New Higher Grade Zones Found in Kharmagtai Infill Drilling

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TORONTO, June 07, 2023 - Xanadu Mines Ltd. (ASX: XAM, TSX: XAM) (Xanadu, XAM or the Company) and its joint venture partner Zijin Mining Group Co. Ltd.. (Zijin) are pleased to provide an update for the Kharmagtai Prefeasibility Study (PFS) infill drilling program underway.

Highlights

- Approximately 15,000m of Phase One diamond drilling has been completed (out of 30,000m total) at the Kharmagtai Stockwork Hill and White Hill deposits.
- Assay results returned for thirty-one drill holes. Exceptional highlights include:
  - Several holes delivered grades materially better than current resource grades for each deposit, and
  - Newly identified higher-grade zones demonstrate potential to enhance the 2021 Mineral Resource Estimate (MRE), currently 3Mt copper and 8Moz gold (1.98Mt CuEq Indicated, 2.33Mt CuEq Inferred).[1]

- Updated MRE expected Q4 CY2023, expected to deliver improved grade relative to 2021 MRE and to add newly identified higher-grade zones.
- Upgrades to Kharmagtai PFS production and economics expected after incorporating the updated MRE.

- Parallel, high impact Kharmagtai discovery exploration drilling program (two rigs) progressing well. Assay results soon to be reported for shallow holes targeting new resource at five unexplored porphyry clusters.
- Kharmagtai JV is funding US$35M PFS completion and discovery exploration, aiming towards a decision to mine in Q4 CY2024

Xanadu's Executive Chairman and Managing Director, Mr Colin Moorhead, said, *"Our extensional and infill drilling program has progressed efficiently and is demonstrating results in line with or materially better than the 2021 Mineral Resource Estimate. Pleasingly we've intersected new high-grade zones at Stockwork Hill within the existing Resource boundary, which will undoubtedly have a positive impact on the PFS. Given we are only halfway through Phase 1, we are very excited on the drilling results to come and look forward to providing regular updates as we progress both infill and exploration drilling programs at Kharmagtai."*

Infill Drilling Results to Date

Approximately 15,000m diamond drilling completed, as part of the 30,000m Phase One infill drilling program (Figures 1 and 2; Appendix 1). Assay results have been returned for thirty-one drill holes, with results better than, or in line with, 2021 MRE grades.

Figure 1: Kharmagtai copper-gold district showing currently defined mineral deposits and planned Phase One Resource infill drill holes.

Figure 2: Cross section through the Stockwork Hill deposit showing drill hole KHDDH594.

Several holes encountered materially better grade relative to resource grade. Significant drill intersections from Stockwork Hill, include:

Hole ID	Interval (m)	Cu (%)	Au (g/t)	CuEq (%)	From (m)
KHDDH594	294	0.32	0.26	0.46	122
including	75	0.35	0.80	0.76	128
including	48	0.43	1.05	0.96	133
including	12	0.77	1.82	1.70	145
including	34	1.10	0.10	1.15	285
KDDH601	9.5	0.35	2.07	1.40	79.9
KDDH603	71	0.47	0.14	0.55	306
including	20	0.82	0.26	0.95	331
KDDH607	22	0.95	0.12	1.01	411
including	4.1	3.82	0.24	3.94	427
KDDH608	53.5	0.31	0.49	0.56	59
including	11.2	0.56	1.26	1.21	99
KDDH613	272	0.31	0.30	0.46	199
including	48	0.45	0.47	0.69	237
including	42	0.41	0.47	0.66	506
including	34	0.45	0.53	0.72	510

Significant drill intersections from White Hill, include:

Hole ID	Interval (m)	Cu (%)	Au (g/t)	CuEq (%)	From (m)
KHDDH623	44	0.27	0.16	0.35	72
KHDDH624	30	0.31	0.22	0.42	183

Extension of Higher Grade Zones at Stockwork Hill

Significantly, drill hole KHDDH594, drilled into the central portion of Stockwork Hill, has encountered higher-grade zones of tourmaline breccia mineralisation (Figure 2) adding vertical extension to known higher grade zones. Principally, drilling intercepted a highly encouraging zone grading 34m @ 1.10% Cu and 0.10g/t Au (1.15% CuEq) from 285m, significantly exceeding the 2021 MRE block model prediction for 0.3% CuEq mineralisation. This intercept is approximately 120m above the closest high-grade tourmaline breccia drilled in this area, highlighting potential for significant grade boosts relative to the existing MRE. Additional drilling is now planned to test for further extensions of these higher-grade zones and aimed for inclusion in the upcoming MRE update.

Figure 3: Four diamond drill rigs drilling at White Hill.

PFS Data Acquisition

Xanadu are using cutting edge technology to acquire accurate and consistent data for the PFS. All drill core is being run through two Boxscan devices that scan the drill core to acquire ultra high-resolution imagery, laser scan topology, short-wave infrared data and magnetic susceptibility. With this dataset, advanced machine learning algorithms are logging the core for rock type, alteration, sulphide distribution (size and shape), rock quality data (RQD), vein types and densities, mineralogical composition as well as taking structural measurements. These data are being used to build the geological, geometallurgical and geotechnical domain models for input into the PFS and aimed at positioning the future Kharmagtai mine for operational readiness.

About the Infill Drilling Program

Four diamond drill rigs are currently focussed on Kharmagtai infill drilling, with overarching objective to target

areas with potential for future Mineral Resource to Ore Reserve conversion. Totalling ~30,000 metres, the infill drilling program is planned to specifically increase the Resource confidence category from Inferred to Indicated. As such, the planned drill holes aim to remove any mineralisation knowledge gaps around the edges of existing deposits.

Kharmagtai currently has an Inferred and Indicated Resource of 1.1Bt containing 3Mt Cu and 8Moz Au[2]. As part of the Kharmagtai PFS, the Resource will be upgraded to Indicated classification, enabling a maiden, JORC compliant Ore Reserve to be reported. To achieve this, the infill drilling program is designed to upgrade and extend strike length of the shallow open pit Resource areas and selected deeper high-grade zones (Figure 1), including investigation of near-mine, higher-grade extensions.

About Xanadu Mines

Xanadu is an ASX and TSX listed Exploration company operating in Mongolia. We give investors exposure to globally significant, large-scale copper-gold discoveries and low-cost inventory growth. Xanadu maintains a portfolio of exploration projects and remains one of the few junior explorers on the ASX or TSX who jointly control a globally significant copper-gold deposit in our flagship Kharmagtai project. Xanadu is the Operator of a 50-50 JV with Zijin Mining Group in Khuiten Metals Pte Ltd, which controls 76.5% of the Kharmagtai project.

For further information on Xanadu, please visit: www.xanadumines.com or contact:

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This Announcement was authorised for release by Xanadu's Board of Directors.

Appendix 1: Drilling Results

Note that true widths will generally be narrower than those reported. See disclosure in JORC explanatory statement attached.

Table 1: Drill hole collar

Hole ID	Prospect	East	North	RL	Azimuth (°)	Inc (°)	Depth (m)
KHDDH594	Stockwork Hill	592501	4877730	1292	0	-60	565.0
KHDDH595	White Hill	592500	4877453	1294	0	-60	200.0
KHDDH597	Stockwork Hill	592609	4877783	1284	0	-60	525.0
KHDDH598	Stockwork Hill	592609	4878114	1284	0	-60	350.0
KHDDH599	Stockwork Hill	592581	4877924	1287	0	-60	411.2
KHDDH600	Stockwork Hill	592708	4878069	1283	180	-75	821.4
KHDDH601	Stockwork Hill	592800	4877990	1283	0	-90	375.0
KHDDH602	White Hill	592609	4877592	1289	180	-60	450.0
KHDDH603	Stockwork Hill	592900	4877646	1280	0	-70	475.9
KHDDH604	Stockwork Hill	593000	4877824	1282	0	-70	275.0
KHDDH605	Stockwork Hill	593000	4877629	1285	0	-60	60.0
KHDDH605A	Stockwork Hill	593000	4877629	1285	0	-70	325.0
KHDDH606	Stockwork Hill	593069	4877824	1281	90	-60	400.2
KHDDH607	Stockwork Hill	592376	4877578	1292	0	-60	600.1
KHDDH608	Stockwork Hill	592310	4877840	1291	0	-55	400.0
KHDDH609	Stockwork Hill	592270	4877913	1293	270	-60	410.0
KHDDH610	Stockwork Hill	592250	4877654	1292	0	-60	325.0
KHDDH611	Stockwork Hill	592189	4877919	1291	180	-70	275.0

KHDDH612	Stockwork Hill	592126	4878051	1291	0	-60	100.0
KHDDH613	Stockwork Hill	592800	4877742	1283	0	-90	573.6
KHDDH614	Stockwork Hill	592126	4877846	1295	0	-60	175.0
KHDDH615	Stockwork Hill	592126	4877755	1295	0	-60	200.0
KHDDH616	White Hill	591501	4877401	1304	0	-60	150.0
KHDDH617	White Hill	591501	4877300	1307	0	-60	231.0
KHDDH618	White Hill	591501	4877101	1307	0	-60	444.3
KHDDH619	White Hill	591501	4877000	1309	0	-60	634.1
KHDDH620	White Hill	591626	4877452	1303	0	-60	175.0
KHDDH621	Stockwork Hill	592900	4877901	1282	0	-70	420.7
KHDDH623	White Hill	591626	4877353	1304	0	-60	250.0
KHDDH624	White Hill	591626	4877247	1306	0	-60	423.6
KHDDH626	White Hill	591626	4877149	1306	0	-60	596.0
KHDDH627	White Hill	591626	4877051	1308	0	-60	672.8
KHDDH628	Stockwork Hill	592250	4878102	1289	0	-60	125.0
KHDDH629	Stockwork Hill	592126	4877950	1291	0	-60	125.0
KHDDH631	White Hill	591626	4876953	1310	0	-60	705.6
KHDDH632	White Hill	592819	4877517	1274	160	-60	350.0
KHDDH633	White Hill	591751	4877477	1302	0	-60	375.6
KHDDH634	White Hill	591751	4876901	1310	0	-60	826.5
KHDDH637	White Hill	591751	4877255	1303	0	-60	360.1
KHDDH644	White Hill	591876	4877532	1301	0	-60	200.0

Table 2: Significant drill results

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)	AuEq (g/t)
KHDDH594	Stockwork Hill	11	15	4	0.10	0.06	0.12	0.23
and		122	416	294	0.26	0.32	0.46	0.89
including		128	203	75	0.80	0.35	0.76	1.49
including		133	181	48	1.05	0.43	0.96	1.88
including		145	157	12	1.82	0.77	1.70	3.33
including		249	257	8	0.14	0.23	0.30	0.58
including		285	329	44	0.14	0.89	0.96	1.88
including		285	319	34	0.10	1.10	1.15	2.25
including		285	317	32	0.10	1.11	1.16	2.28
including		356	386	30	0.06	0.43	0.46	0.90
including		378	386	8	0.11	0.80	0.86	1.68
including		378	384	6	0.13	0.80	0.86	1.68
and		426	442	16	0.06	0.11	0.14	0.28
and		464	476	12	0.06	0.05	0.08	0.15
and		496	555	59	0.23	0.10	0.22	0.43
including		524	544	20	0.35	0.15	0.33	0.64
KHDDH595	White Hill	3	89	86	0.04	0.11	0.13	0.25
and		131	141	10	0.09	0.07	0.11	0.22
KHDDH597	Stockwork Hill	5	134	129	0.08	0.16	0.20	0.40
including		61	81	20	0.15	0.25	0.33	0.64
and		144	164	20	0.06	0.11	0.14	0.28
and		195	448	253	0.08	0.17	0.21	0.41
including		222	226	4	0.07	0.30	0.34	0.66
including		240	244	4	0.14	0.30	0.36	0.71
including		324	356	32	0.20	0.24	0.34	0.67

including		366	402	36	0.12	0.26	0.32	0.63
and		488	509	21	0.10	0.08	0.13	0.26
KHDDH598	Stockwork Hill	1.2	75	73.8	0.06	0.13	0.16	0.31
including		9	17	8	0.23	0.23	0.35	0.68
KHDDH599	Stockwork Hill	3.2	75	71.8	0.12	0.17	0.23	0.45
including		20	34	14	0.11	0.23	0.28	0.55
including		44.5	54	9.5	0.38	0.36	0.55	1.07
and		85	294	209	0.13	0.20	0.26	0.52
including		99	160	61	0.21	0.29	0.40	0.78
including		142	154	12	0.39	0.47	0.66	1.30
including		180	220	40	0.18	0.26	0.35	0.69
and		321	325	4	0.03	0.13	0.15	0.29
KHDDH600	Stockwork Hill	12	38	26	0.15	0.12	0.19	0.37
and		83	99	16	0.07	0.06	0.10	0.19
and		165	199	34	0.25	0.11	0.23	0.46
including		167	177	10	0.72	0.05	0.41	0.81
including		167	177	10	0.72	0.05	0.41	0.81
and		211	220.7	9.7	0.02	0.10	0.11	0.21
and		263	273	10	0.06	0.05	0.08	0.16
and		369	382	13	0.10	0.08	0.13	0.25
and		392.3	470	77.7	0.12	0.18	0.24	0.47
including		435.3	448	12.7	0.29	0.56	0.71	1.39
including		442	448	6	0.46	0.79	1.02	2.00
and		480	494	14	0.05	0.07	0.10	0.20
and		566	590	24	0.10	0.06	0.11	0.21
and		600	754	154	0.19	0.16	0.25	0.49
including		608	652	44	0.38	0.22	0.41	0.81
including		620	626	6	1.34	0.34	1.02	1.99
including		622	626	4	1.60	0.36	1.17	2.29
including		662	668	6	0.48	0.24	0.48	0.94
including		724	728	4	0.23	0.28	0.40	0.78
and		772	778	6	0.09	0.08	0.13	0.26
and		788	821.4	33.4	0.07	0.19	0.22	0.43
including		792	802	10	0.10	0.25	0.30	0.60
KHDDH601	Stockwork Hill	32	52	20	0.02	0.10	0.11	0.21
and		79.9	89.4	9.5	2.07	0.35	1.40	2.74
including		79.9	86	6.1	3.09	0.53	2.11	4.13
KHDDH602	White Hill	216.21	324.6	108.39	0.06	0.12	0.15	0.29
KHDDH603	Stockwork Hill	28	32	4	0.06	0.10	0.13	0.26
and		105	109	4	0.11	0.09	0.15	0.29
and		121	145	24	0.03	0.08	0.09	0.18
and		176.3	186	9.7	0.05	0.07	0.09	0.18
and		206	475.9	269.9	0.10	0.26	0.32	0.62
including		214	222	8	0.09	0.22	0.27	0.52
including		240	296	56	0.12	0.26	0.32	0.63
including		262	268	6	0.28	0.67	0.81	1.58
including		306	377	71	0.14	0.47	0.55	1.07
including		308	317	9	0.18	0.45	0.54	1.05
including		331	351	20	0.26	0.82	0.95	1.86
including		337	351	14	0.33	0.90	1.07	2.10
including		440.1	454.1	14	0.13	0.23	0.29	0.58
including		468	474.2	6.2	0.45	0.34	0.57	1.12

KHDDH604	Stockwork Hill	35	49	14	0.10	0.05	0.10	0.20
and		246	250	4	0.22	0.01	0.12	0.23
KHDDH605A	Stockwork Hill	41	45	4	0.26	0.06	0.19	0.37
and		139.4	155	15.6	0.03	0.07	0.09	0.17
and		195	199	4	0.28	0.08	0.22	0.43
and		209	283.92	74.92	0.19	0.23	0.32	0.63
including		226	243.43	17.43	0.23	0.35	0.46	0.91
including		228	232	4	0.52	0.78	1.04	2.03
including		254	268	14	0.43	0.44	0.66	1.29
including		258	266	8	0.55	0.49	0.77	1.50
including		278	283.92	5.92	0.34	0.13	0.31	0.61
KHDDH607	Stockwork Hill	9	19	10	0.03	0.13	0.15	0.30
and		106	112	6	0.06	0.10	0.13	0.26
and		121.7	149	27.3	0.07	0.10	0.14	0.27
and		159	193	34	0.04	0.09	0.11	0.22
and		214.2	222	7.8	0.10	0.06	0.12	0.23
and		234	238	4	0.09	0.07	0.11	0.22
and		252	284	32	0.07	0.07	0.10	0.20
and		296	307	11	0.06	0.09	0.12	0.23
and		330.85	434.9	104.05	0.08	0.27	0.31	0.61
including		411	433	22	0.12	0.95	1.01	1.98
including		426.9	431	4.1	0.24	3.82	3.94	7.71
and		445	449	4	0.14	0.08	0.14	0.28
and		492.9	501.3	8.4	0.35	0.18	0.35	0.69
including		492.9	497	4.1	0.53	0.26	0.53	1.04
and		512	568	56	0.11	0.18	0.23	0.46
including		524	542	18	0.11	0.25	0.30	0.59
and		578	586.2	8.2	0.04	0.14	0.16	0.32
KHDDH608	Stockwork Hill	0.35	112.5	112.15	0.27	0.21	0.35	0.68
including		59	112.5	53.5	0.49	0.31	0.56	1.09
including		99	110.2	11.2	1.26	0.56	1.21	2.36
and		129.7	148	18.3	0.13	0.17	0.23	0.46
including		129.7	135.87	6.17	0.29	0.31	0.46	0.89
and		166	270	104	0.12	0.13	0.19	0.38
including		224	230	6	0.28	0.30	0.44	0.86
and		282	400	118	0.07	0.13	0.16	0.32
including		318	322	4	0.11	0.27	0.32	0.62
KHDDH609	Stockwork Hill	10	18	8	0.07	0.07	0.11	0.21
and		28	322	294	0.08	0.10	0.14	0.27
including		81	89	8	0.06	0.21	0.24	0.46
including		207	237	30	0.18	0.15	0.24	0.46
and		334	350	16	0.32	0.08	0.24	0.48
including		336	348	12	0.39	0.08	0.28	0.54
and		378	394	16	0.05	0.05	0.08	0.16
KHDDH610	Stockwork Hill	3.5	46	42.5	0.06	0.10	0.13	0.25
and		55	88	33	0.08	0.11	0.15	0.29
and		204	212	8	0.07	0.07	0.10	0.20
and		294	325	31	0.08	0.10	0.13	0.26
KHDDH611	Stockwork Hill	3	115	112	0.10	0.09	0.14	0.28
and		125	137	12	0.13	0.06	0.12	0.24
and		171.85	214	42.15	0.07	0.09	0.12	0.23
and		255	275	20	0.04	0.11	0.13	0.26

KHDDH612	Stockwork Hill	8	98	90	0.10	0.13	0.18	0.36
including		58	68	10	0.14	0.30	0.37	0.73
KHDDH613	Stockwork Hill	17	25	8	0.19	0.12	0.22	0.43
and		39	111.35	72.35	0.08	0.13	0.17	0.34
including		70.9	87.8	16.9	0.18	0.20	0.29	0.57
including		97.6	106	8.4	0.14	0.26	0.33	0.64
and		121	495.6	374.6	0.25	0.26	0.40	0.77
including		141	149	8	0.14	0.18	0.25	0.49
including		159	180.6	21.6	0.25	0.31	0.44	0.86
including		199	471	272	0.30	0.31	0.46	0.90
including		237	285	48	0.47	0.45	0.69	1.36
including		409	419	10	0.57	0.56	0.85	1.66
including		409	413	4	0.80	0.80	1.21	2.37
including		441	451	10	1.14	0.37	0.96	1.87
including		443	451	8	1.25	0.38	1.02	1.99
and		506	548	42	0.47	0.41	0.66	1.28
including		507.6	548	40.4	0.48	0.42	0.67	1.31
including		510	544	34	0.53	0.45	0.72	1.41
including		540	544	4	1.42	1.29	2.01	3.94
KHDDH614	Stockwork Hill	2.85	39	36.15	0.09	0.09	0.14	0.27
and		138	174	36	0.08	0.10	0.14	0.28
KHDDH615	Stockwork Hill	2.4	16	13.6	0.08	0.06	0.10	0.20
and		28	173.8	145.8	0.15	0.13	0.21	0.40
including		46	68	22	0.30	0.18	0.33	0.65
including		84.1	102	17.9	0.22	0.21	0.32	0.63
KHDDH616	White Hill	25	150	125	0.08	0.13	0.17	0.33
including		25	38	13	0.20	0.17	0.28	0.54
KHDDH617	White Hill	0	231	231	0.08	0.15	0.19	0.37
including		94	112	18	0.12	0.24	0.30	0.59
including		144	154	10	0.13	0.20	0.26	0.52
including		168	172	4	0.31	0.23	0.38	0.75
KHDDH618	White Hill	67	354	287	0.07	0.17	0.20	0.39
including		232	275.2	43.2	0.08	0.25	0.29	0.57
including		304	328	24	0.10	0.22	0.27	0.52
including		342	350	8	0.15	0.26	0.34	0.66
assays pending								
KHDDH619	White Hill	135	634.1	499.1	0.07	0.18	0.22	0.43
including		313.9	349	35.1	0.10	0.28	0.33	0.65
including		387	405.3	18.3	0.18	0.36	0.45	0.89
including		417.2	435.9	18.7	0.12	0.25	0.32	0.62
including		495	503	8	0.10	0.28	0.32	0.63
including		523.2	531	7.8	0.13	0.28	0.34	0.67
including		621	625	4	0.07	0.33	0.36	0.71
KHDDH620	White Hill	0.5	175	174.5	0.05	0.14	0.16	0.32
KHDDH621	White Hill	*assays pending*						
KHDDH623	White Hill	0	250	250	0.11	0.18	0.24	0.46
including		28	34	6	0.37	0.22	0.41	0.80
including		72	116	44	0.16	0.27	0.35	0.69
including		230	246	16	0.17	0.24	0.33	0.64
KHDDH624	White Hill	0	397	397	0.10	0.18	0.24	0.46
including		85	139.2	54.2	0.15	0.26	0.33	0.65
including		149	166.7	17.7	0.17	0.24	0.32	0.63

including		183	212.6	29.6	0.22	0.31	0.42	0.82
including		229	238.1	9.1	0.14	0.27	0.35	0.68
including		321.6	330	8.4	0.18	0.32	0.41	0.81
including		340	362.7	22.7	0.20	0.30	0.40	0.79
and		411	423.6	12.6	0.08	0.14	0.18	0.35
KHDDH626	White Hill	*assays pending*						
KHDDH627	White Hill	*assays pending*						
KHDDH628	Stockwork Hill	*assays pending*						
KHDDH629	Stockwork Hill	*assays pending*						
KHDDH631	White Hill	*assays pending*						
KHDDH632	White Hill	*assays pending*						
KHDDH633	White Hill	*assays pending*						
KHDDH634	White Hill	*assays pending*						
KHDDH637	White Hill	*assays pending*						
KHDDH644	White Hill	*assays pending*						

Appendix 2: Statements and Disclaimers

Competent Person Statement

The information in this announcement that relates to Mineral Resources is based on information compiled by Mr Robert Spiers, who is responsible for the Mineral Resource estimate. Mr Spiers is a full time Principal Geologist employed by Spiers Geological Consultants (SGC) and is a Member of the Australian Institute of Geoscientists. He 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 Qualified Person as defined in the CIM Guidelines and National Instrument 43-101 and as a Competent Person under JORC Code 2012. Mr Spiers consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this announcement 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. Dr Stewart, who is an employee of Xanadu and is a Member of the Australasian Institute of Geoscientists, 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* and the *National Instrument 43-101*. Dr Stewart consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Mineral Resources and Ore Reserves Reporting Requirements

The 2012 Edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code 2012) sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The Information contained in this Announcement has been presented in accordance with the JORC Code 2012.

The information in this Announcement relates to the exploration results previously reported in ASX Announcements which are available on the Xanadu website at:

https://www.xanadumines.com/site/investor-centre/asx-announcements

The Company is not aware of any new, material information or data that is not included in those market announcements.

Copper Equivalent Calculations

The copper equivalent (CuEq) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage with a metallurgical recovery factor applied.

Copper equivalent (CuEq) grade values were calculated using the formula: CuEq = Cu + Au * 0.60049 * 0.86667.

Where Cu - copper grade (%); Au - gold grade (g/t); 0.60049 - conversion factor (gold to copper); 0.86667 - relative recovery of gold to copper (86.67%).

The copper equivalent formula was based on the following parameters (prices are in USD): Copper price 3.4 $/lb; Gold price 1400 $/oz; Copper recovery 90%; Gold recovery 78%; Relative recovery of gold to copper = 78% / 90% = 86.67%.

Forward-Looking Statements

Certain statements contained in this Announcement, including information as to the future financial or operating performance of Xanadu and its projects may also include statements which are 'forward?looking statements' that may include, amongst other things, statements regarding targets, estimates and assumptions in respect of mineral reserves and mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. These 'forward-looking statements' are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Xanadu, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies and involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward?looking statements.

Xanadu disclaims any intent or obligation to update publicly or release any revisions to any forward?looking statements, whether as a result of new information, future events, circumstances or results or otherwise after the date of this Announcement or to reflect the occurrence of unanticipated events, other than required by the *Corporations Act 2001* (Cth) and the Listing Rules of the Australian Securities Exchange (ASX) and Toronto Stock Exchange (TSX). The words 'believe', 'expect', 'anticipate', 'indicate', 'contemplate', 'target', 'plan', 'intends', 'continue', 'budget', 'estimate', 'may', 'will', 'schedule' and similar expressions identify forward?looking statements.

All 'forward?looking statements' made in this Announcement are qualified by the foregoing cautionary statements. Investors are cautioned that 'forward?looking statements' are not guarantee of future performance and accordingly investors are cautioned not to put undue reliance on 'forward?looking statements' due to the inherent uncertainty therein.

For further information please visit the Xanadu Mines' Website at www.xanadumines.com.

Appendix 2: Kharmagtai Table 1 (JORC 2012)

Set out below is Section 1 and Section 2 of Table 1 under the JORC Code, 2012 Edition for the Kharmagtai project. Data provided by Xanadu. This Table 1 updates the JORC Table 1 disclosure dated 8 December 2021.

JORC TABLE 1 - SECTION 1 - SAMPLING TECHNIQUES AND DATA
(Criteria in this section apply to all succeeding sections).

Criteria	Commentary

Sampling techniques	● Representative ½ core samples were split from PQ, HQ & N ● The orientation of the cut line is controlled using the core ori ● Sample intervals are defined and subsequently checked by ● Reverse Circulation (RC) chip samples are ¼ splits from one ● RC samples are uniform 2m samples formed from the comb
Drilling techniques	● The Mineral Resource Estimation has been based upon dian ● All drill core drilled by Xanadu has been oriented using the "
Drill sample recovery	● Diamond drill core recoveries were assessed using the stan ● Diamond core recoveries average 97% through mineralisatio ● Overall, core quality is good, with minimal core loss. Where ● RC recoveries are measured using whole weight of each 1m ● Analysis of recovery results vs grade shows no significant tr
Logging	● All drill core is geologically logged by well-trained geologists ● Logging of lithology, alteration and mineralogy is intrinsically ● Drill core is also systematically logged for both geotechnical ● Both wet and dry core photos are taken after core has been
Sub-sampling techniques and sample preparation	● All drill core samples are ½ core splits from either PQ, HQ o ● Core is appropriately split (onsite) using diamond core saws ● The diamond saws are regularly flushed with water to minim ● A field duplicate ¼ core sample is collected every 30th samp ● Routine sample preparation and analyses of DDH samples ● All samples were prepared to meet standard quality control ● ALS Mongolia Geochemistry labs quality management syste ● The sample support (sub-sample mass and comminution) is
Quality of assay data and laboratory tests	● All samples were routinely assayed by ALS Mongolia for gol ● Au is determined using a 25g fire assay fusion, cupelled to d ● All samples were also submitted to ALS Mongolia for the 48 ● Quality assurance has been managed by insertion of approp ● Assay results outside the optimal range for methods were re ● Ore Research Pty Ltd certified copper and gold standards ha ● QC monitoring is an active and ongoing processes on batch ● Prior to 2014: Cu, Ag, Pb, Zn, As and Mo were routinely det
Verification of sampling and assaying	● All assay data QA/QC is checked prior to loading into XAM's ● The data is managed by XAM geologists. ● The data base and geological interpretation is managed by ● Check assays are submitted to an umpire lab (SGS Mongoli ● No twinned drill holes exist. ● There have been no adjustments to any of the assay data.
Location of data points	● Diamond drill holes have been surveyed with a differential gl ● The grid system used for the project is UTM WGS-84 Zone ● Historically, Eastman Kodak and Flexit electronic multi-shot ● More recently (since September 2017), a north-seeking gyro ● The project Digital Terrain Model (DTM) is based on 1m con

Data spacing and distribution	● Holes spacings range from <50m spacings within the core o ● Holes range from vertical to an inclination of -60 degrees de ● The data spacing and distribution is sufficient to establish an ● Holes have been drilled to a maximum of 1,304m vertical de ● The data spacing and distribution is sufficient to establish ge
Orientation of data in relation to geological structure	● Drilling is conducted in a predominantly regular grid to allow ● Scissor drilling, as well as some vertical and oblique drilling,
Sample security	● Samples are delivered from the drill rig to the core shed twic ● Samples are dispatched from site in locked boxes transporte ● Sample shipment receipt is signed off at the Laboratory with ● Samples are then stored at the lab and returned to a locked
Audits or reviews	● Internal audits of sampling techniques and data managemer ● External reviews and audits have been conducted by the fol ● 2012: AMC Consultants Pty Ltd. was engaged to conduct ar ● 2013: Mining Associates Ltd. was engaged to conduct an In ● 2018: CSA Global reviewed the entire drilling, logging, samp

JORC TABLE 1 - SECTION 2 - REPORTING OF EXPLORATION RESULTS
(Criteria in this section apply to all succeeding sections).

Criteria	Commentary
Mineral tenement and land tenure status	● The Project comprises 2 Mining Licences (MV-1712 ● Xanadu now owns 90% of Vantage LLC, the 1 ● The Kharmagtai mining license MV-17387A is ● The *Mongolian Minerals Law (2006)* and *Mongolian*
Exploration done by other parties	● Previous exploration at Kharmagtai was conducted ● Previous exploration at Red Mountain (Oyut Ulaan)
Geology	● The mineralisation is characterised as porphyry cop ● Porphyry copper-gold deposits are formed from mag
Drill hole Information	● Diamond drill holes are the principal source of geolo ● See figures in this ASX/TSX Announcement.

Data Aggregation methods	● The CSAMT data was converted into 2D line data u ● A nominal cut-off of 0.1% CuEq is used in copper do ● A nominal cut-off of 0.1g/t eAu is used in gold domin ● Maximum contiguous dilution within each intercept i ● Most of the reported intercepts are shown in sufficie ● Informing samples have been composited to two me The copper equivalent (CuEq) calculation represents the Copper equivalent (CuEq) grade values were calculated u CuEq = Cu + Au * 0.62097 * 0.8235, Gold Equivalent (eAu) grade values were calculated using eAu = Au + Cu / 0.62097 * 0.8235. Where: Cu - copper grade (%) Au - gold grade (g/t) 0.62097 - conversion factor (gold to copper) 0.8235 - relative recovery of gold to copper (82.35%) The copper equivalent formula was based on the following ● Copper price - 3.1 $/lb (or 6834 $/t) ● Gold price - 1320 $/oz ● Copper recovery - 85% ● Gold recovery - 70% ● Relative recovery of gold to copper = 70% / 85% = 8
Relationship between mineralisation on widths and intercept lengths	● Mineralised structures are variable in orientation, an ● Exploration results have been reported as an interva
Diagrams	● See figures in the body of this ASX/TSX Announcem
Balanced reporting	● Resources have been reported at a range of cut-off
Other substantive exploration data	● Extensive work in this area has been done and is re
Further Work	● The mineralisation is open at depth and along strike ● Current estimates are restricted to those expected t ● Exploration on going.

JORC TABLE 1 - SECTION 3 - ESTIMATION AND REPORTING OF MINERAL RESOURCES

Mineral Resources are not reported so this is not applicable to this Announcement. Please refer to the Company's ASX Announcement dated 1 December 2021 for Xanadu's most recent reported Mineral Resource Estimate and applicable Table 1, Section 3.

JORC TABLE 1 - SECTION 4 - ESTIMATION AND REPORTING OF ORE RESERVES

Ore Reserves are not reported so this is not applicable to this Announcement.

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[1] ASX/TSX Announcement 08 December 2021 - Kharmagtai resource grows to 1.1 billion tonnes, containing 3Mt Cu and 8Moz Au
[2] ASX/TSX Announcement 08 December 2021 - Kharmagtai resource grows to 1.1 billion tonnes, containing 3Mt Cu and 8Moz Au

Photos accompanying this announcement are available at:

https://www.globenewswire.com/NewsRoom/AttachmentNg/82834f59-4f35-49e5-bcf4-f39774f81baa

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