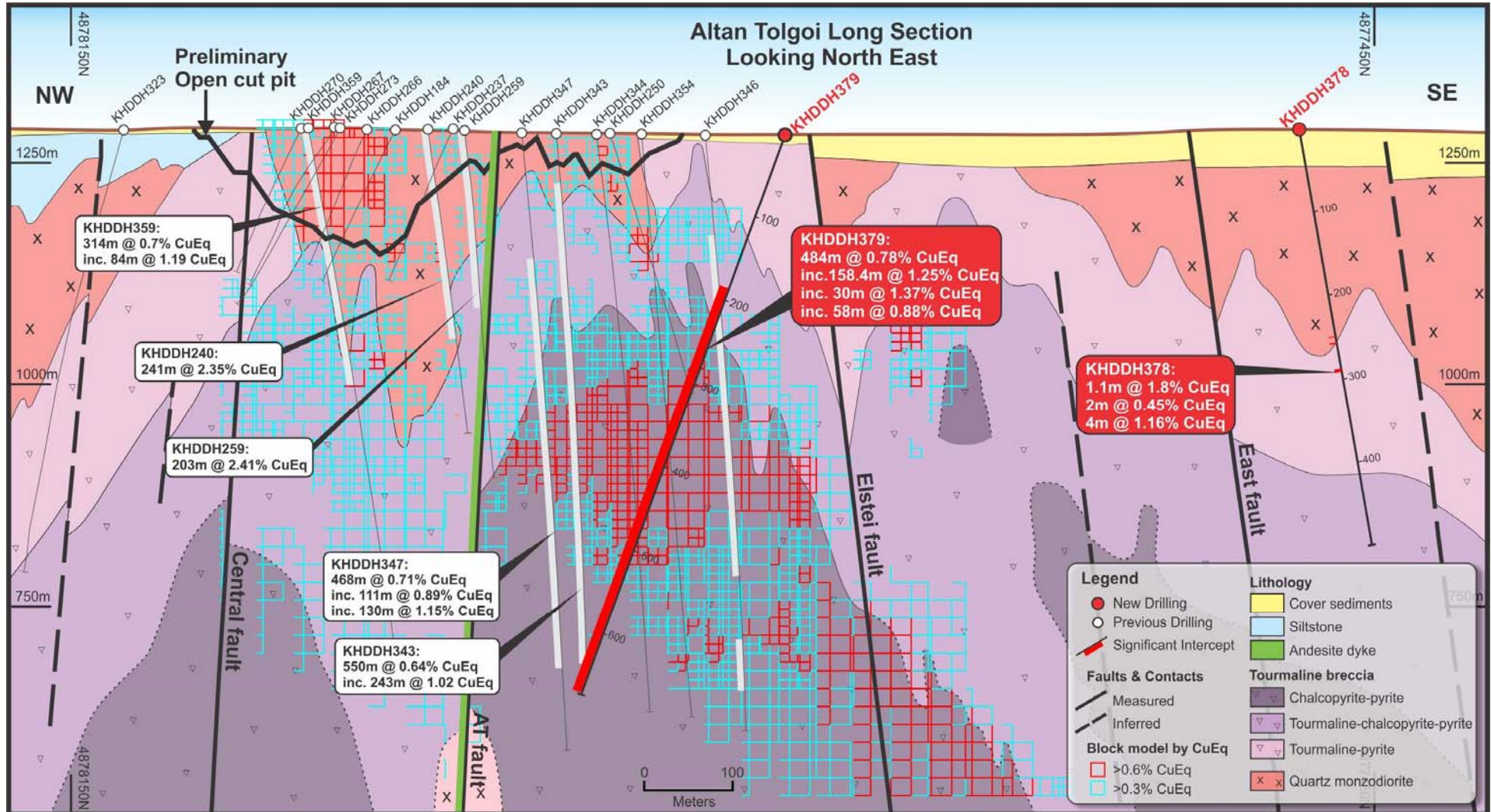


Where is the bornite core to the breccia?

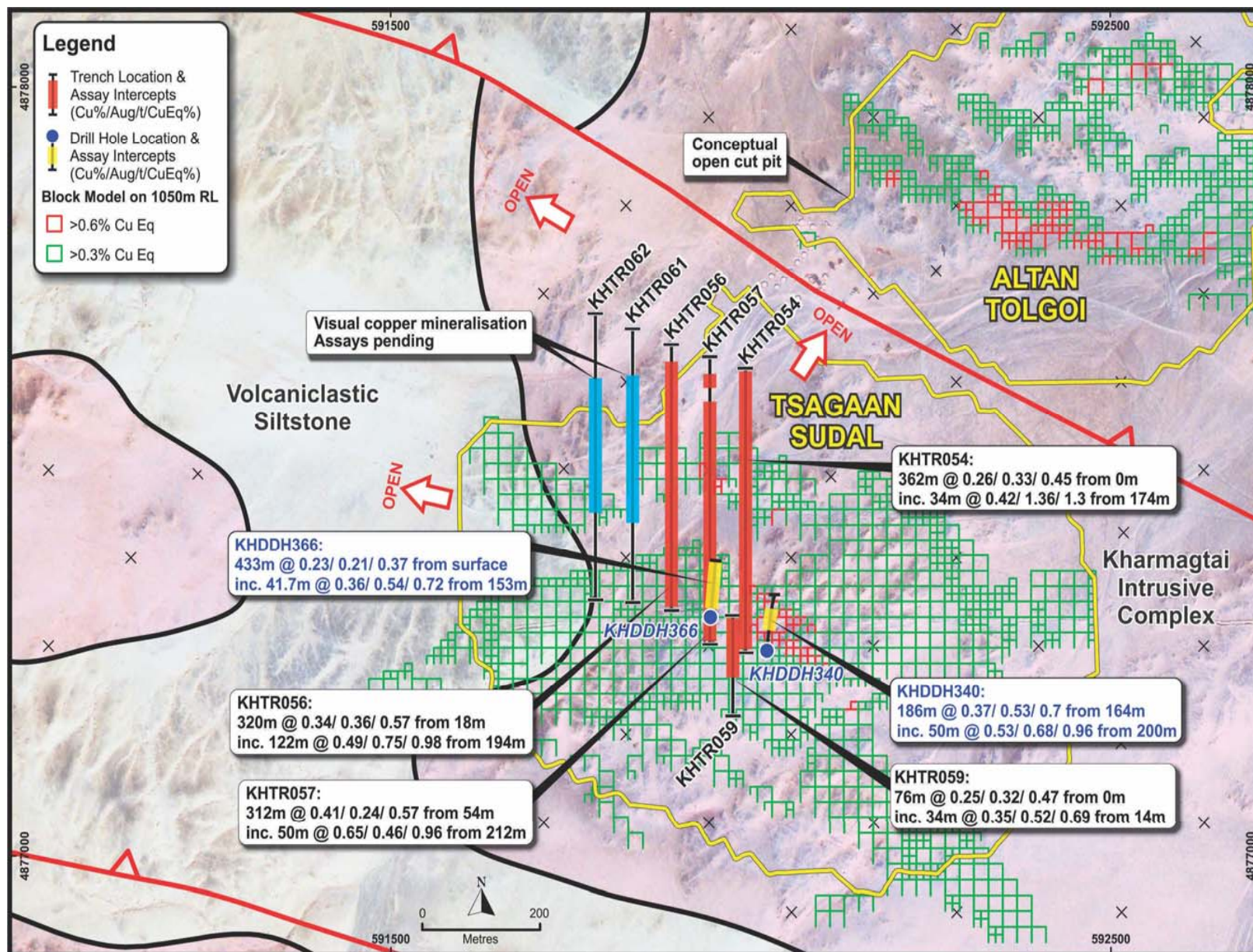


Multiple Development Options

Longest intersections & highest grades



High-Grade Trenches Raise Upside

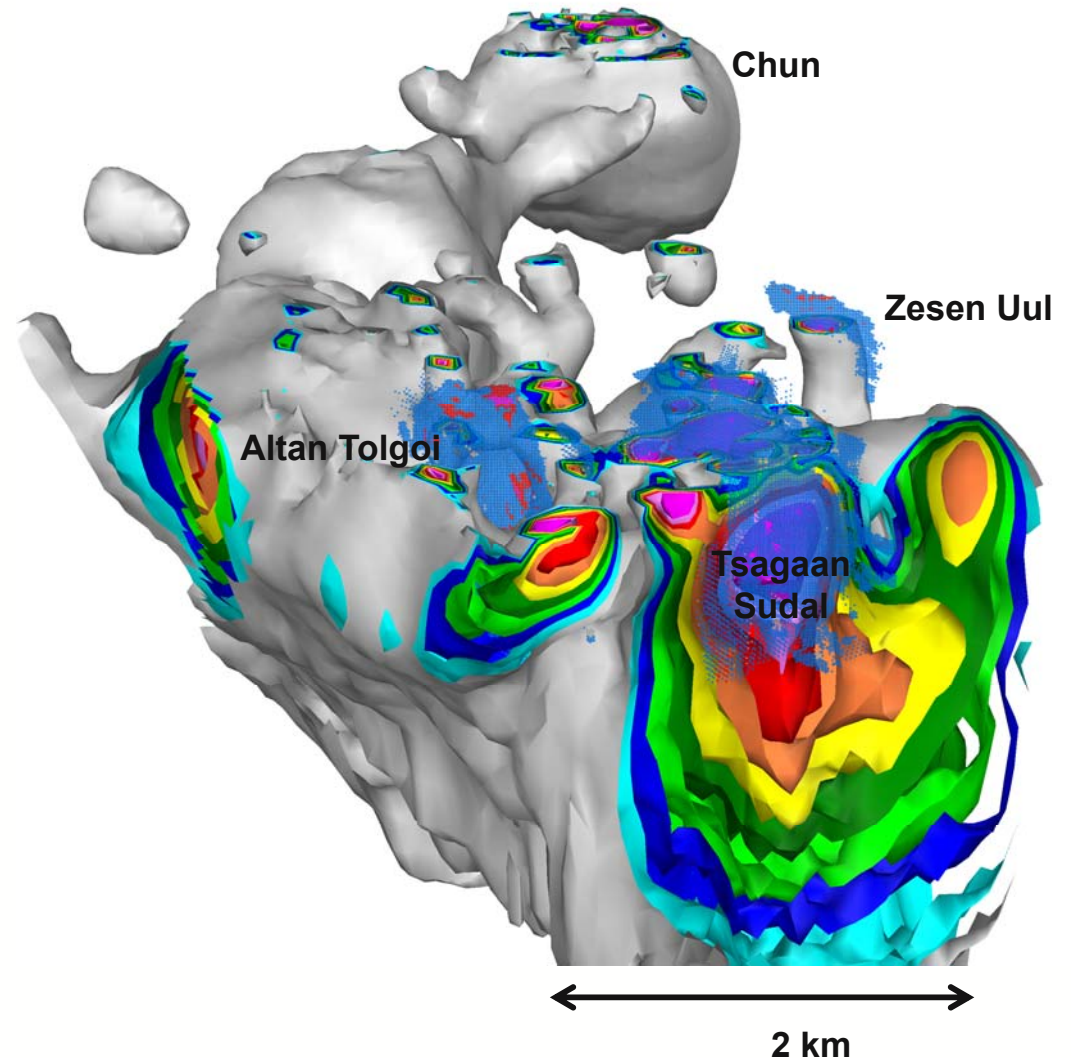


Unlocking the Potential

Targeting new discoveries

- Technical approach;
- Drilling underway
 1. Test near-surface strike extensions
 2. High priority targets under shallow cover
- Excellent potential to expand resources;
- Low cost exploration DDH (all in costs of ~ \$US150/m).

Magmatism vector inversion model





A simple investment proposition

1. Mongolia is 'open for business';
2. Focused on the right commodities;
3. Very experienced in-country team;
4. Fully-funded exploration program underway;
5. Low cost exploration – bang for your dollar;
6. Excellent potential to extend resources;
7. Confident of further discoveries;
8. Established portfolio of quality projects.



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Sydney, NSW, 2000

Kharmagtai Resource Estimate



Mineral Resource Estimates Statement – Project Resource

- JORC 2012 categorised Mineral Resources for the Kharmagtai Copper Gold Project have been classified as indicated and inferred confidence categories on a spatial, areal and zone basis and are listed in the table below.
- A cut-Off 0.3% CuEq within a Whittle Pit Shell and 0.5% CuEq below a Whittle Pit Shell.

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

See ASX announcement dated 19 March 2015 “Kharmagtai Maiden JORC Resource” for full details of resource estimation methodology and attributions. Note: All figures may not sum exactly due to rounding.

Kharmagtai Resource Estimate



Mineral Resource Estimates Statement - Higher grade Resource

- JORC 2012 categorised Mineral Resources for the Kharmagtai Copper Gold Project have been classified as indicated and inferred confidence categories on a spatial, areal and zone basis and are listed in the table below.
- A cut-off 0.6% CuEq within a Whittle Pit Shell and 0.6% CuEq below a Whittle Pit Shell.

Deposit	Mining Method	Cut-Off CuEq(%)	Resource Category	Material (Mt)	Grade			Metal	
					Cu(%)	Au(g/t)	CuEq(%)	Cu(Mlb)	Au(Koz)
All	OC	0.3	Indicated	23	0.41	0.55	0.76	203	401
			Inferred	107	0.27	0.24	0.42	641	833
			Subtotal	129	0.30	0.30	0.48	844	1,234
	UG	0.5	Indicated	24	0.43	0.47	0.73	225	359
			Inferred	51	0.42	0.36	0.64	463	591
			Subtotal	74	0.42	0.40	0.67	688	950
	Combined		Indicated	46	0.42	0.51	0.74	428	759
			Inferred	157	0.32	0.28	0.49	1,104	1,424
			Total	203	0.34	0.33	0.55	1,533	2,184

See ASX announcement dated 19 March 2015 “Kharmagtai Maiden JORC Resource” for full details of resource estimation methodology and attributions. Note: All figures may not sum exactly due to rounding.

Competent Person Statement



Kharmagtai Mineral Resource estimate: The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement.

The information in this presentation 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 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 presentation of the matters based on his information in the form and context in which it appears.

Exploration Results: The information in this presentation 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 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 this presentation of the matters based on his information in the form and context in which it appears.

Copper equivalence: When used is calculated using the following formula: $CuEq = Cu(\%) + Au (g/t) \times 0.6378$, based on a copper price of \$2.60/lb, and a gold price of \$1300/oz, with assumed recoveries of 90% for copper and 70.85% for gold.