

28 November 2014

CHAIRMAN'S AGM ADDRESS

Xanadu Mines Ltd (**ASX: XAM** – “Xanadu”) is pleased to release the address to be given by Mark Wheatley, Chairman, at the Xanadu Annual General Meeting (AGM) to be held at 11:00am (AEDST) today.

“Today, as our shareholders, you are being asked to consider a number of important matters including the cornerstone placement as announced to the ASX on 6 October 2014. The Board has considered in detail each of the five resolutions as described in the Notice of AGM and unreservedly recommends each motion to you. The Company is delighted that over 70% of the issued capital has participated in today’s AGM; this is a very high level of participation when compared to all the other general meetings with which I have been involved. So thank you to each and everyone one of you, our owners, for your activism.

2014 has been a transformational year for Xanadu. The Company has rationalised its exploration portfolio by disposing of its low potential assets and establishing a controlling position in two of the most prospective copper-gold porphyry projects in Mongolia – the Kharmagtai and Oyut Ulaan projects.

The drill program at Kharmagtai completed not long ago returned excellent results and has provided important advances in understanding our flagship project. The results indicate the potential for a large scale copper-gold system with multiple high grade near-surface, gold rich centres including Altan Tolgoi, Tsagaan Sudal and Zesen Uul. We must also not forget about Oyan Ulaan - the drilling we did there returned good results and our aim is to ensure this project also receives the funding it requires to progress in 2015.

With the support of the cornerstone places and our existing shareholders through the 2:7 non-renounceable rights issue as recently announced, we now have an opportunity to repay our acquisition commitments and provide the necessary capital to further explore our projects. It has been a priority for your Board to ensure Xanadu will be properly capitalised to unlock the value of Kharmagtai and Oyut Ulaan. Our future is an exciting one and we believe our projects will put us in a good position relative to our peers in this poor market for junior miners in which only higher quality assets will be funded.

As I speak, we are in the final stages of a 2,500 metre drilling program at Kharmagtai, about which I would like to briefly update you. We are still waiting on assay results but the supplementary program has continued to advance our understanding of the project and will help guide the exploration program for next year.

In particular, and based on visual interpretation of drill core, we continue to see strong copper and gold mineralisation associated with the tourmaline breccia complex east of Altan Tolgoi. Very significantly, we have observed that mineralised tourmaline breccia extends westward under previously defined stockwork mineralisation at Altan Tolgoi.

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Xanadu Mines Ltd (ASX: XAM) 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.



We have also tested covered anomalies to the east confirming the presence of porphyry alteration and mineralisation, and the potential for a large porphyry copper-gold deposit district similar to those seen elsewhere in Central Asia.

While 2014 has been a busy year for Xanadu, we don't expect any lull for either the technical or corporate teams who I would like to take this opportunity to thank for their dedication during the year. Shareholders can expect a detailed announcement on our supplementary drill program in due course. And with our change of year end to 31 December, shareholders can also expect to receive the next annual report in the first half of 2015.

I will now ask our Managing Director, George Lloyd, to present to you a more comprehensive review our accomplishments over 2014 and the opportunities ahead of us."

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COMPETENT PERSONS STATEMENT

The information in this announcement relating to Exploration Results is based on information compiled or reviewed by Dr. Andrew Stewart, who is an employee of Xanadu and is a Member of the Australasian Institute of Geoscientists. Dr. Andrew 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. Andrew Stewart consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.