



Unlocking Mongolia's Copper-Gold Belts

PROACTIVE INVESTOR BRIEFING PRESENTATION | MAY 2016

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Unlocking Mongolia's copper-gold belts

- ASX listed Mongolian Cu-Au exploration company;
- Proven explorer with track record of success;
- Experienced team with deep regional knowledge;
- Strategic position in a world-class Cu-Au province;
- Growing gold-rich copper JORC resource base;
- Advanced projects with scale and high-grade;
- Well funded with and in discovery phase;
- Recent high grade gold discovery;
- Mongolia back on radar with investors.

Corporate snapshot



Well positioned junior copper-gold explorer

Capital structure

Share price (29 Apr 2016)	A\$0.23
Issued shares	445.3m
Market capitalisation	A\$102.4m
Cash (31 Mar 2016)	A\$4.7m
Debt ¹	A\$4.8m
Enterprise value	A\$102.5m
Undrawn debt	US\$1.5m

Broker Research

Bell Potter Buy (\$0.35)

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

5.25m share rights (vesting prices A\$0.14-0.31)

35m Oyut Ulaan project JORC milestone options

1 - term loan due July 2017 (US\$2.7m) and Kharmagtai deferred consideration due April 2016 (US\$1.0m).

Relative share price performance



Major shareholders

Asia Capital & Advisors	26.6%
Noble Group	7.9%
Fast Lane Australia	5.7%



Xanadu Mines Limited (ASX:XAM)

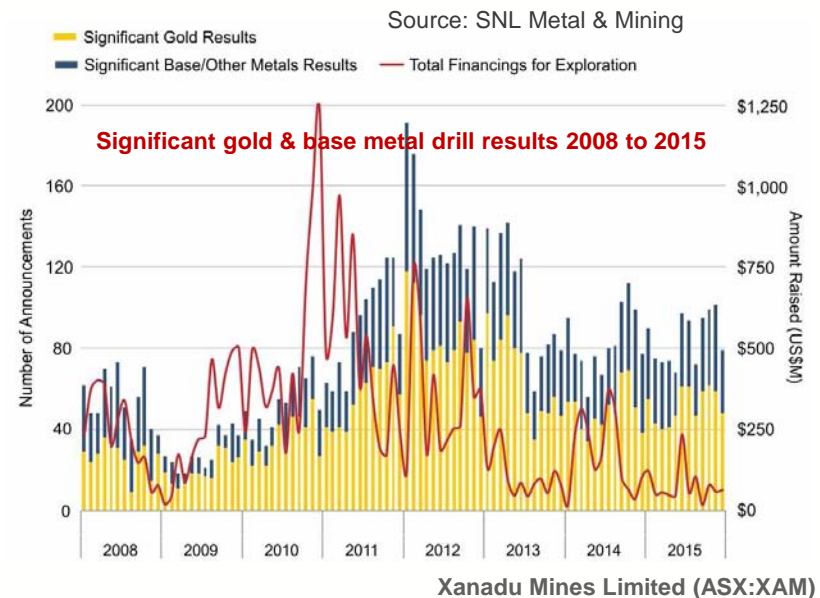
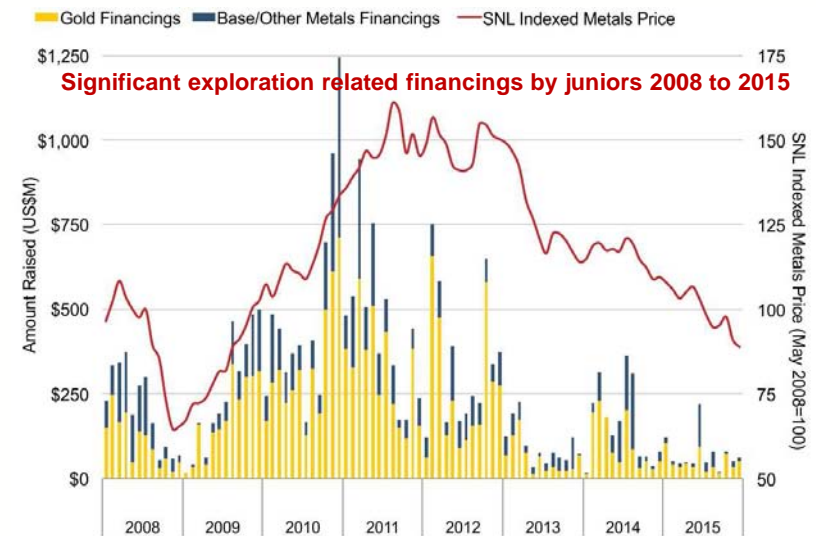
To be the most successful Cu-Au explorer in Asia

- To create shareholder value through conversion of our exploration projects in the South Gobi of Mongolia into mineable deposits through discovery of high value copper, gold and gold resources;
- Build and maintain a portfolio of highly prospective copper-gold projects through acquisition or partnerships utilising our in depth knowledge of Mongolia;
- Strategy underpinned by commitment to safety, environment and community.

Now is the time to make discoveries

This is the opportunity we have been waiting for...

- Current market conditions offer a unique window of opportunity;
- All the majors are trying to get their hands on more copper;
- Now is the time to be leveraged to discovery upside;
- Quality discoveries will command a premium.



What provides for exploration success

Xanadu has the critical factors for exploration success

People



- Experienced technical & corporate management team with deep regional knowledge;
- Proven in Mongolia & global resources;
- Established exploration culture;
- High calibre explorationists;
- Excellent local partner (Mongol Metals);
- Good reputation in Mongolia;
- Motivated and invested management.

Project



- Strategic position in a world-class Cu-Au province;
- One the best Cu-Au projects in Asia;
- Growing gold-rich copper JORC resource base;
- Some the highest grade porphyry copper intercepts globally;
- Rare combination of large scale and high-grade potential;
- Portfolio of high value projects.

Funded



- Well-funded with and in discovery phase;
- Continuous & structured communication & marketing;
- Well capitalised relative to most other junior exploration companies;
- Strong support from existing shareholder.

Experienced team with deep regional knowledge



Proven in Mongolia & global resources

Mark Wheatley

Executive Chairman

Experienced resources company CEO and director with more than 30 years in mining and related industries. Previous director roles have included Chair of Gold One International, Norton Goldfields & Goliath Gold. Directorships of St Barbara Mines & Uranium One.

Andrew Stewart

Chief Executive Officer & Executive Director

Geologist with over 15 years' experience in minerals exploration primarily focused on project generation and evaluation and development of exploration strategies throughout Asia and Eastern Europe. Senior technical and management positions at Ivanhoe & Vale.

Ganbayar Lkhagvasuren

Executive Director – Mongolia

Co-founder of Xanadu and Director since 2006. Joint venture partner in Mongol Metals LLC and brings a vital Mongolian perspective to the Board of Directors. Responsible for day-to-day operations in Mongolia.

Munkhsaikhan Dambiinyam

Chief Financial Officer

Finance professional with more than 10 years of experience in mining, mining services and financial advisory. Holds a Master of Science in Finance from the University of Utah and completed an Executive Program at Western University.

Janine Rolfe

Company Secretary

Experienced corporate lawyer and company secretary. Founder of company Matters in 2006. Previously Company Secretary at Qantas Airways Limited a Solicitor at Mallesons Stephen Jaques (now King Wood Mallesons).

Darryl Clark

Independent Non-Executive Director

Exploration geologist with over 20 years' experience throughout Australia, Central Asia and South East Asia. Previous corporate roles with both Vale and BHP Billiton. Responsible for business development strategies and the coordination of discovery events.

Barry Lavin

Independent Non-Executive Director

Mining engineer with 18 years' experience with the Rio Tinto Group. Previous executive roles with the Copper Group and Global Technical Services. Currently a non-executive director of Barminto Ltd, and is Managing Director of Teviot Resources.

Hannah Badenach

Non-Executive Director

Director Mongolia at Noble Resources International Pte Ltd Head of Mongolia and Asian/Middle East base metals at Noble Resources International Pte Ltd. Extensive Mongolian, commercial and business development experience across a broad range of commodities.

Marcus Engelbrecht

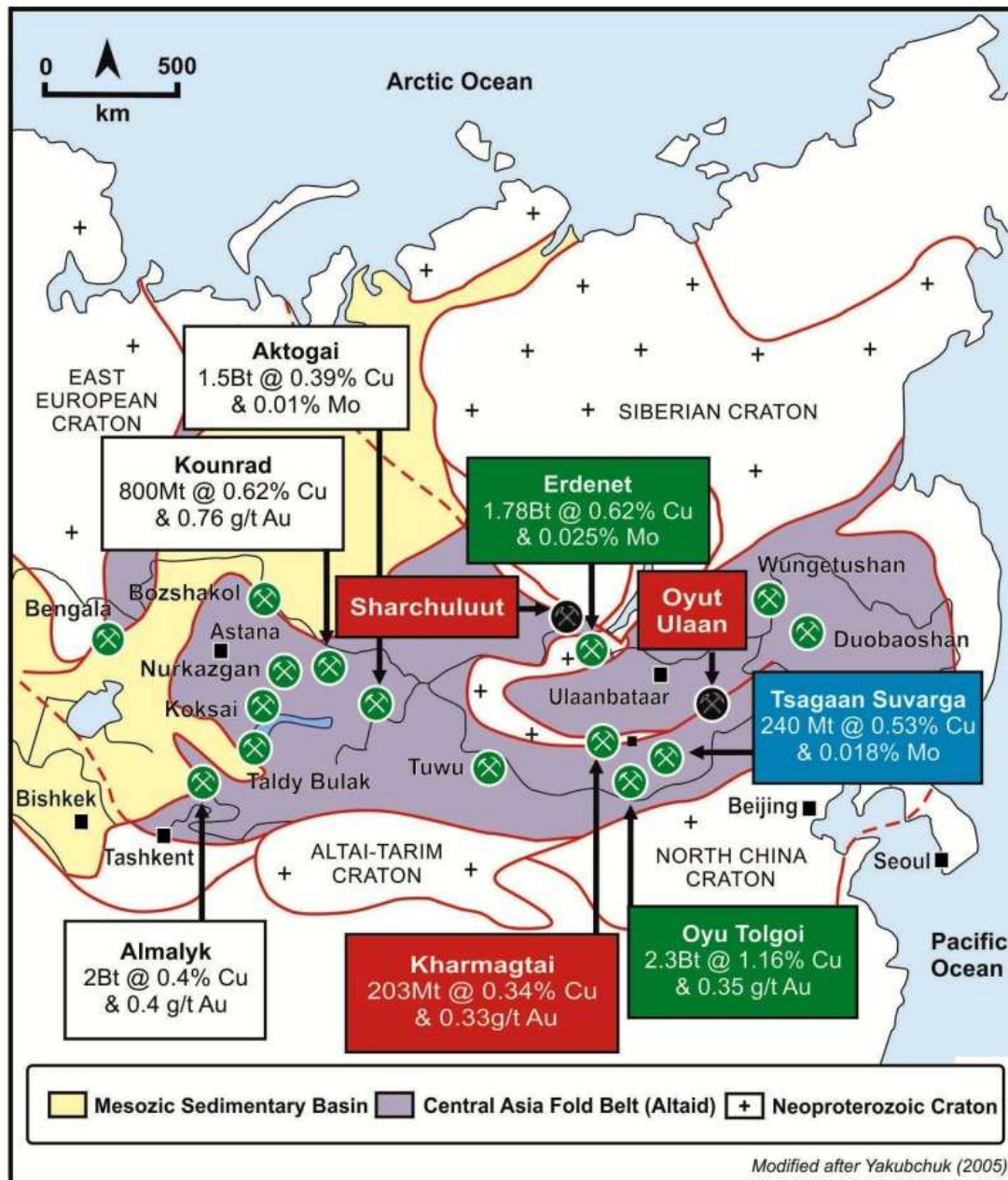
Non-Executive Director

Well-rounded senior mining executive with more than 30 years industry experience. Spent 20 years with BHP Billiton and more recently was MD and CEO of a London listed gold miner operating in Indonesia. He has worked in various emerging markets across the globe, including in Africa and South East Asia.

One of the last great exploration frontier

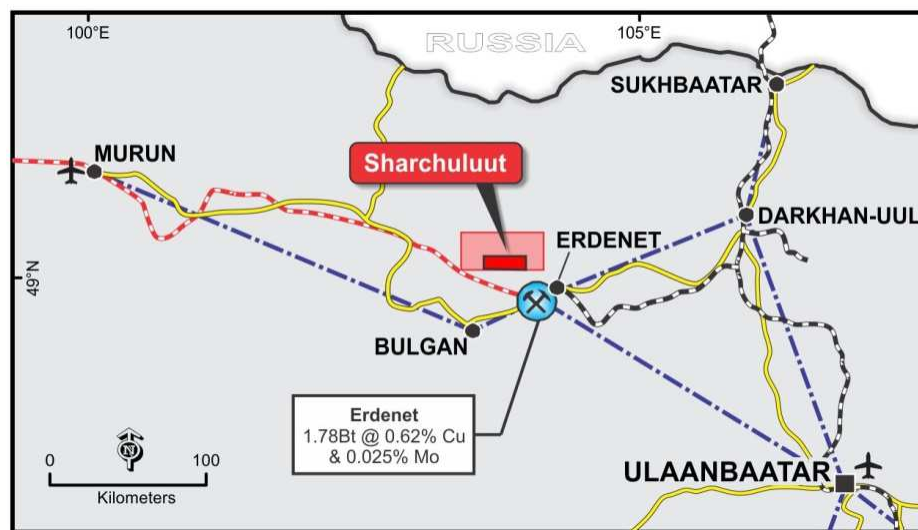
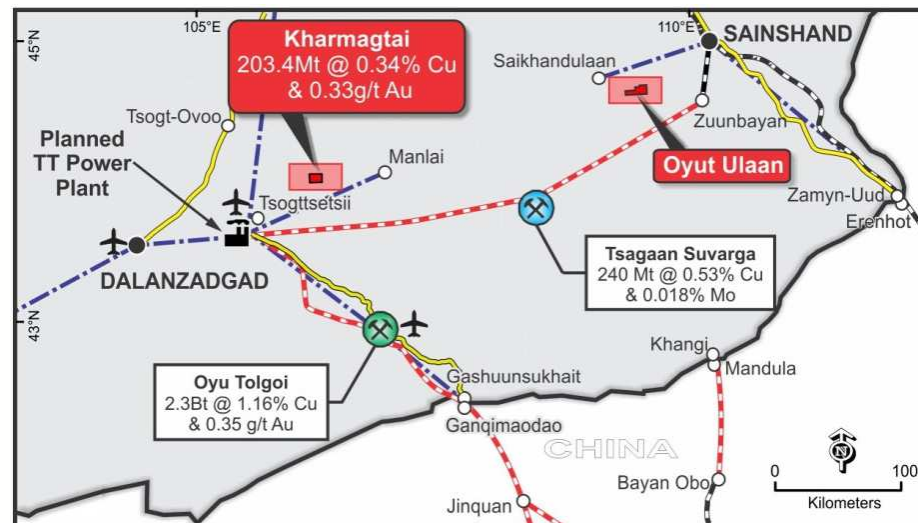
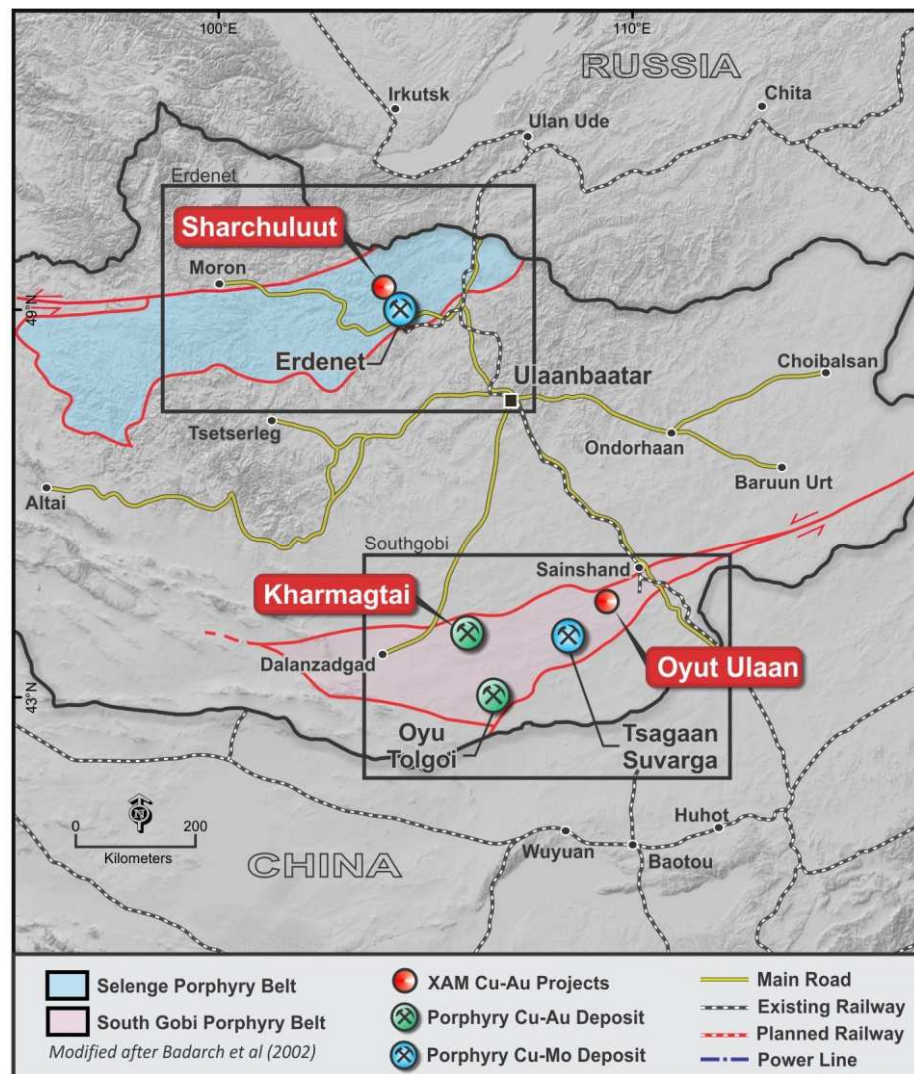
Emerging copper hotspot

- World class copper province;
- Fourth most endowed copper province globally;
- Highly mineralised & vastly underexplored mineral belts known to host large deposits;
- Seven porphyry copper belts with deposits that contain >5Mt Cu;
- Proximity to infrastructure and the North Asia market.



Mongolia's porphyry copper belts

Strategically positioned in world class neighborhoods



Changing landscape for exploration in Mongolia

**“It's the biggest and best new project we've got,
full-stop, across the group.”
Rio Tinto chief development officer on Oyu Tolgoi**



Kharmagtai porphyry Project



Panorama of Kharmagtai

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

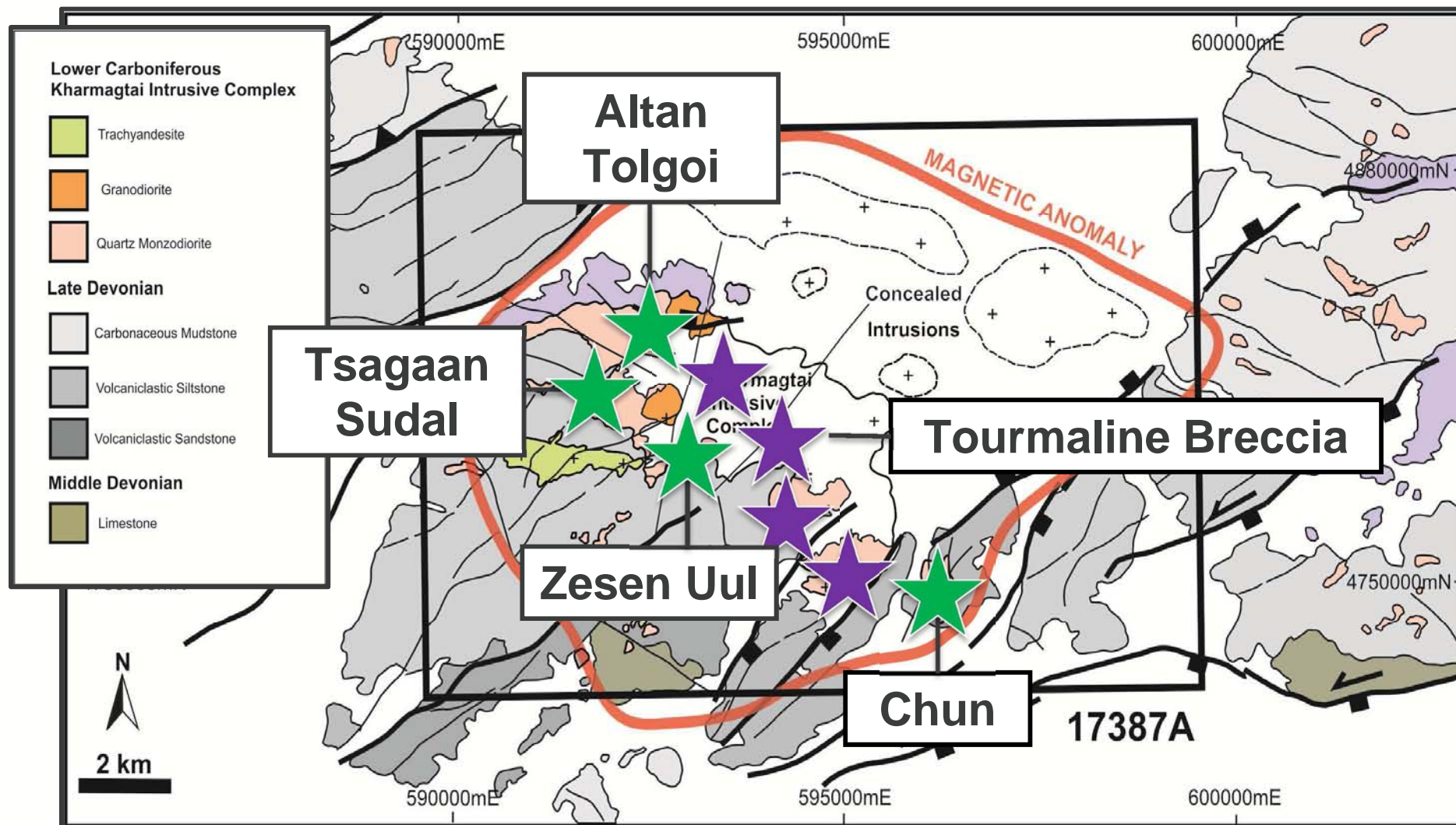
Altan
Tolgoi

Tsagaan
Sudal

Zesen Uul

Kharmagtai porphyry Cu-Au project

Multiple porphyry & late-stage breccia centres



Kharmagtai porphyry Cu-Au project



Growing gold-rich copper resource base

- 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.

**ASX announcement dated 19 March 2015 "Kharmagtai Maiden JORC Resource."
Table 1 information dated 29 April 2016 continues to apply.*

Kharmagtai Copper- Gold project

3D view looking south west at the deposits

Kharmagtai Copper-Gold Project

3D view looking south-west at the Altan Tolgoi
Tsagaan Sudal & Zesen Uul deposits showing
2015 resource & constraining pit shells

Tsagaan Sudal

Altan Tolgoi

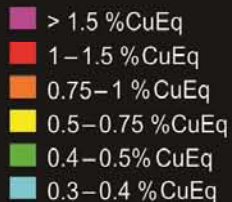
Zesen Uul

Conceptual open pit

Shallow high-grade
stockwork
($>1\%$ CuEq)

Shallow high-grade
stockwork
($>1\%$ CuEq)

High-grade core
tourmaline breccia
($>1\%$ CuEq)



Centre Point Tower
Sydney

Approximately 1.8km



*ASX announcement dated 19 March 2015 "Kharmagtai Maiden JORC Resource."
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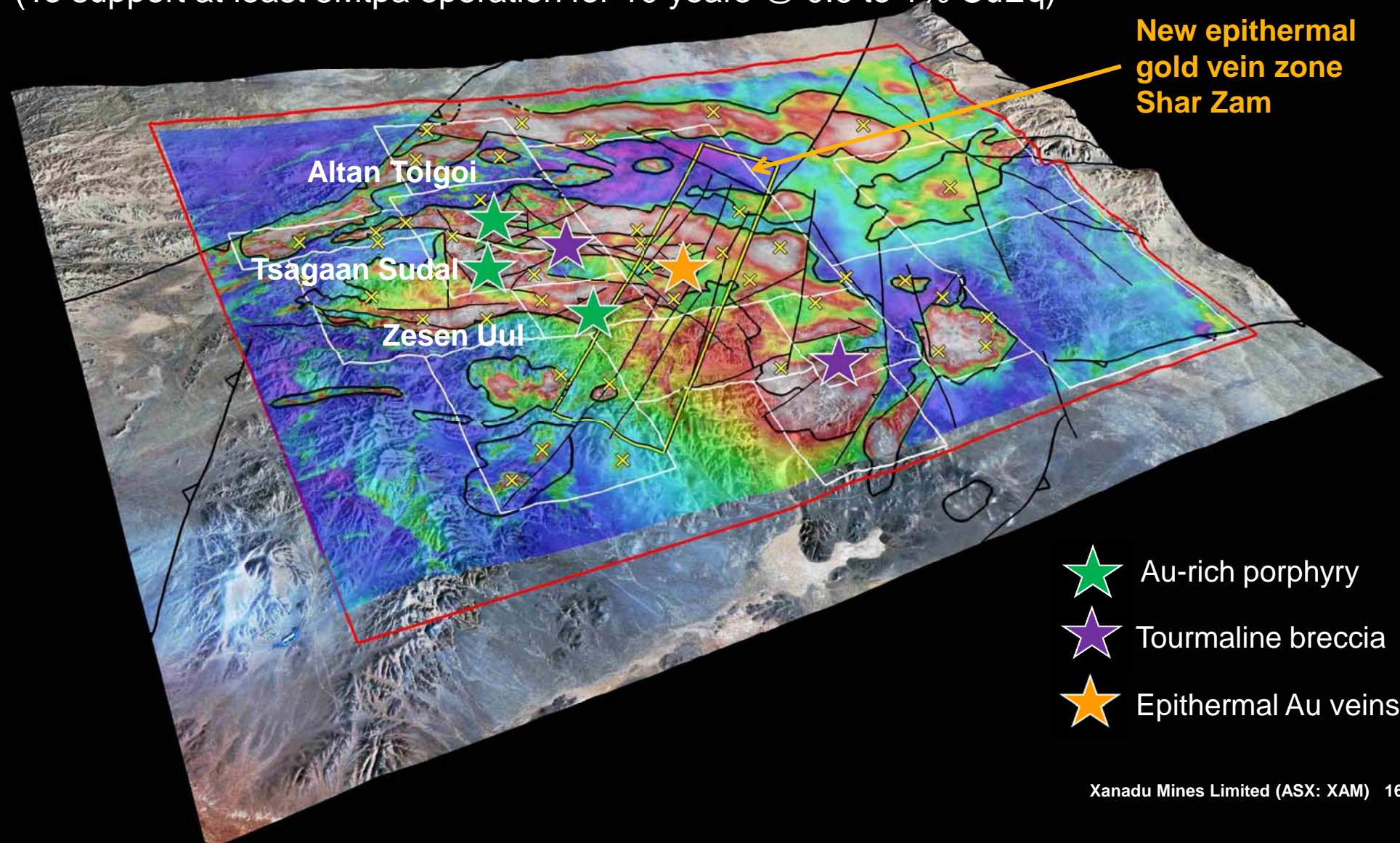
Targeting new discoveries

Exploration drilling underway at Kharmagtai

Exploration targeting a fourth shallow gold-porphyry centre

(To support at least 5Mtpa operation for 10 years @ 0.6 to 1% CuEq)

New epithermal
gold vein zone
Shar Zam



Oyut Ulaan porphyry Cu-Au district

Multiple co-genetic porphyry copper-gold centres



Stockwork Target

- Quartz-chalcopyrite-bornite stockwork;
- Structurally-controlled monzonite porphyry dykes;
- Strong albite-biotite-magnetite (potassic) alteration;
- Historical drilling:
18m @ 0.87% Cu & 0.40 g/t Au (from 64 m);
22m @ 0.59% Cu & 0.14 Au (from 156 m).

Stockwork Target

- Quartz-chalcopyrite-bornite stockwork;
- Structurally-controlled monzonite porphyry dykes;
- Strong albite-biotite-magnetite (potassic) alteration;
- Recent drilling -
ODDH003 intercepted 132.0 metres @ 1.07% CuEq. from surface
ODDH005 intercepted 170.5 metres @ 0.76% CuEq. from surface
ODDH006 intercepted 48.5 metres @ 1.70% CuEq. from 29.50 metres

New epithermal gold vein zone

Stockwork Zone

Bavuu Zone

Temee Target

- Anomalous geochemistry
- Sparse stockwork
- Buried geophysical anomaly

Breccia Pipe Target

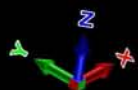
- Tourmaline Breccia Pipe
- High-grade Cu mineralisation
- Historical drilling includes :
66m @ 0.86% Cu (from 26m)
32 m @ 0.29% Cu (from 118m)

★ Au-rich porphyry

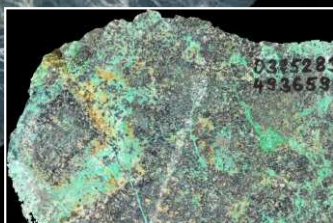
★ Tourmaline breccia

★ Base metal magnetite skarns

★ Epithermal Au veins

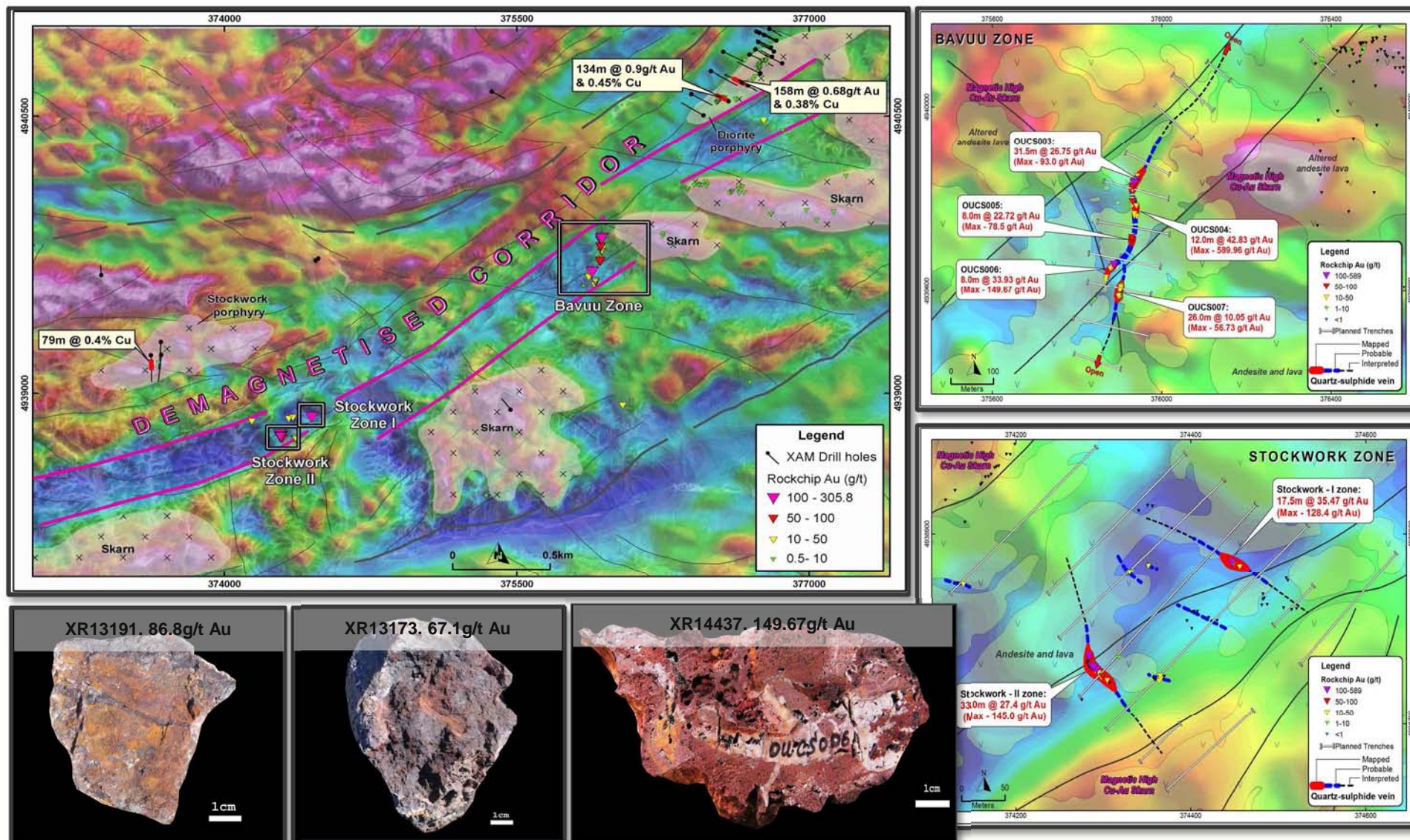


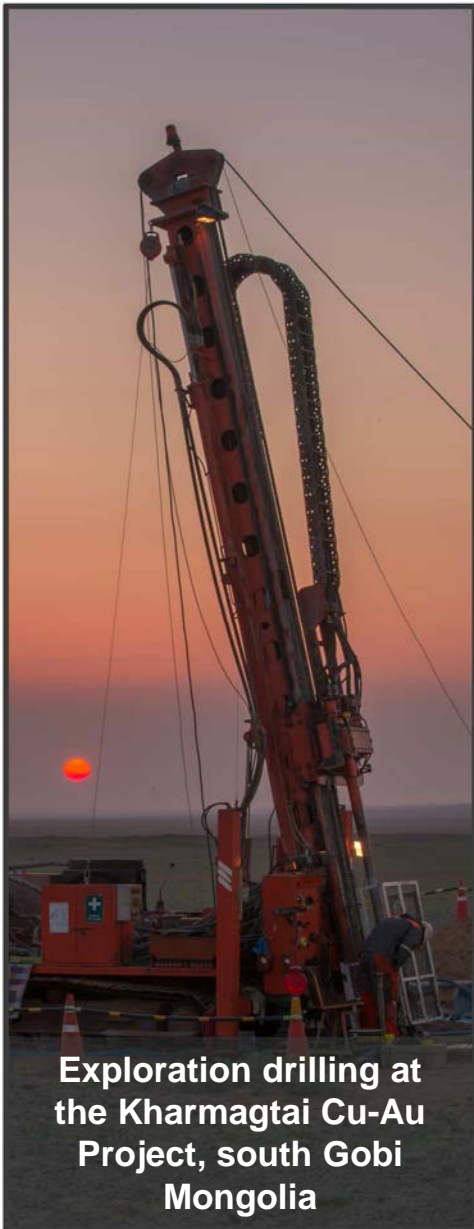
1 km



Trenches uncover bonanza gold grades

Significant shallow high-grade gold discovered



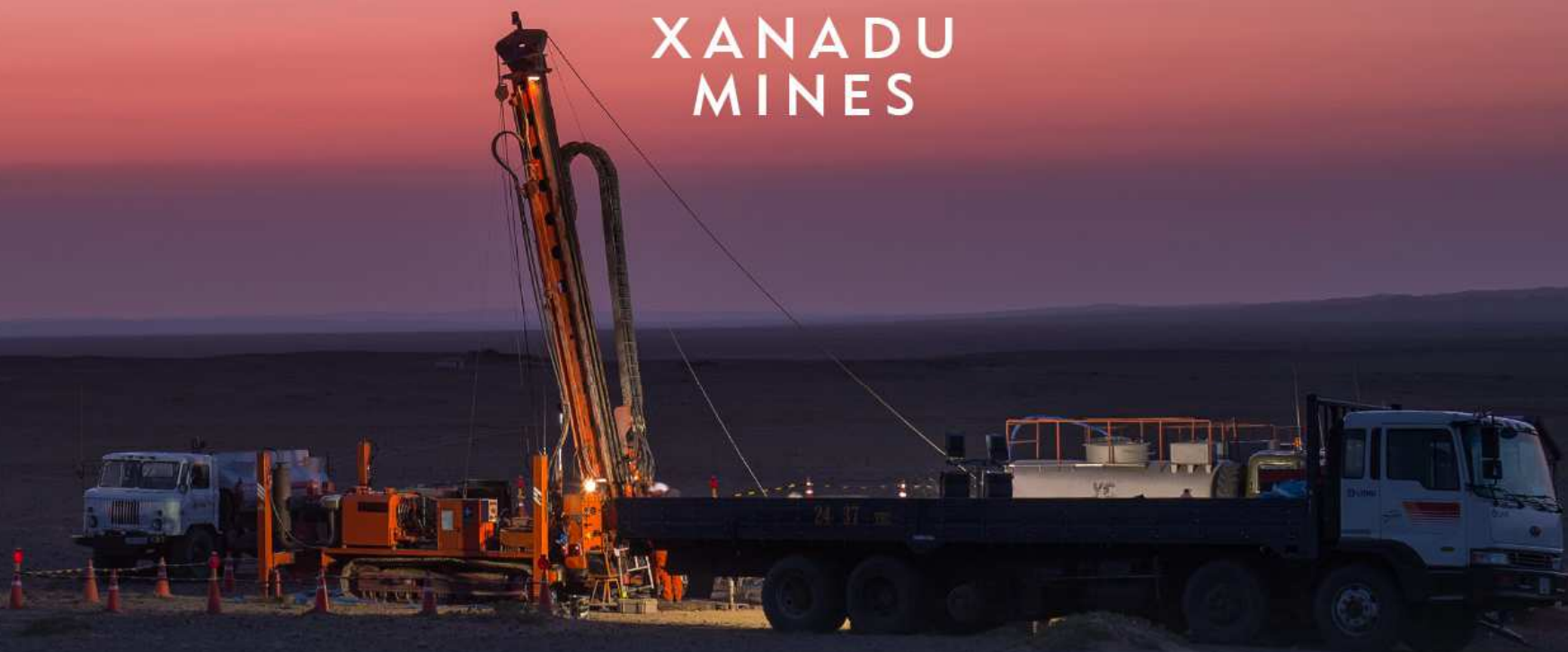


A simple investment proposition

- Active 'on the ground' in a world class mineral belt;
- Rare combination of scale and high-grade;
- Motivated and invested management;
- Portfolio of high value projects;
- Experienced technical & corporate management team;
- Significant gold-rich copper resources;
- Well capitalised relative to most other junior exploration companies.



**XANADU
MINES**



WWW.XANADUMINES.COM

Dr Andrew Stewart - CEO

+976 99999211 (Mongolia)

Andrew.stewart@xanadumines.com

Kharmagtai resource estimate statement



Mineral Resource Estimates - 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	0.3	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.

Kharmagtai resource estimate statement



Mineral Resource Estimates - 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	0.6	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.

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.

For the purpose of ASX Listing Rules 5.7.1, Xanadu refers to its Table 1 disclosure dated 29 April 2016 which continues to apply as at the date of this presentation.