Shallow Bornite Mineralisation at Red Mountain

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TORONTO, March 23, 2021 - Xanadu Mines Ltd. (ASX: XAM, TSX: XAM) ("Xanadu" or "the Company") is pleased to report that diamond drill hole OUDDH100 at the Red Mountain joint venture with the Japan Oil, Gas and Metals National Corporation (JOGMEC JV) copper-gold project (Figures 1 and 2) has intersected a significant zone (up to 16 metres) of very high-grade bornite-rich massive sulphide mineralisation.

Highlights

- Diamond drill hole OUDDH100 intersects high-grade massive sulphide, bornite-rich copper mineralisation at Stairy Target:

  - 4m @ 15.85% Cu from 55m within

  - 16m grading 4.09% Cu from 54m

- Reinforces the potential for shallow, high-grade mineralisation, which may provide options for early development ahead of potential larger porphyry deposits at depth
- The full extent of the discovery at the Stairy prospect is still unknown with surface mapping indicating the prospective area of mineralisation is 1.5km long and 1km wide
- The Stairy prospect is one of several similar targets within the Red Mountain project area
- The drilling phase of the 4,400m Red Mountain Stage 2 program is now largely completed and awaiting further assay results

Xanadu's Chief Executive Officer, Dr Andrew Stewart, said "*These new high-grade assay results are very exciting, and represent the highest-grade copper mineralisation discovered to date at Red Mountain. We are very encouraged by the intersection of bornite-rich massive sulphide mineralisation associated with the upper part of a porphyry system. This drill hole supports Xanadu's interpretation that the district has potential to harbour a combination of deposit styles, including large-scale porphyry mineralisation, gold-rich skarns, and shallow high-grade massive sulphide/vein-hosted mineralisation which provide future options for early development ahead of potential larger porphyry deposits at depth. "*

Assay results and geological interpretation from hole drill hole OUDDH100 at the Stairy prospect indicates multiple copper bearing structures with various orientations (Figure 3) with local high-grade mineralisation (Table 1), including the highest copper grades yet drilled at Stairy.

https://www.globenewswire.com/NewsRoom/AttachmentNg/fd68c977-ac65-4414-8460-28111accb74a

The Stairy prospect consists of a 1.5km by 1km zone of sheeted mineralised structures hosted within the Stairy Intrusive in the central east of the Red Mountain Mining Lease. These structures are interpreted to be sub-vertical, up to twenty-four meters wide and can extend for over a kilometre. Copper mineralisation at Stairy consists of bornite and chalcopyrite sulphide with quartz carbonate fill. The current geological interpretations suggest these sheeted structures may be linked to a large-scale porphyry system at depth.

Drill hole OUDDH100 encountered a zone of extremely high-grade bornite mineralisation (Figure 4) from 54m and has returned;

OUDDH100 returns 16m @ 4.09% Cu from 54m

Including 4m @ 15.85% Cu from 55m

And 26m @ 0.31% Cu from 172m

Full intercepts can be found in Table 3.

About the Red Mountain Drilling Program

The current drilling program consists of 4,400m of drilling targeting high-grade porphyry mineralisation. Drilling has been completed and partial drill results are being returned (Table 1). The results from this drilling will be compiled and interpreted and follow-up drilling will be planned for Q2-Q3, 2021.

Table 1: Red Mountain Drill Program

Prospect	Hole ID	Phase 2 Metres Planned	Metres Drilled	Assays Returned	Assays Pending
Bavuu	OUDDH098	600m	600m	314	0
Vein 10	OUDDH099	300m	300m	153	0
Stairy	OUDDH100	500m	513.6m	270	0
Target 42	OUDDH101	800m	800m	108	299
Bavuu	OUDDH102	700m	700m	0	353
Stockwork	OUDDH103	400m	400m	0	213
Breccia Hill	OUDDH104	800m	800m	0	403
Stockwork	OUDDH105	300m	318.4m	0	172
Total Drilling		4,400m	4,432m	845	1440

About Red Mountain

The Red Mountain JOGMEC JV project located within the Dornogovi Province of southern Mongolia, approximately 420 kilometres southeast of Ulaanbaatar (Figure 1), is a joint venture between Xanadu and JOGMEC. The project covers approximately 57 square kilometres in a frontier terrane with significant mineral endowment and has a granted 30-year mining licence. Red Mountain comprises a cluster of outcropping mineralising porphyry intrusions which display features typically found in the shallower parts of porphyry systems where narrow dykes and patchy mineralisation branch out above a mineralised stock. This underexplored porphyry district includes multiple porphyry copper-gold centres, mineralised tourmaline breccia pipes copper-gold/base metal skarns and high-grade epithermal gold veins.

Joint Venture with JOGMEC

JOGMEC may earn up to 51% beneficial interest in the project by sole funding up to $US7.2 million in exploration expenditure over the next 4 years. Exploration objectives of the earn-in deal are to discover Mongolia's next world-class copper-porphyry deposit.

Figure 1 is available at
https://www.globenewswire.com/NewsRoom/AttachmentNg/e4edcfca-e3b9-4a0a-932d-1223daabd9e3

Figure 2 is available at
https://www.globenewswire.com/NewsRoom/AttachmentNg/e84b814f-237f-43ff-b2e5-4c24d72890f1

Figure 3 is available at
https://www.globenewswire.com/NewsRoom/AttachmentNg/fd68c977-ac65-4414-8460-28111accb74a

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 control an emerging Tier 1 copper-gold deposit in our flagship Kharmagtai project. For information on Xanadu visit: www.xanadumines.com.

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

Appendix 1: Drilling Results

Figure 4 is available at
https://www.globenewswire.com/NewsRoom/AttachmentNg/9f635a96-c8fe-4702-aea1-cbde55f320ce

Table 2: Drill hole collar

Hole ID	Prospect	East	North	RL	Azimuth (?)	Inc (?)	Depth (m)
OUDDH098	Bavuu	376100	4938900	1088	0	-75	600.0
OUDDH099	Vein 10	377250	4940400	1088	0	-75	300.0
OUDDH100	Stariy	378390	4939900	1062	180	-60	513.6
OUDDH101	Target 42	372700	4939800	1060	0	-70	800.0
OUDDH102	Bavuu	376700	4940200	1073	0	-65	700.0
OUDDH103	Stockwork	372719	4939333	1093	0	-65	400.0
OUDDH104	Breccia Hill	375450	4937550	1041	180	-60	800.0
OUDDH105	Stockwork	373506	4939259	1085	180	-60	318.4

Table 3: Selected copper and gold assay results for the high-grade bornite zone

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)	AuEq (g/t)
OUDDH098	Bavuu	283.9	288	4.1	0.02	0.11	0.12	0.24
OUDDH099	Vein 10	48	50	2	0.61	0.04	0.36	0.70
and		80	84	4	0.06	0.11	0.14	0.28
and		98	136	38	0.20	0.17	0.27	0.52
including		100	106	6	0.85	0.51	0.95	1.85
including		100	104	4	1.12	0.68	1.25	2.45
and		148	300	152	0.13	0.15	0.22	0.42
including		168	178	10	0.28	0.31	0.45	0.88
including		170	178	8	0.30	0.31	0.46	0.91
including		202	234	32	0.17	0.27	0.36	0.71
including		264	272	8	0.29	0.25	0.40	0.78
OUDDH100	Stariy	30	44	14	0.02	0.37	0.38	0.75
including		32	42	10	0.02	0.44	0.45	0.87
and		54	70	16	0.04	4.09	4.11	8.04
including		54	59	5	0.11	12.83	12.89	25.20
including		55	59	4	0.12	15.85	15.91	31.11
and		116	124	8	0.02	0.22	0.23	0.46

including	116	122	6	0.02	0.25	0.26	0.51
and	144	148	4	0.03	0.34	0.36	0.70
and	172	198	26	0.02	0.31	0.32	0.62
including	182.3	198	15.7	0.03	0.48	0.49	0.97
and	216	226	10	0.03	0.30	0.31	0.61
and	474	488	14	0.01	0.21	0.21	0.42
including	474	486	12	0.01	0.21	0.21	0.42
OUDDH101 Target 42	*Assays Pending*						
OUDDH102 Bavuu	*Assays Pending*						
OUDDH103 Stockwork	*Assays Pending*						
OUDDH104 Breccia Hill	*Assays Pending*						
OUDDH105 Stockwork	*Assays Pending*						

Appendix 2: Statements and Disclaimers

Competent Person Statement

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.

Copper Equivalent Calculations

The copper equivalent (eCu) 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. The copper equivalent calculation used is based off the eCu calculation defined by CSA in the 2018 Mineral Resource Upgrade.

Copper equivalent (eCu) grade values were calculated using the following formula:

eCu = Cu + Au * 0.62097 * 0.8235,

Where Cu = copper grade (%); Au = gold grade (gold per tonne (g/t)); 0.62097 = conversion factor (gold to copper); and 0.8235 = relative recovery of gold to copper (82.35%).

The copper equivalent formula was based on the following parameters (prices are in USD): Copper price = 3.1 $/lb (or 6,834 $ per tonne ($/t)); Gold price = 1,320 $ per ounce ($/oz); Copper recovery = 85%; Gold recovery = 70%; and Relative recovery of gold to copper = 70% / 85% = 82.35%.

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 3: Red Mountain Table 1 (JORC 2012)

Set out below is Section 1 and Section 2 of Table 1 under the JORC Code, 2012 Edition for the Red Mountain project. Data provided by Xanadu. This Table 1 updates the JORC Table 1 disclosure dated 18 September 2017.

1.1 JORC TABLE 1 - SECTION 1 - SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation
Sampling techniques	● *Nature and quality of sampling (e.g. cut channels, random c* ● *Include reference to measures taken to ensure sample repre* ● *Aspects of the determination of mineralisation that are Mate* ● *In cases where 'industry standard' work has been done this*
Drilling techniques	● *Drill type (e.g. core, reverse circulation, open-hole hammer,*
Drill sample recovery	● *Method of recording and assessing core and chip sample re* ● *Measures taken to maximise sample recovery and ensure re* ● *Whether a relationship exists between sample recovery and*
Logging	● *Whether core and chip samples have been geologically and* ● *Whether logging is qualitative or quantitative in nature. Core* ● *The total length and percentage of the relevant intersections*

Sub-sampling techniques and sample preparation	● *If core, whether cut or sawn and whether quarter, half or all* ● *If non-core, whether riffled, tube sampled, rotary split, etc. a* ● *For all sample types, the nature, quality and appropriateness* ● *Quality control procedures adopted for all sub-sampling stag* ● *Measures taken to ensure that the sampling is representativ* ● *Whether sample sizes are appropriate to the grain size of th*
Quality of assay data and laboratory tests	● *The nature, quality and appropriateness of the assaying and* ● *For geophysical tools, spectrometers, handheld XRF instrum* ● *Nature of quality control procedures adopted (e.g. standards*
Verification of sampling and assaying	● *The verification of significant intersections by either indepen* ● *The use of twinned holes.* ● *Documentation of primary data, data entry procedures, data* ● *Discuss any adjustment to assay data.*
Location of data points	● *Accuracy and quality of surveys used to locate drill holes (co* ● *Specification of the grid system used.* ● *Quality and adequacy of topographic control.*
Data spacing and distribution	● *Data spacing for reporting of Exploration Results.* ● *Whether the data spacing and distribution is sufficient to est* ● *Whether sample compositing has been applied.*
Orientation of data in relation to geological structure	● *Whether the orientation of sampling achieves unbiased sam* ● *If the relationship between the drilling orientation and the ori*
Sample security	● *The measures taken to ensure sample security.*
Audits or reviews	● *The results of any audits or reviews of sampling techniques*

1.2 JORC TABLE 1 - SECTION 2 - REPORTING OF EXPLORATION RESULTS

(Criteria in this section apply to all succeeding sections).

Criteria	JORC Code (Section 2) Explanation
Mineral tenement and land tenure status	● Type, reference name/number, location and ownership including agreement ● The security of the tenure held at the time of reporting along with any known
Exploration done by other parties	● Acknowledgment and appraisal of exploration by other parties.
Geology	● Deposit type, geological setting and style of mineralisation.
Drill hole Information	● A summary of all information material to the understanding of the exploratio ● easting and northing of the drill hole collar. ● elevation or RL Reduced Level - elevation above sea level in metres) of the ● dip and azimuth of the hole ● down hole length and interception depth ● hole length. ● If the exclusion of this information is justified on the basis that the informatio
Data Aggregation methods	● In reporting Exploration Results, weighting averaging techniques, maximum ● Where aggregate intercepts incorporate short lengths of high grade results a ● The assumptions used for any reporting of metal equivalent values should b
Relationship between mineralisation on widths and intercept lengths	● These relationships are particularly important in the reporting of Exploration ● If the geometry of the mineralisation with respect to the drill hole angle is kn ● If it is not known and only the down hole lengths are reported, there should
Diagrams	● Appropriate maps and sections (with scales) and tabulations of intercepts sh
Balanced Reporting	● Where comprehensive reporting of all Exploration Results is not practicable
Other substantive exploration data	● Other exploration data, if meaningful and material, should be reported inclu

Further Work	● The nature and scale of planned further work (e.g. tests for lateral extension ● Diagrams clearly highlighting the areas of possible extensions, including the

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

Mineral Resources are not reported so this is not applicable to this report.

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

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