

XANADU CLOSES FULLY SUBSCRIBED A\$1.47 MILLION BROKERED PRIVATE PLACEMENT

Xanadu Mines Ltd is an exploration company that has assembled a significant exploration portfolio across Mongolia's porphyry belts.

These belts are part of the larger Central Asian Orogenic Belt – one of the last great exploration frontiers known to host large copper porphyry deposits – and Mongolia is emerging as a globally significant copper province.

CONTACT:

George A. Lloyd
Managing Director
T: +852 6397 3308
george.lloyd@xanadumines.com

MONGOLIA:

2nd Khoroo, Military Town
AOS Street
Bayanzurkh District
Ulaanbaatar
T: +967 5011 0211

AUSTRALIA:

c/o Company Matters Pty Limited
Level 12
680 George Street
Sydney NSW 2000
T: +612 8280 7497
F: +612 9287 0350

ASX: XAM**WWW.XANADUMINES.COM**

HIGHLIGHTS

- Xanadu raises A\$1.47 million by way of a fully subscribed private placement subject to shareholder approval of the Kharmagtai acquisition. Bell Potter Securities Limited acted as sole lead manager of the placement.
- The placement proceeds will be used to accelerate exploration activities at the Kharmagtai copper-gold project.
- Xanadu has arranged over US\$10.0 million of new funds for the acquisition of and exploration activities at the Kharmagtai copper-gold project.
- Xanadu has mobilised to the Kharmagtai site and commenced exploration activities including development of a comprehensive 3D geological model for drill hole targeting.
- Drilling to commence at Kharmagtai as soon as practically possible upon completion of the Kharmagtai transaction.

INTRODUCTION

Xanadu Mines Ltd (ASX: XAM – “**Xanadu**”) confirms the closing of a fully subscribed private placement raising A\$1.47 million conditional upon approval of the Kharmagtai transaction by Xanadu shareholders. Bell Potter Securities Limited (“**Bell Potter**”) was appointed sole lead manager of the placement.

PRIVATE PLACEMENT

Xanadu closed the fully subscribed private placement agreeing to issue 30,780,450 fully paid ordinary shares at 4.8 cents per share for proceeds of A\$1.47 million. The placement shares were offered to sophisticated and professional investors within the meaning of section 708 of the Corporations Act. The placement is made under Xanadu’s 15% placement capacity in accordance with ASX Listing Rule 7.1. The placement is conditional upon the approval of the Kharmagtai transaction by Xanadu shareholders.

The placement proceeds will allow Xanadu to commence drilling at the Kharmagtai copper-gold project as soon as practically possible. Xanadu acknowledges the support Bell Potter and the placees have shown for both the Kharmagtai project and the company, and welcomes its new shareholders.

KHARMAGTAI FUNDING

Xanadu has sought to minimise shareholder dilution whilst arranging the funds for the Kharmagtai acquisition and exploration activities. Xanadu has significantly reduced operating costs and re-allocated capital employed within the business towards value-adding exploration activities over the last 12 months.

Xanadu has arranged over \$US10.0 million of new funds in relation to the Kharmagtai transaction. These new funds include:

- the private placement proceeds;
- US\$4.0 million loan facility with the Noble Group;
- US\$4.0 million of equity for the Mongol Metals LLC joint venture company; and
- the anticipated proceeds from the sale and leaseback of the company’s Ulaanbatar office facilities.

These funds together with Xanadu’s disciplined internal capital management place Xanadu in a strong position to commence drilling and reduce the time required to define a shallow high-grade JORC compliant copper and gold resource for the Kharmagtai project.

KHARMAGTAI COMPLETION

Xanadu is finalising the Notice of Extraordinary General Meeting (“**EGM**”) for the consideration of the Kharmagtai transaction by shareholders. The Notice will be lodged with the ASX shortly and mailed to shareholders thereafter.

EXPLORATION ACTIVITIES

Xanadu has been granted access to the Kharmagtai project campsite during the period prior to completion of the Kharmagtai transaction. Xanadu has commenced exploration activities at Kharmagtai including the re-logging of existing drill core and alteration studies. All data is being integrated into a comprehensive 3D geological model for drill hole targeting. Xanadu is preparing to commence drilling as soon as practically possible upon completion of the transaction.