

For personal use only



Unlocking Mongolia's Copper-Gold Belts

CORPORATE PRESENTATION | MAY 2016

Disclaimer



Nature of this document: The purpose of this presentation is to provide general information about Xanadu Mines Limited (the 'Company'). Unless otherwise stated herein, the information in this presentation is based on the Company's own information and estimates. In attending this presentation or viewing this document you agree to be bound by the following terms and conditions.

Not an offer: This presentation is for information purposes only and does not constitute or form any part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities in the Company in any jurisdiction. This presentation and its contents must not be distributed, transmitted or viewed by any person in any jurisdiction where the distribution, transmission or viewing of this document would be unlawful under the securities or other laws of that or any other jurisdiction. This presentation is not considered a recommendation by the Company or any of its affiliates, directors or officers that any recipient invest in the Company nor does it constitute investment, accounting, financial, legal or tax advice.

Not financial product advice: This presentation does not take into account the individual investment objectives, financial situation and particular needs of each of the Company's Shareholders. You may wish to seek independent financial and taxation advice before making any decision in respect of this presentation. Neither the Company nor any of its related bodies corporate is licensed to provide financial product advice in respect of the Company's securities or any other financial products.

Forward-looking statements: Certain statements in the presentation are or may be "forward-looking statements" and represent the Company's intentions, projections, expectations or beliefs concerning, among other things, future operating and exploration results or the Company's future performance. These forward looking statements speak, and the presentation generally speaks, only at the date hereof. The projections, estimates and beliefs contained in such forward looking statements necessarily involve known and unknown risks and uncertainties, and are necessarily based on assumptions, which may cause the Company's actual performance and results in future periods to differ materially from any express or implied estimates or projections. It is recognised that it is common practice for a company to comment on and discuss its exploration in terms of target size and type. All statements contained in this presentation by the Company which refer to the potential quantity and grade of the target is accompanied by a detailed explanation of the basis for the statement. The potential quantity and grade for the target is conceptual in nature and, there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

Disclaimer: No representation or warranty, express or implied, is made by the Company that the material contained in this presentation will be achieved or prove to be correct. Except for statutory liability which cannot be excluded, each of the Company, its directors, officers, employees, advisers and agents expressly disclaims any responsibility for the accuracy, fairness, sufficiency or completeness of the material contained in this presentation, or any opinions or beliefs contained in this document, and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission there from. The Company is under no obligation to update or keep current the information contained in this presentation or to correct any inaccuracy or omission which may become apparent, or to furnish any person with any further information, unless required to do so by law. Any opinions expressed in the presentation are subject to change without notice. Recipients of this presentation should make their own, independent investigation and assessment of the Company its business, assets and liabilities, prospects and profits and losses, as well as the matters covered in this presentation. Independent expert advice should be sought before any decision based on an assessment of the Company is made.

Unverified information: This presentation may contain information (including information derived from publicly available sources) that has not been independently verified by the Company.



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;
- Large strategic position in a world-class Cu-Au province;
- Growing gold-rich copper JORC resource base;
- Advanced projects with both scale and high-grade;
- Recent high-grade gold discoveries;
- Mongolia back on the radar with investors & miners.

Corporate snapshot



Well positioned junior copper-gold explorer

Capital structure

Share price (18 May 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

Equity analyst coverage

Bell Potter	4 May 2016
-------------	------------

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%



Vision and growth strategy



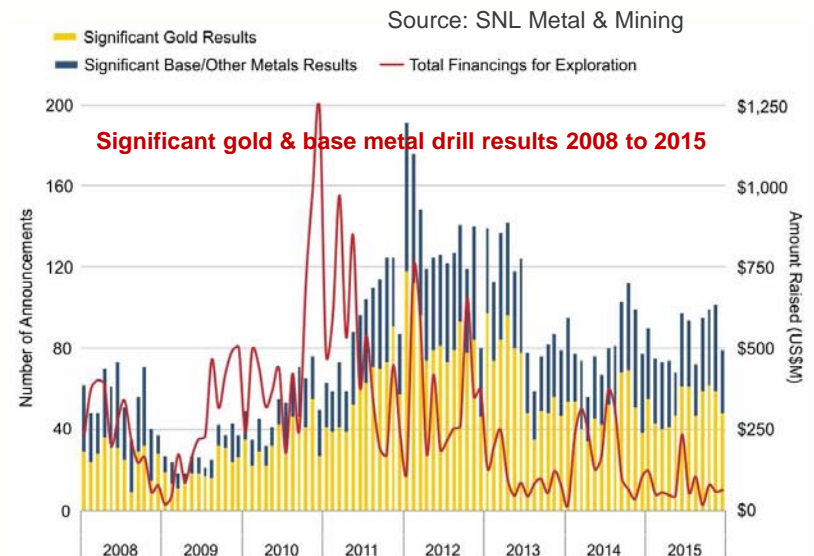
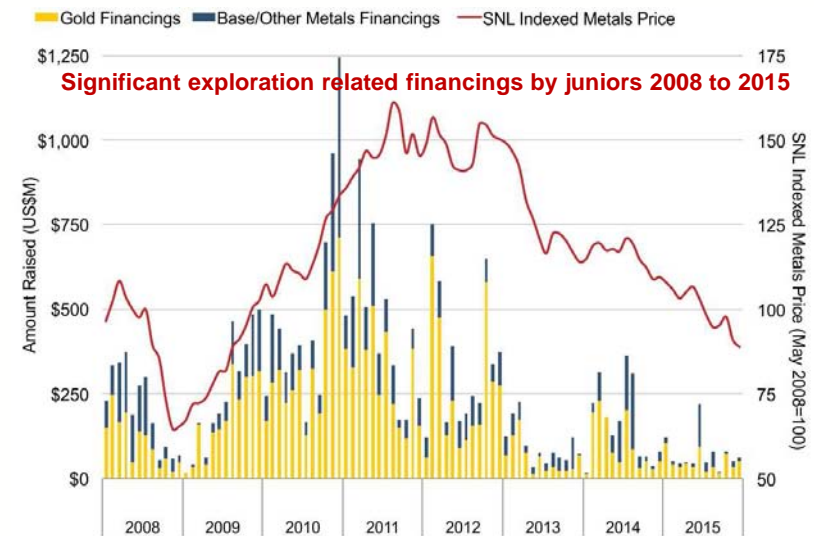
To be the most successful Cu-Au explorer in Asia

- 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.

Quality Projects



- 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.

Investor Appeal

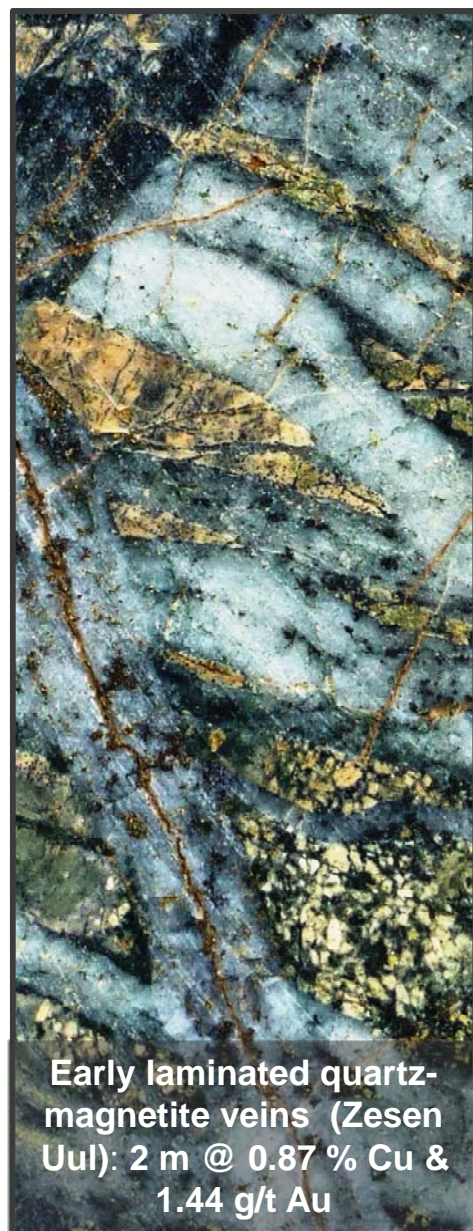


- Well-funded and in discovery phase;
- Continuous, structured communication & marketing;
- Well capitalised relative to most other junior exploration companies;
- Strong support from existing shareholders.

Experienced team with deep regional knowledge



Proven in Mongolia & Global resources



Early laminated quartz-magnetite veins (Zesen Uul): 2 m @ 0.87 % Cu & 1.44 g/t Au

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

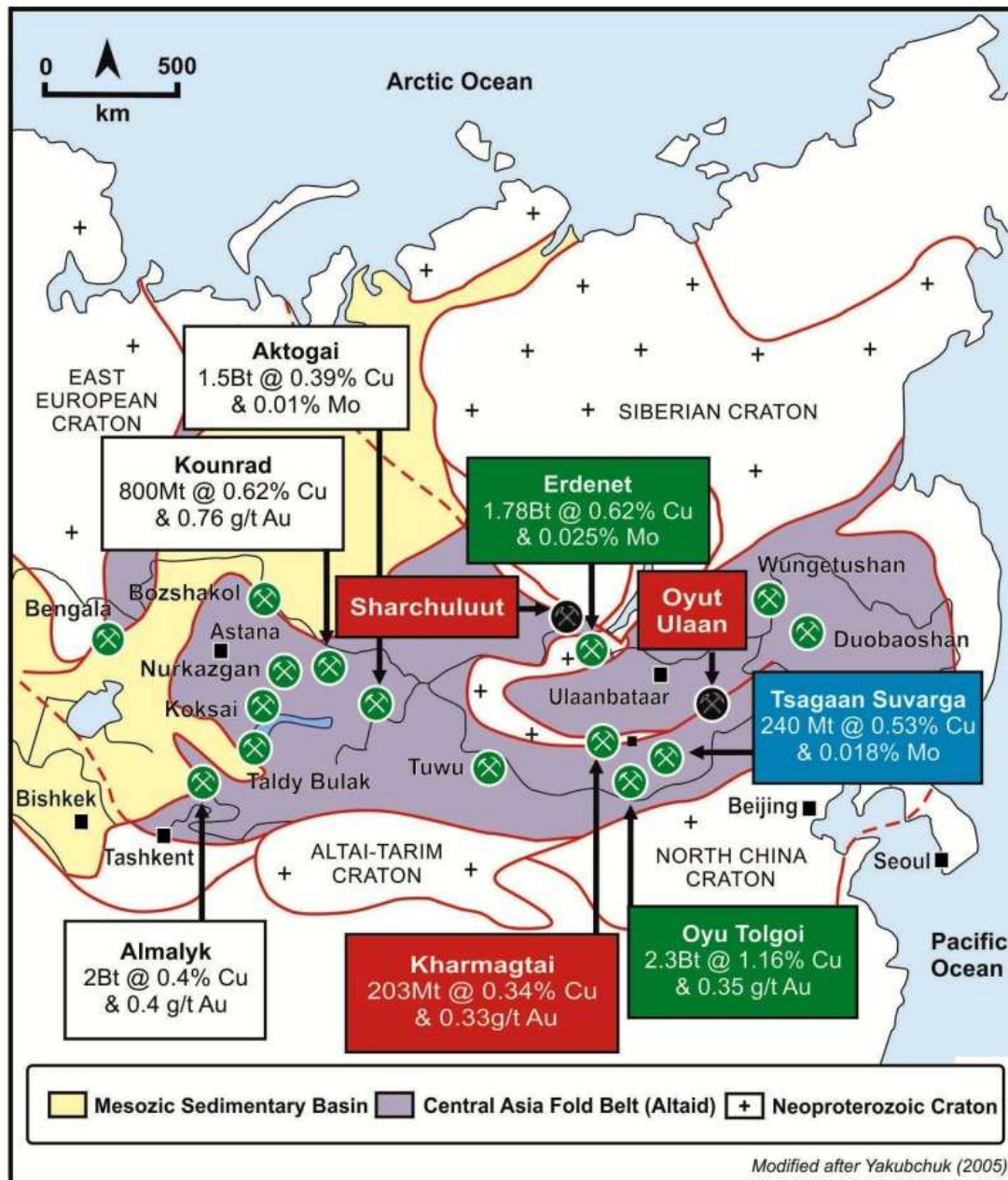
Non-Executive Director

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 is back on radar

Changing landscape for exploration in Mongolia

“It's the biggest and best new project we've got, full-stop, across the group.”

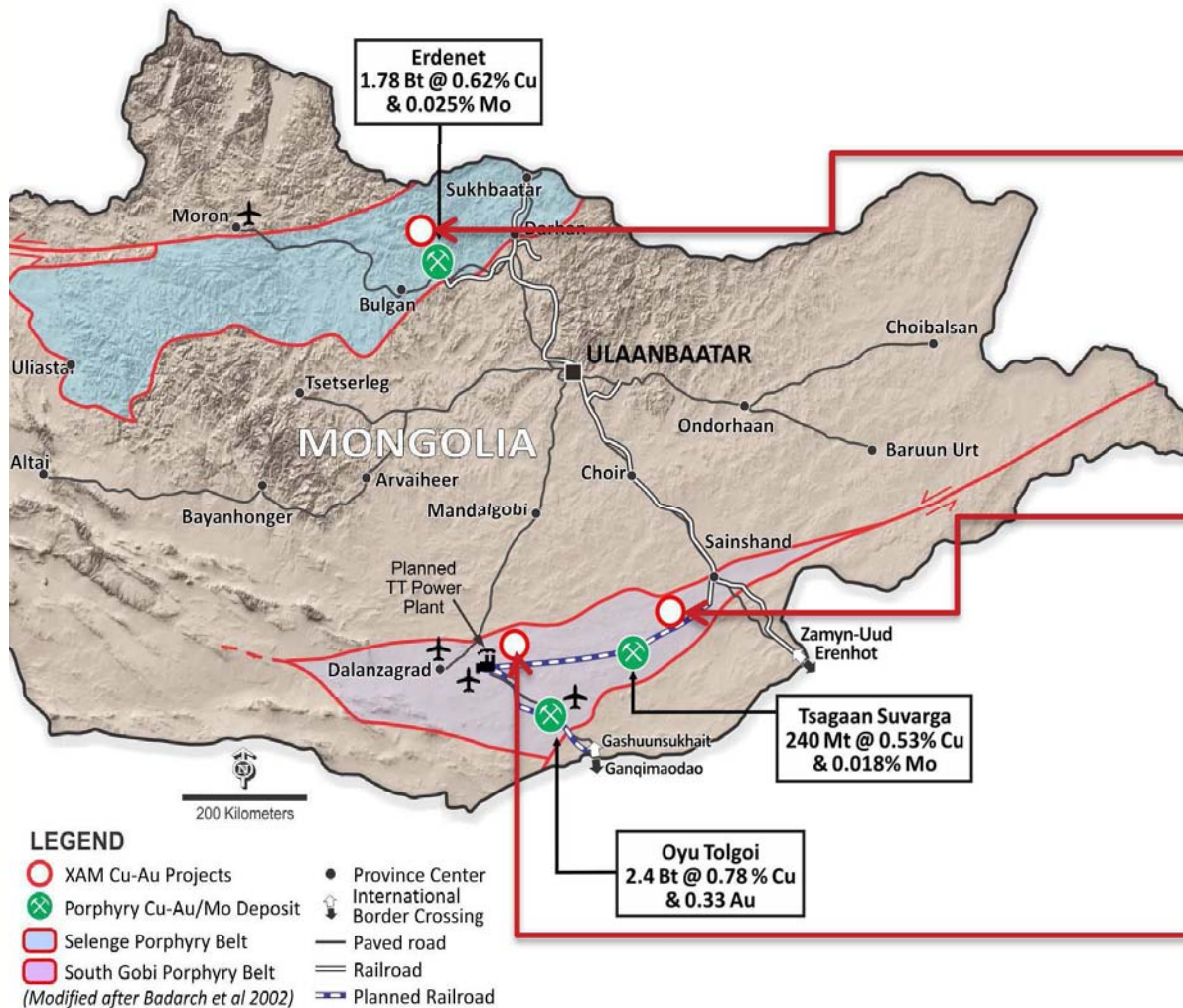
Rio Tinto's chief development officer on Oyu Tolgoi

“transform Oyu Tolgoi into one of the most significant copper mines globally”

Rio Tinto's incoming chief executive

Strategic position

Portfolio of high value copper-gold projects



Sharchuluut Uul Cu Au Mo

- Exploration licence (235 km²);
- 100% ownership;
- Early stage exploration project;
- Erdenet porphyry copper trend.

Oyut Ulaan Cu Au

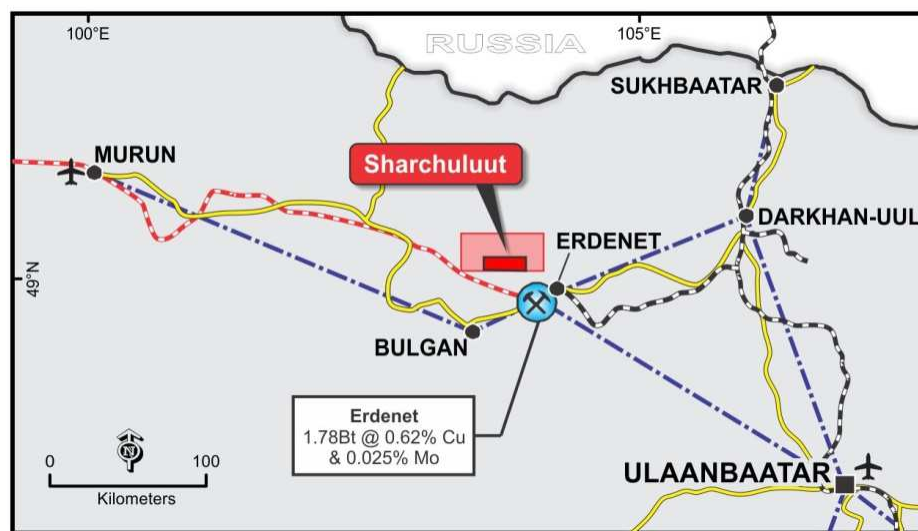
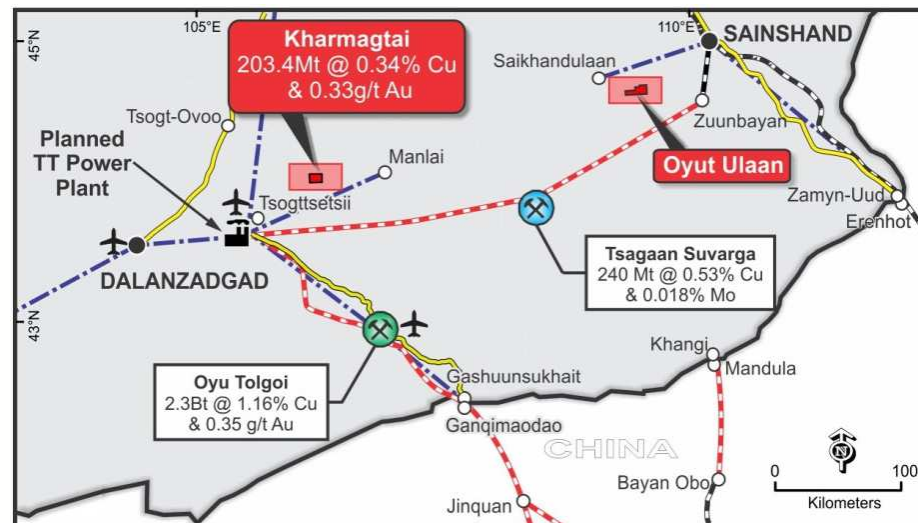
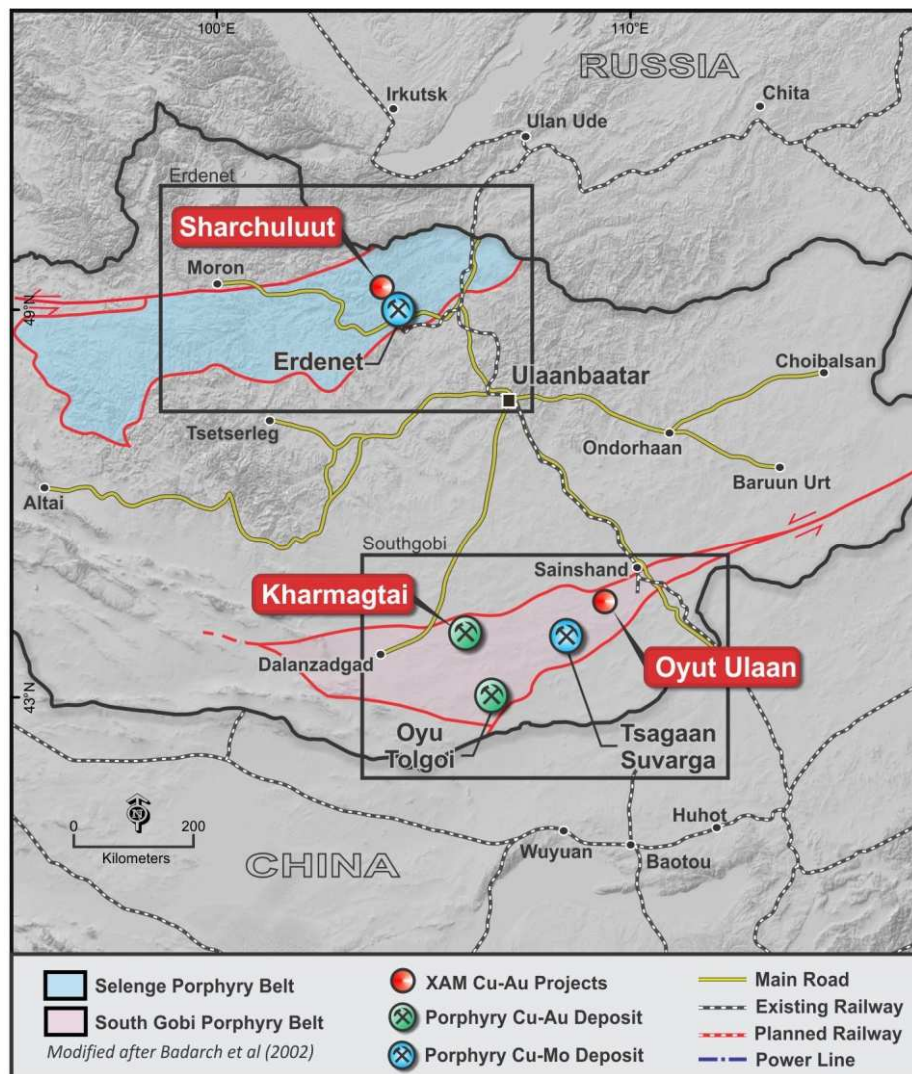
- Mining Licence (57 km²);
- 90% ownership;
- Advanced exploration project;
- Numerous gold-rich porphyry centres;
- Shallow high-grade gold mineralisation.

Kharmagtai Cu Au

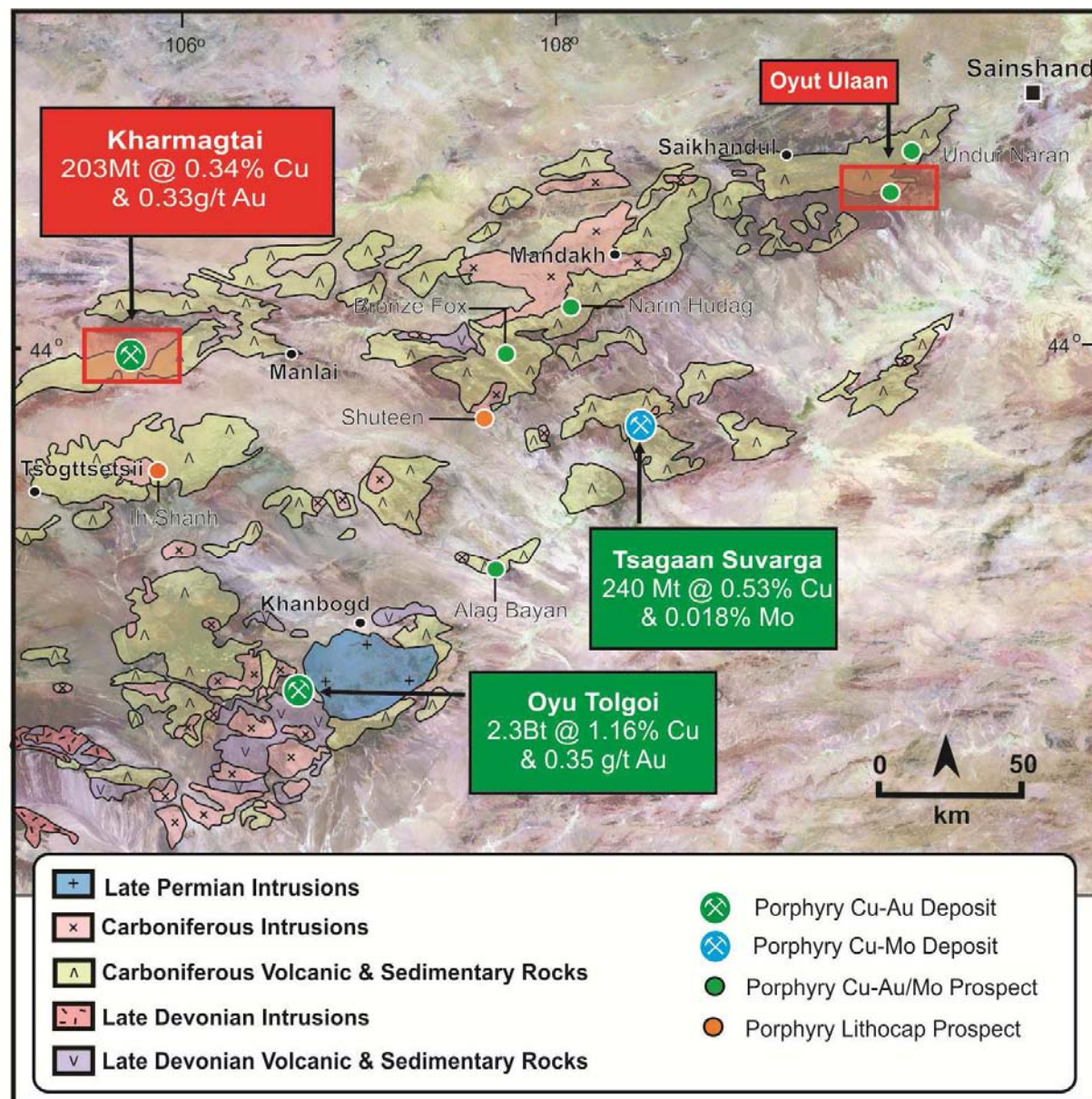
- Mining Licence (66 km²)
- 79.5% ownership;
- Advanced exploration project;
- JORC resource declared;
- Quality gold-rich copper resource;
- Significant exploration upside.

Mongolia's porphyry copper belts

Proximity to infrastructure and the North Asia market



Xanadu - In the world class south Gobi



Dominate footprint

- Large tenement holding;
- Strategic footprint in Mongolia's pre-eminent copper porphyry belt;
- Around giant deposits related to a range of magmatic events;
- Close to significant deposits in development & production.

Kharmagtai porphyry Cu-Au project

Panorama of Kharmagtai Cu-Au district

Outcrop throughout the Kharmagtai district is sparse
Quaternary sand covers most of the mineralised complex

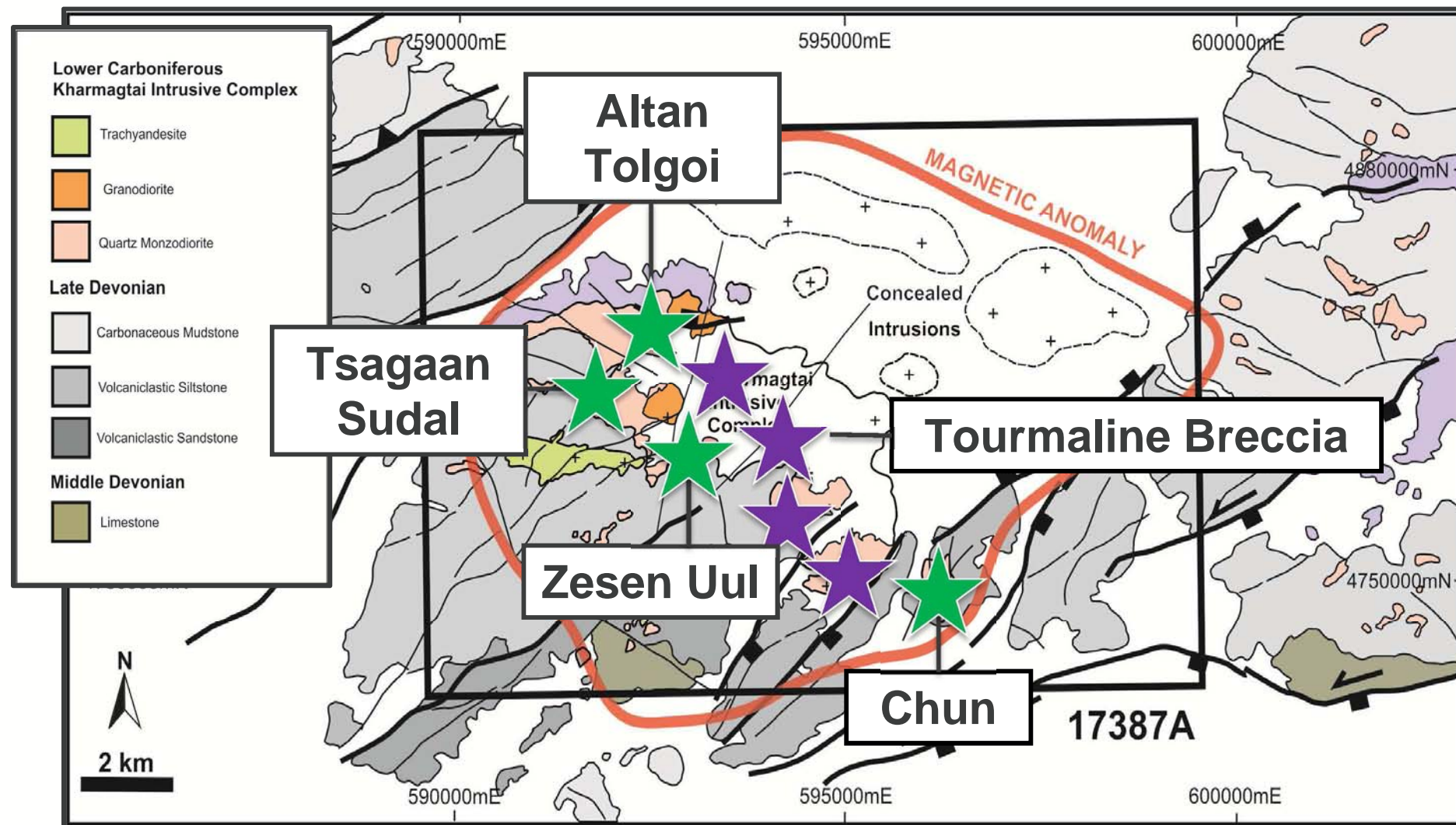
Altan Tolgoi

Tsagaan Sudal

Zesen Uul

Kharmagtai porphyry Cu-Au project

Multiple porphyry & late-stage breccia centres



Kharmagtai porphyry Cu-Au project

For personal use only



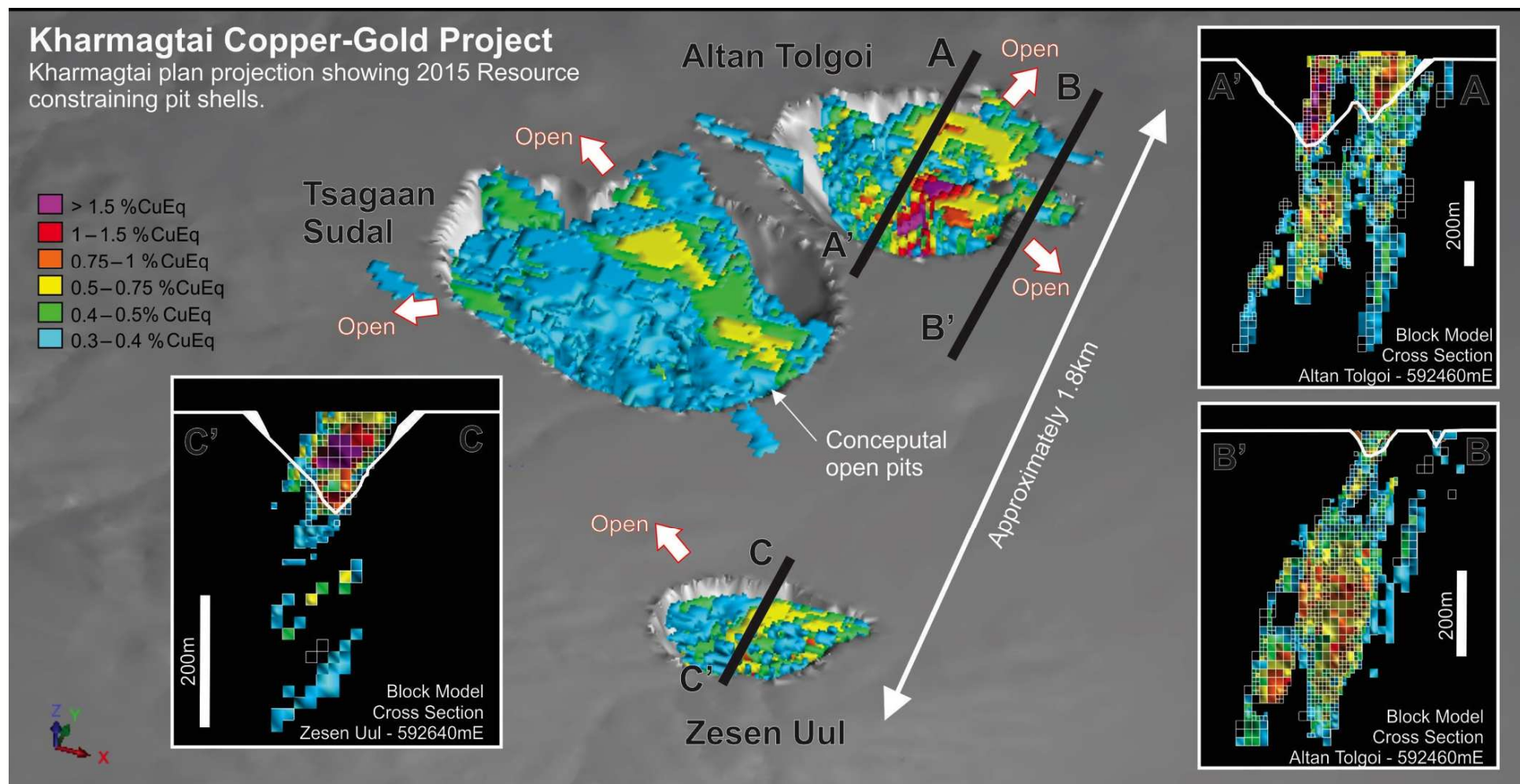
Growing gold-rich copper resource base

- 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 of a large mineral system;
- Significant resource upside potential through exploration.

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

Kharmagtai porphyry Cu-Au project

Kharmagtai plan projection constraining pit shells

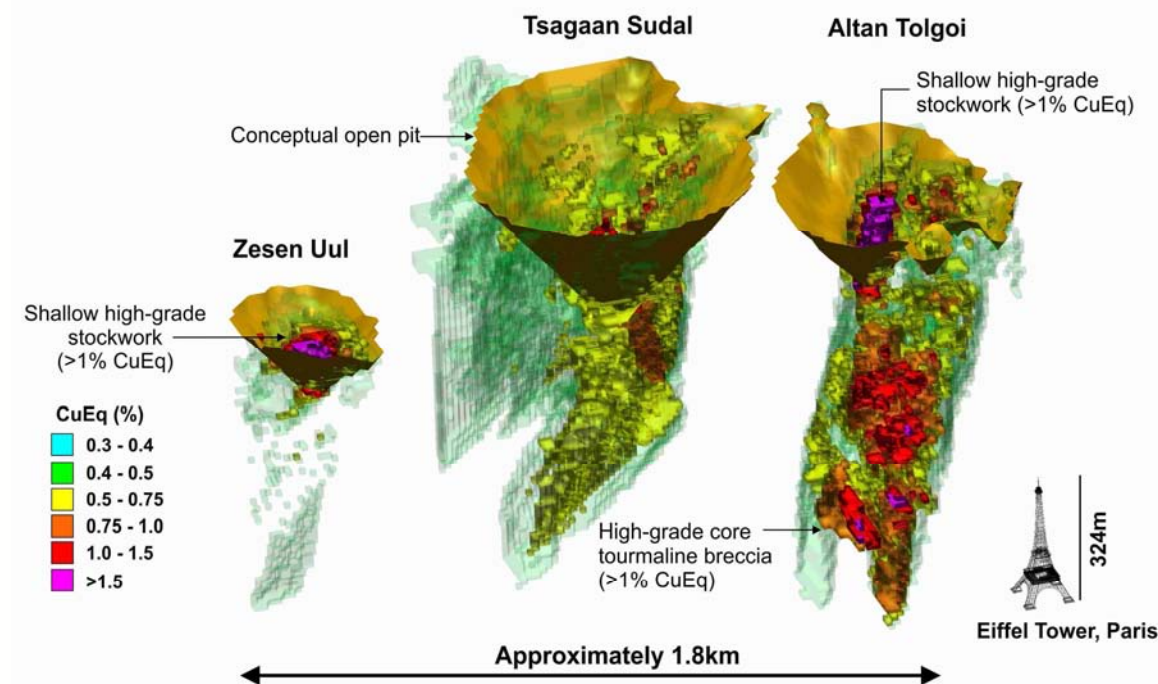


*ASX announcement dated 19 March 2015 "Kharmagtai Maiden JORC Resource."
Table 1 information dated 29 April 2016 continues to apply.

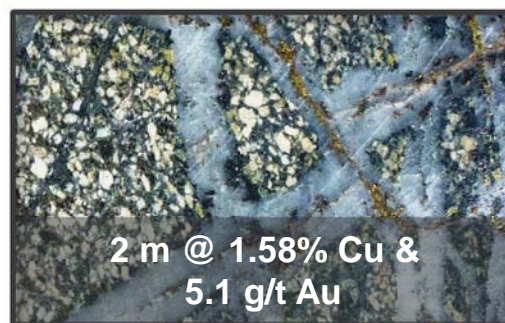
Kharmagtai porphyry Cu-Au project

Shallow deposits with discrete high-grade Au-rich zones

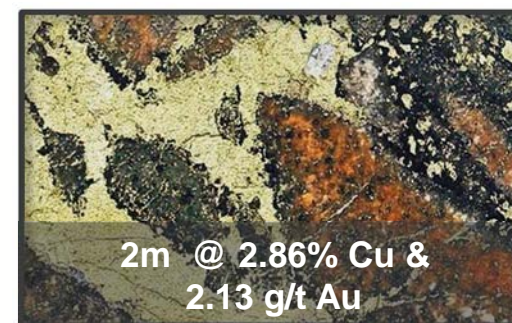
- Rare combination of scale and high-grade;
- Shallow gold-rich copper resource;
- Exceptional recoveries (>85%) from Ivanhoe preliminary metallurgical test work;
- Pits contain low strip high grade starter material that enhance project economics.



Stockwork Mineralisation



Tourmaline Mineralisation

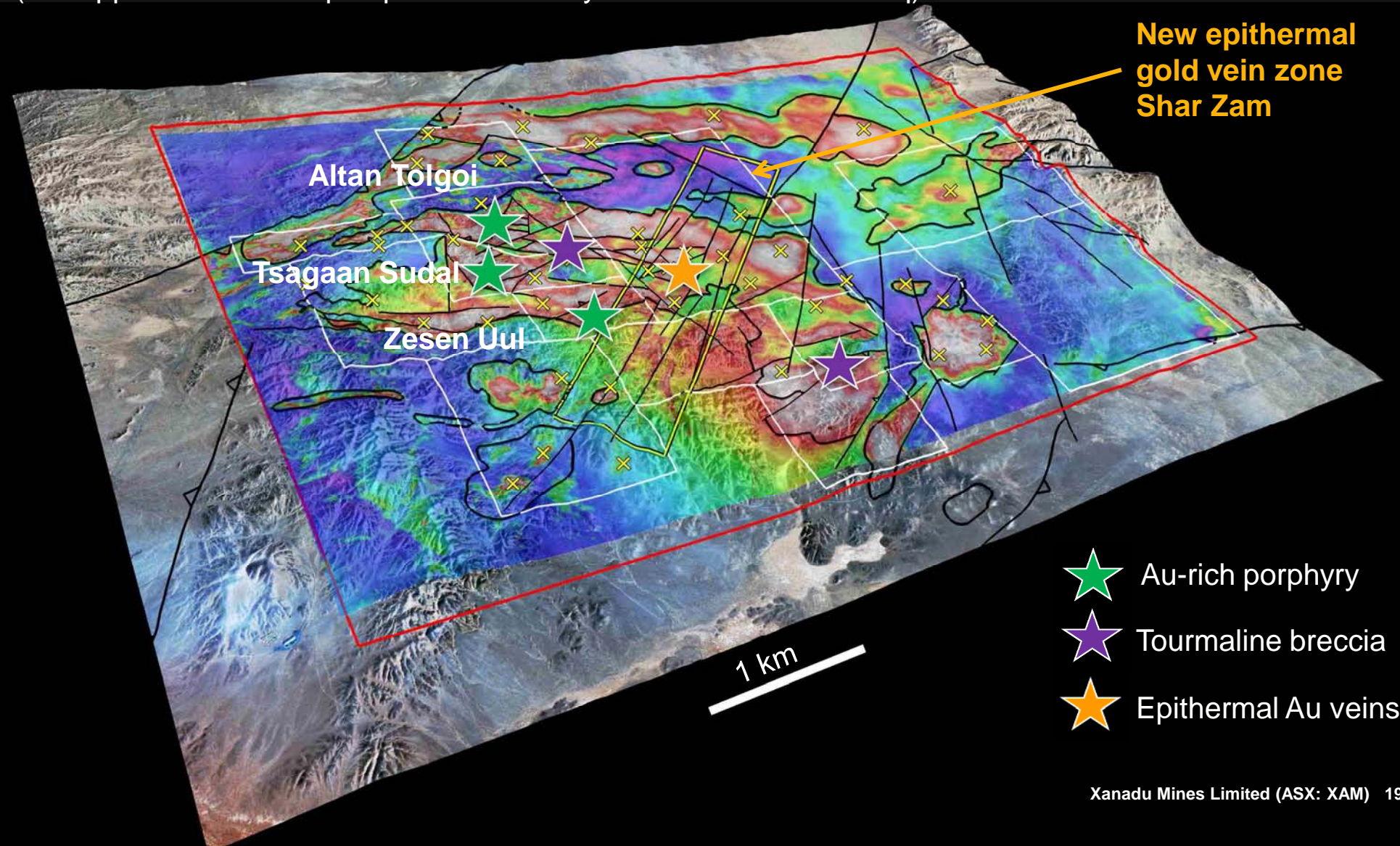


Kharmagtai porphyry Cu-Au project

Exploration drilling targeting new discoveries

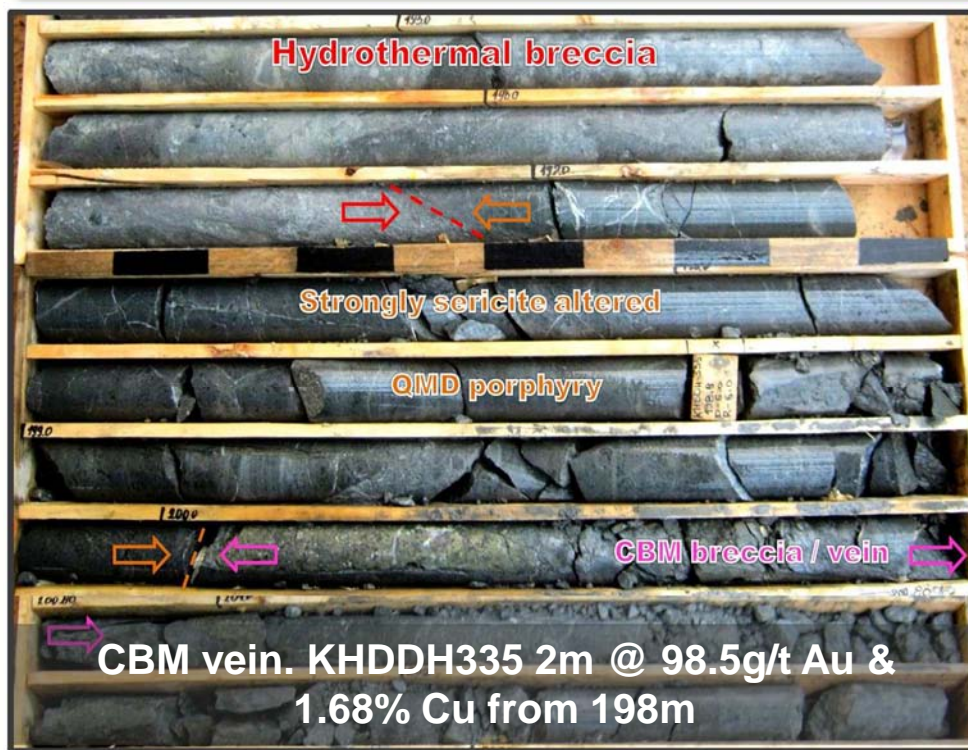
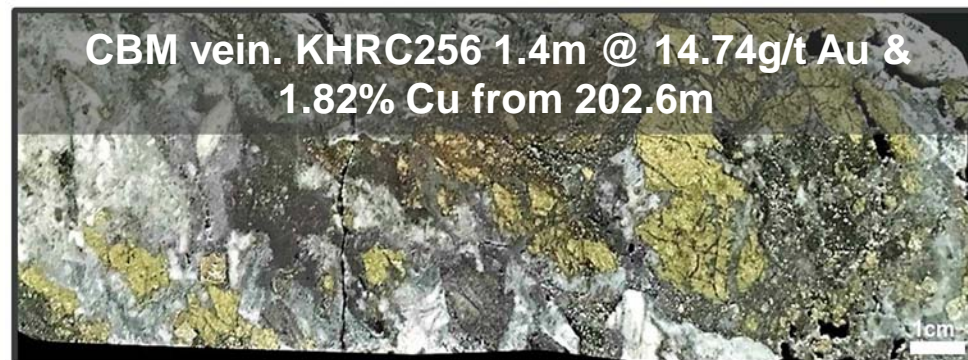
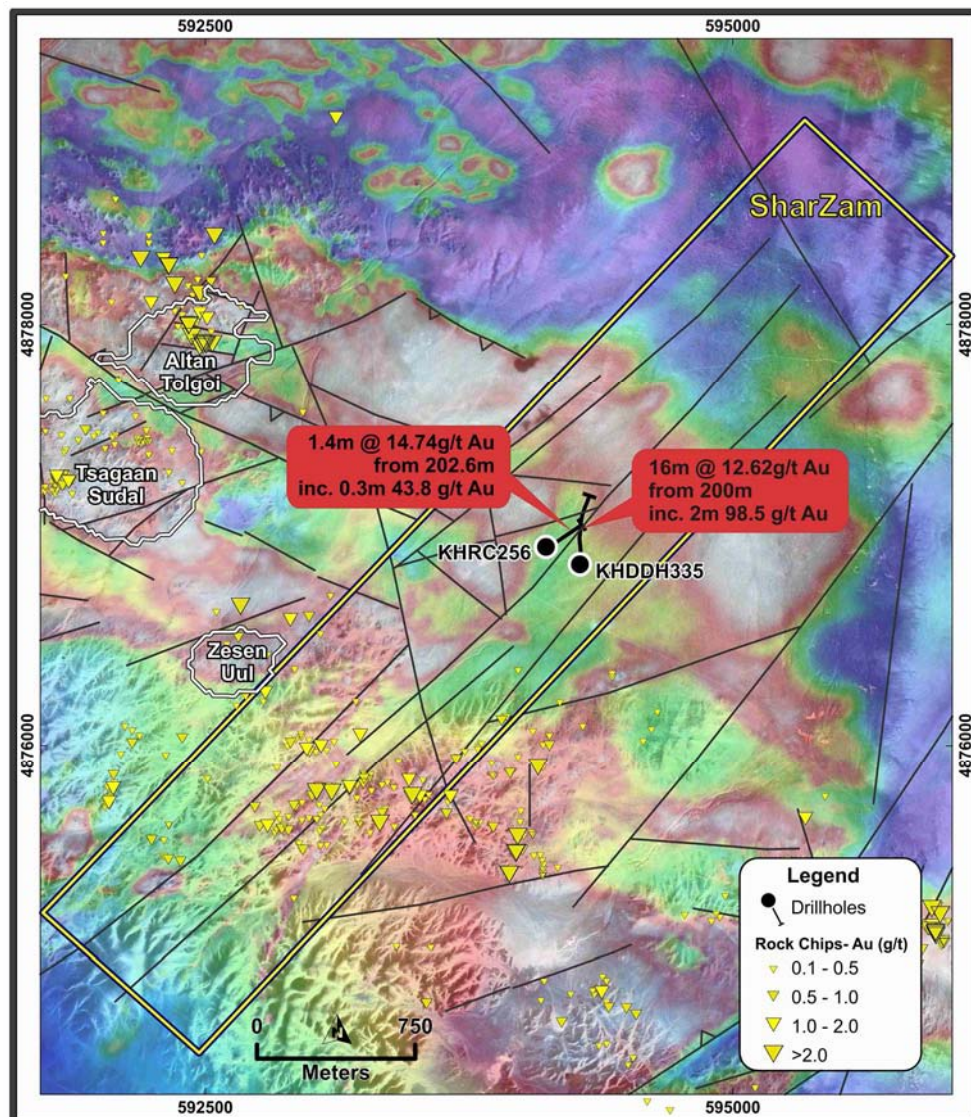
Exploration targeting a fourth shallow gold-porphyry centre

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



Kharmagtai porphyry Cu-Au project

Drilling discovers new high-grade gold at Shar Zam



Oyut Ulaan porphyry Cu-Au project

Panorama of Oyut Ulaan Cu-Au district

Outcrop throughout the Oyut Ulaan district is sparse
Quaternary sand covers over most of the mineralised complex

Breccia Pipe

New high-grade gold
discovery

Stockwork

Oyut Ulaan porphyry Cu-Au district

Significant copper-gold district close to infrastructure



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

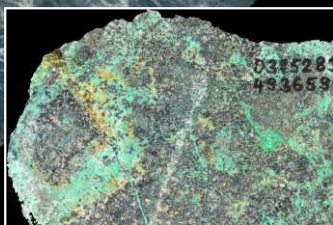
Temee Target

- 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)

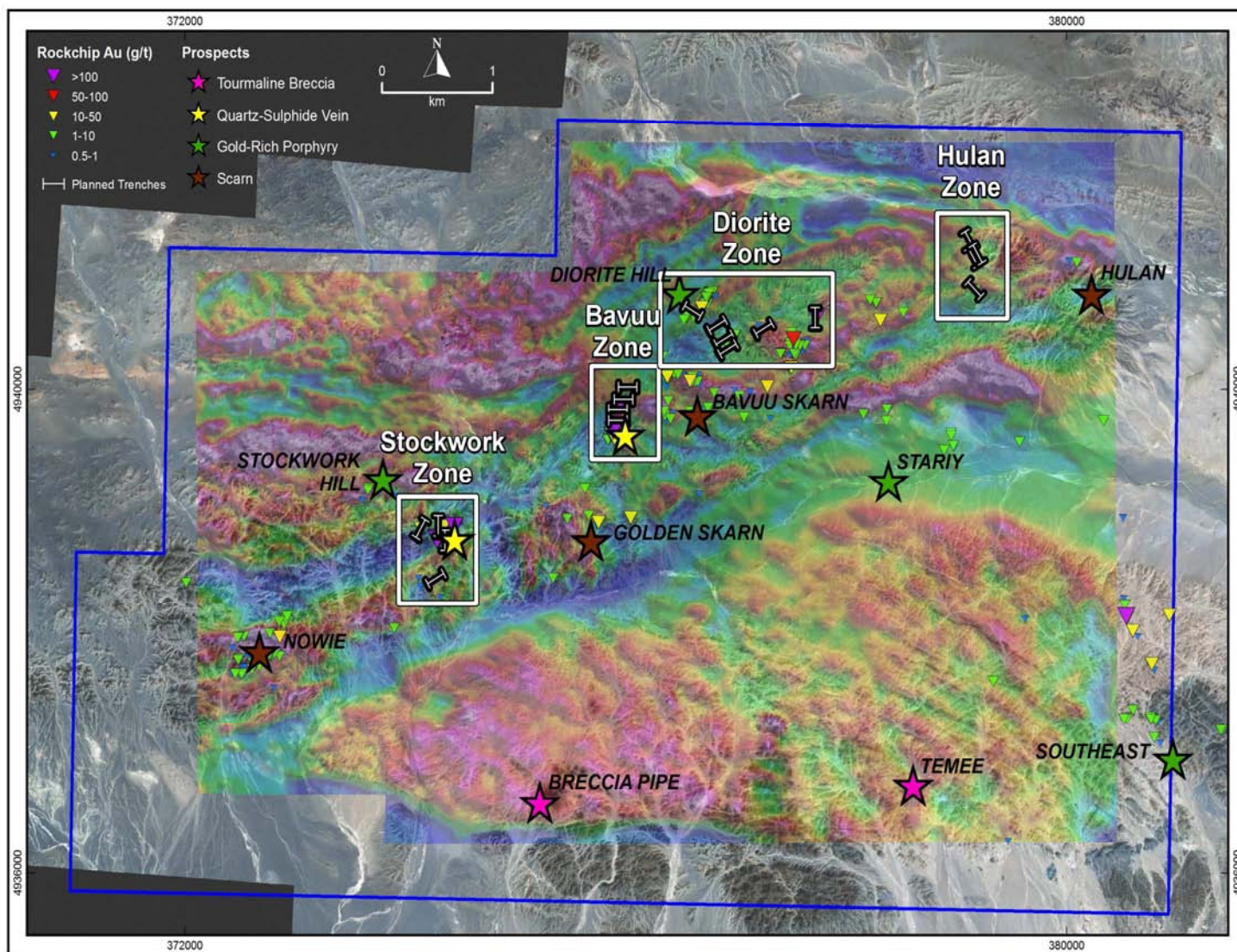
- ★ Au-rich porphyry
- ★ Tourmaline breccia
- ★ Base metal magnetite skarns
- ★ Epithermal Au veins



1 km

Oyut Ulaan porphyry Cu-Au district

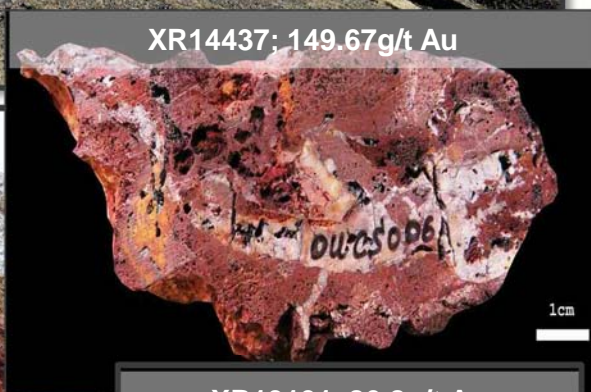
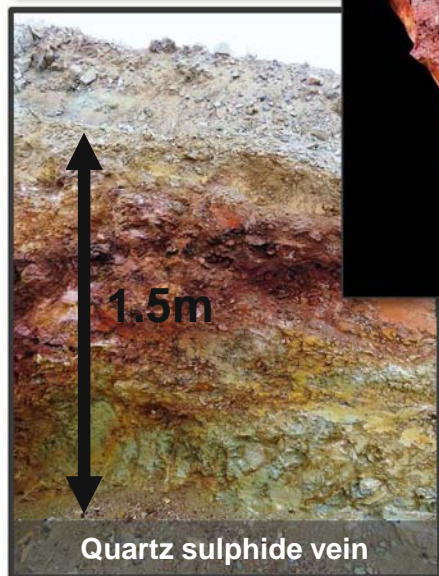
Trenches discover significant high-grade epithermal gold



- Trench results confirm the existence of a continuous zone of shallow high-grade narrow vein gold mineralisation;
- Geophysics indicates the prospective area of mineralisation is 4.5km long and 300m wide.

Oyut Ulaan porphyry Cu-Au district

Trenches discover significant high-grade epithermal gold



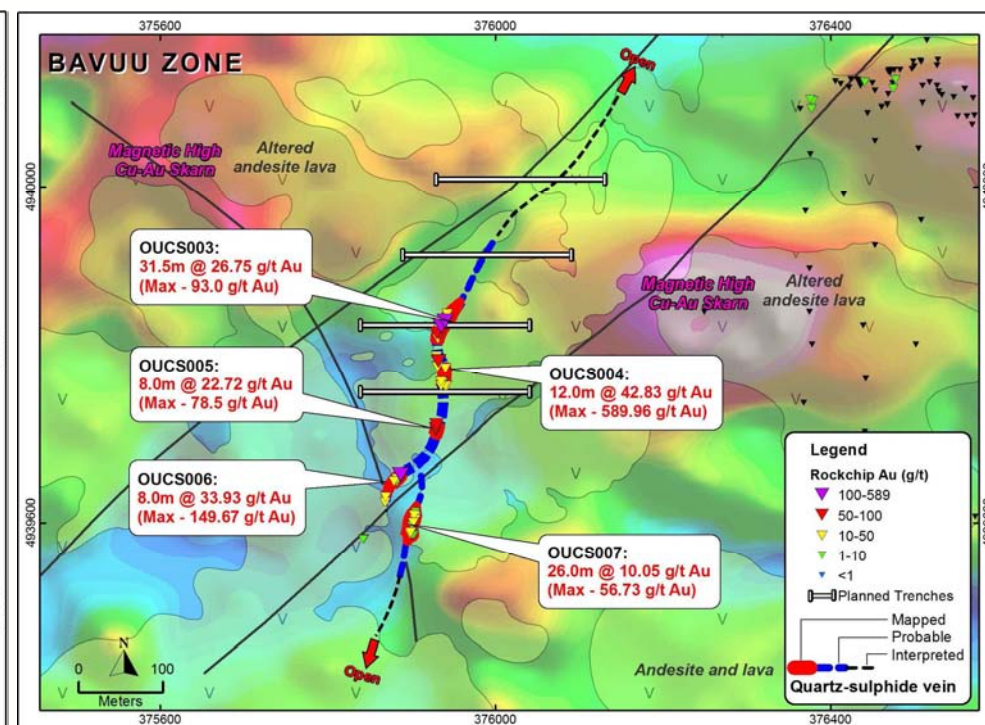
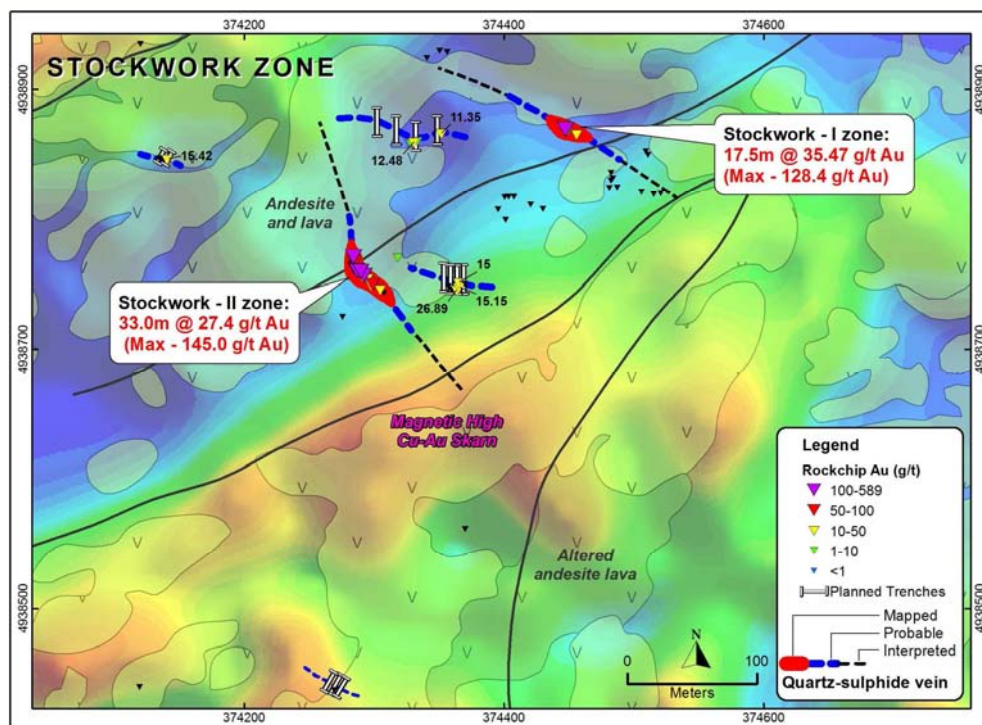
- Trenches uncover bonanza gold grades;
- Multiple near-surface lodes with high gold grades (1 to >30 g/t Au);
- Trenching confirms lower-grade gold mineralisation (0.1 g/t to 1.0 g/t Au) in host rocks.



Oyut Ulaan porphyry Cu-Au district

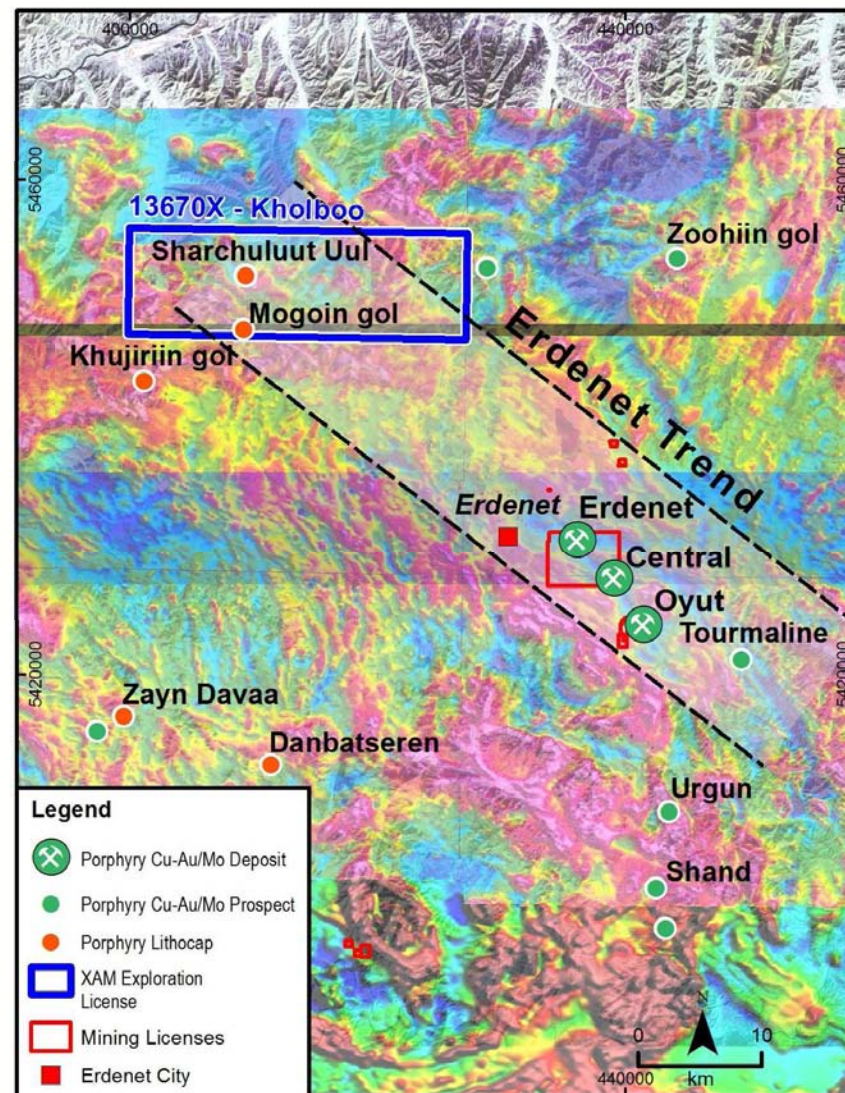
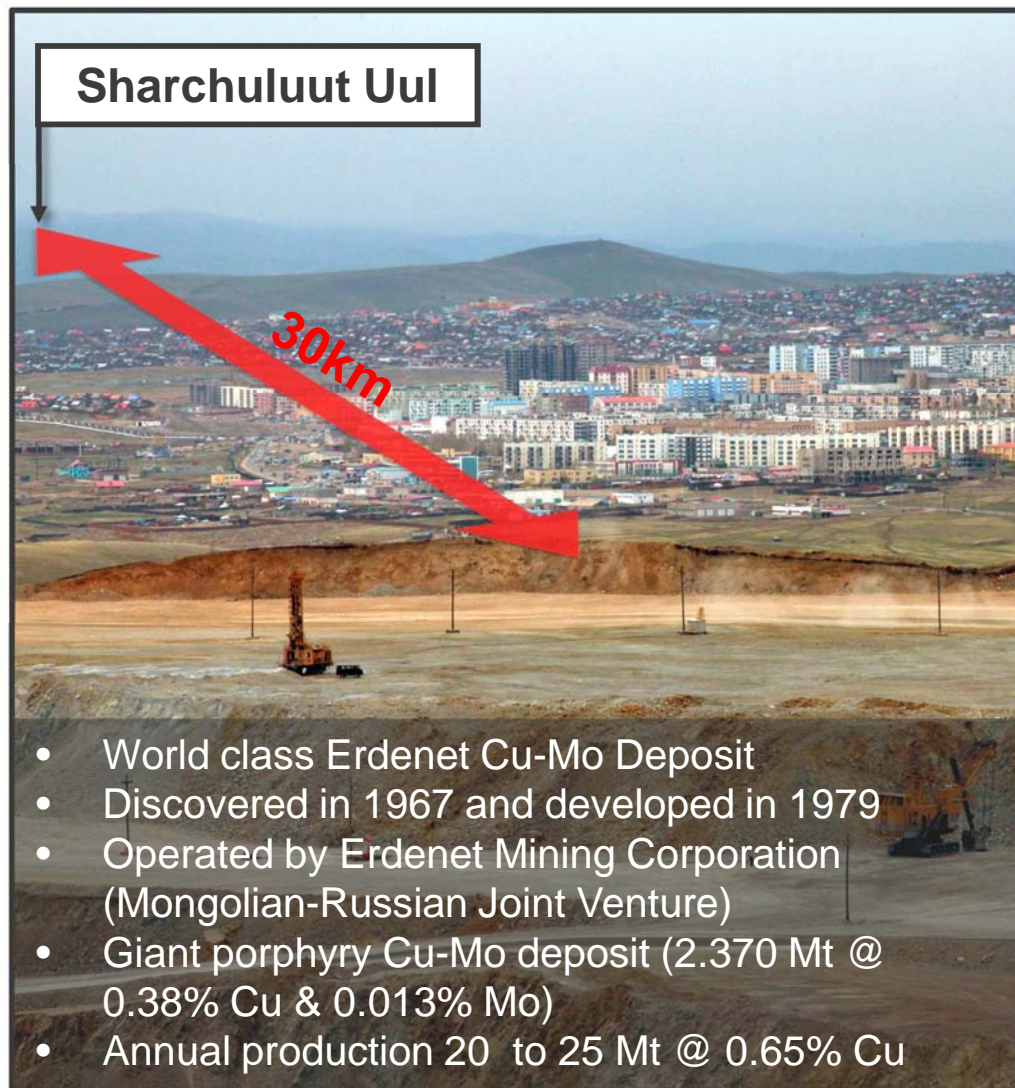
New trenching results increase scale of the system

- Continuous gold mineralisation within the vein with remarkable continuity;
- Potential modest scale gold “starter” project;
- Systematic and cost effective exploration continues.



Sharchuluut Uul porphyry Cu-Au project

Well-positioned in the World class Erdenet Trend



Active exploration across two projects

Substantial activity over next 6 months

- Exploration programs across multiple projects;
- Drilling underway at Kharmagtai with dual focus;
 - Target a fourth shallow, gold-rich porphyry copper centre;
 - Evaluate significant epithermal gold mineralisation.
- Exploration activities underway at Oyut Ulaan;
 - Evaluate significant high-grade epithermal gold discovery;
 - Drilling ready to commence to test new gold veins.



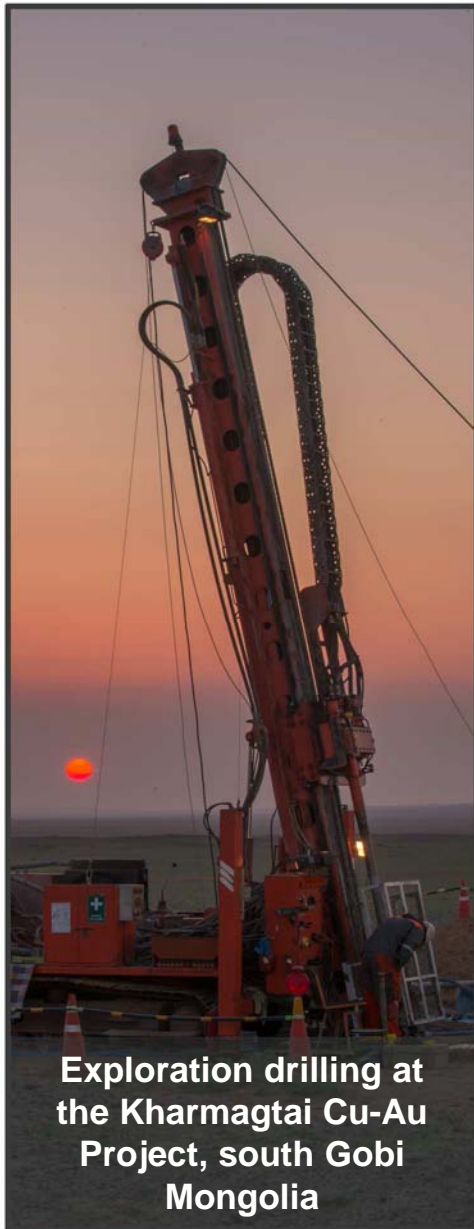
Key events for value creation

Targeting value uplift through discovery

- Discover new high-grade gold-rich porphyry centre under cover at Kharmagtai;
- Drilling extends new high-grade epithermal gold zone at Kharmagtai;
- Trenching and drilling expand the scale of recently discovered shallow high grade epithermal gold veins at Oyut Ulaan.

For personal use only

Reasons to invest in Xanadu Mines (ASX: XAM)

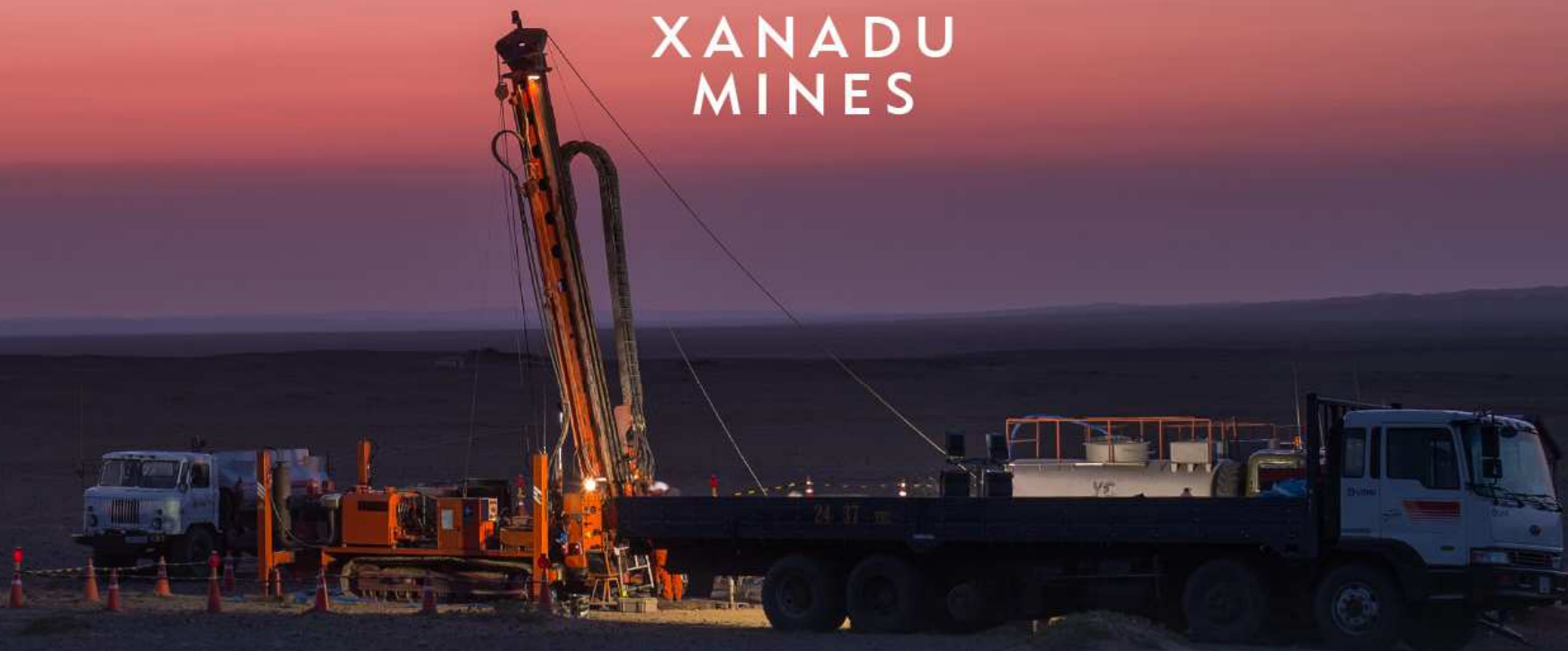


A simple investment proposition

- 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;
- Multiple shareholder value uplift trigger points.



**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.