

23 December 2015

CHAIRMAN'S EGM ADDRESS

Since we last spoke together, the Company has made progress on a number of fronts in what has been a difficult environment for commodities and junior miners.

I am particularly pleased with the support we have recently received from existing and new shareholders, large and small, to raise the \$8.8 million in capital via the placement and SPP. I have had good feedback on the pricing relative to market price we achieved as well.

The equity market for commodities is the worst I have seen so this is an outstanding achievement and we plan to use every dollar wisely. Commentators are divided on the outlook for copper, however, I think most agree that the copper price must improve in the future, but the argument is over exactly when, so strong statements from me on when is not wise. What I can say is that value can still be created in a bad market through discovery and this is our aim. The copper price and markets will improve but we control what we can control; strategy, cash and where we drill and explore.

Exploration has recommenced, as recently advised, and Andy will cover this in his presentation.

I am pleased to report that the Board has been significantly strengthened with the appointment of our new Director, Marcus Engelbrecht. It is a big help to have a Director that has been an experienced mining executive in large and smaller companies as a nominee of our largest shareholder, ACA, and all shareholders will be better off with his appointment.

Lastly, I would like to acknowledge the efforts of our Board, our CEO, and Management and all staff. We've been successful in tough times.

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Chairman, Xanadu Mines Ltd

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