

28 September 2017

A\$15.4 MILLION PLACEMENT TO ACCELERATE EXPLORATION

Xanadu Mines Ltd (ASX: XAM – “Xanadu” or “the Company”) is pleased to advise that it has successfully completed the bookbuild for a placement to domestic and international institutional and sophisticated investors raising approximately A\$15.4 million (“Placement”). The Placement was heavily oversubscribed, reflecting the strong interest from a variety of existing and new investors, driven by Xanadu’s recent exploration success at its flagship Kharmagtai copper-gold project in Mongolia’s South Gobi Region.

HIGHLIGHTS

- **A\$15.4 million raised in heavily oversubscribed placement;**
- **Strong support received from new and existing institutional shareholders;**
- **Xanadu is fully funded to continue exploration at its flagship Kharmagtai project;**

Xanadu’s Chief Executive Officer, Dr Andrew Stewart, said: *“We are very delighted with the strong support received from our existing sophisticated and institutional shareholders, and are very pleased to welcome a number of international institutional shareholders as new shareholders into Xanadu. The Placement enables us to further strengthen our share register with selected institutional investors. The strengthening of our balance sheet to now be debt free will allow Xanadu to vigorously pursue its drilling programs unencumbered, which puts us in a very advantageous position.”*

Placement proceeds will be used for exploration activities at the Kharmagtai, Red Mountain and Yellow Mountain copper-gold projects, repayment of the Noble debt facility and general working capital.

The Placement of approximately 76.8 ordinary shares (“New Shares”) will be issued pursuant to Xanadu’s 15% placement capacity in accordance with ASX Listing Rule 7.1. New Shares will rank equally with the Company’s existing ordinary shares. The issue price pursuant to the Placement is A\$0.20 per New Share (“Issue Price”), representing a:

- 2.4% discount to the last closing price of Xanadu shares on 25 September 2017 of A\$0.205 per share; and
- 6.6% discount to the ten-day volume weighted average price (VWAP) of Xanadu shares to 22 July of A\$0.214 per share.

Bell Potter Securities Limited acted as Lead Manager to the Placement.

Settlement of the Placement is scheduled to occur on Wednesday, 4 October 2017, with the New Shares expected to be issued and commence trading on Thursday, 5 October 2017.

For further information, please contact:

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