

Xanadu Consolidates 100% Ownership of Red Mountain

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TORONTO, Oct. 27, 2021 - [Xanadu Mines Ltd.](#) (ASX: XAM, TSX: XAM) (Xanadu or the Company) is pleased to announce it has consolidated 100% ownership of the highly prospective Red Mountain copper-gold porphyry district. The Red Mountain district is located within the Dornogovi Province of southern Mongolia, approximately 420km southeast of Ulaanbaatar and 70km west of the provincial centre of Sainshand.

Highlights

- Xanadu holds a clear 100% ownership and is in full control of the Red Mountain exploration program.
- Purchase completed for the 10% minority interest previously owned by Enkh Tunkh Delkhii LLC, for US\$350,000 cash, with effective date pending final lodgement of share transfer in Mongolia.
- Prior to meeting earn-in conditions, Japan Oil, Gas and Metals National Corporate (JOGMEC) has elected to terminate the Red Mountain Joint Exploration Agreement¹, effective 30 November 2021.
- A\$3.6 million spent under the Joint Exploration Agreement through September 2021, delivering 11,295 metres of diamond drilling and valuable geophysics data to support Xanadu's ongoing exploration program, with no dilution to Xanadu shareholders.
- Red Mountain exploration will continue with Xanadu as sole owner and operator, prioritising diamond drilling at the Stairy prospect as a potential shallow copper deposit. Discovery drilling of deeper targets expected to commence in 2022.
- This is the first step in a broader commercial strategy to consolidate and simplify ownership of Xanadu's exploration assets in Mongolia.

Xanadu's Chief Executive Officer, Dr Andrew Stewart, said *"This marks a major milestone for Xanadu, now 100% owner of the highly prospective Red Mountain district. Consolidating Red Mountain enhances the Company's value proposition for investors, strengthens our solid project pipeline, and is an essential step in a broader strategy to streamline ownership across our Mongolian assets. We would like to thank JOGMEC for their valuable partnership and technical contributions over the past two years, which accelerated exploration and provided a significant data set for our ongoing exploration strategy."*

Purchase of Minority Interest

Enkh Tunkh Delkhii LLC (Enkh) is a private Mongolian company which held a 10% interest in Red Mountain (90% to Xanadu) prior to the Joint Exploration Agreement with JOGMEC. The owners of Enkh agreed to sell their 10% interest to Xanadu for US\$350,000. Registration of the change in share ownership is currently being finalised with the Mongolian regulator.

Joint Exploration Agreement with JOGMEC

The Joint Exploration Agreement², dated 24 March 2020 allowed JOGMEC to earn 51% of the Red Mountain project by investing US\$7.2 million over a four-year period. Through 30 September 2021, US\$2.6m (A\$3.6m) was spent under the agreement. By terminating prior to meeting these conditions, JOGMEC forfeits its rights to the Red Mountain district, and ownership reverts to the previous structure.

Activities funded by JOGMEC include geophysics and 11,295 metres of diamond drilling. This work identified and expanded shallow, high-grade bornite copper-gold-silver at the Stairy prospect and tested several geophysical anomalies, and the resulting data will form the basis for Xanadu's ongoing exploration program.

Outside the Red Mountain Joint Exploration Agreement, Xanadu and JOGMEC will continue to progress their

joint research and development initiative related to multi-spectral drill core scanning and artificial intelligence analysis.

About Red Mountain

The Red Mountain district is located within the Dornogovi Province of southern Mongolia, approximately 420 kilometres southeast of Ulaanbaatar (Figures 1 and 2). The Red Mountain district includes approximately 57 square kilometres in a frontier terrane with significant mineral endowment, and 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 includes multiple porphyry copper-gold centres, mineralised tourmaline breccia pipes copper-gold/base metal skarns and high-grade epithermal gold veins.

FIGURE 1: Location of the Red Mountain district in the South Gobi porphyry copper belt is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/932a6ec6-416e-4d46-b5ed-3c06b2c2a459>

FIGURE 2: Red Mountain Mining Licence, showing ground Landsat data and priority target locations is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/c3dbcf4c-8427-45f9-9029-b3eff0d3186a>

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 a globally significant 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.

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.

¹ ASX/TSX Announcement 24 March 2020 - Earn In Agreement with JOGMEC

² ASX/TSX Announcement 24 March 2020 - Earn In Agreement with JOGMEC

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