

Xanadu Enters into New Magmatic Copper and Nickel Sulphide Project

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TORONTO, Jan. 22, 2024 - [Xanadu Mines Ltd.](#) (ASX: XAM, TSX: XAM) (Xanadu, XAM or the Company) is pleased to announce it has agreed a binding term sheet with STSM LLC (STSM) granting the right to earn up to 80% interest in two exploration licences XV-17774 (Oyut) and XV-21887 (Sant Tolgoi) located in the Zavkhan Province of Western Mongolia. These two licenses make up the Sant Tolgoi Project, which is considered highly prospective for discovery of new magmatic intrusion-related Copper-Nickel systems.

Highlights

- Xanadu agrees binding term sheet for Sant Tolgoi, a prospective district scale magmatic copper-nickel project.
- Sant Tolgoi project hosts multiple shallow copper-nickel targets over several kilometres of strike.
- Acquisition aligned to Xanadu Horizon 3 Strategy to build a portfolio future facing metals projects.
- Detailed mapping, geochemistry and geophysics planned to start in March 2024.

Xanadu's Executive Chairman and Managing Director, Mr Colin Moorhead, said, *"We are delighted to have agreed a deal with STSM to acquire an extensive and highly strategic magmatic copper-nickel exploration project in Western Mongolia. Xanadu has been a first mover in several of Mongolia's premier exploration terranes. We believe this asset has outstanding potential to yield a world-class discovery, and we look forward to getting on the ground in the Spring to start testing the targets identified through our due diligence process."*

Project Overview

The Agreement covers two granted Exploration Licences XV-17774 (Oyut) and XV-21887 (Sant Tolgoi) located in the Zavkhan Province of Western Mongolia with a combined area of over 40km² (Figure 1), collectively referred to as the Sant Tolgoi Project or Sant Tolgoi Cu-Ni project. The Tenement portfolio includes numerous advanced exploration targets with real opportunity for the discovery of significant magmatic copper and nickel mineralisation.

In the Zavkhan Region of Mongolia, the Sant Tolgoi Project lies on the western extension to the of the deep seated Khangai Fault systems, a metalliferous fault network which hosts several significant mafic and ultramafic intrusions that are highly encouraging for high-grade intrusion hosted copper and nickel discoveries (Figure 2). Early signs of several copper-nickel systems have been encountered in both historical and recent drilling.

Detailed mapping, geochemistry and geophysics planned to start in March 2024.

Figure 1: Sant Tolgoi Cu-Ni project is located in the Zavkhan Province approximately 1,100 km west of Ulaanbaatar, Mongolia. Project to located close to established infrastructure.

Figure 2: Sant Tolgoi Cu-Ni project covers two granted Exploration Licences XV-17774 (Oyut) and XV-21887 (Sant Tolgoi) a combined area of area of over 40km².

Agreement Terms

The Company has executed a binding term sheet with STSM granting the right to earn up to 80% interest in two exploration licences XV-17774 (Oyut) and XV-21887 (Sant Tolgoi) located in the Zavchan Province of western Mongolia.

Whilst binding in nature, term sheet is intended to be replaced by a formal agreement governing the full terms and conditions of the farm in transaction, which will be negotiated between the parties. The term sheet is expressed to be conditional on such formal agreement being entered into.

Key Terms of the agreement are:

Stage 1 Farm-in

Xanadu may elect to proceed to stage 1 once the minimum commitment has been met and can earn a 51% interest in the Project by spending USD\$1,000,000 on exploration over a period of twenty-four months.

At the completion of the Stage 1 Farm-In, XAM will have earned the right to 51% equity in the Projects.

Formation of Joint Venture

Once Xanadu has earned a 51% interest in the Projects, STSM LLC can elect to end the farm-in and form a Joint Venture (JV), with XAM holding 51% and STSM 49% and each contributing pro rata to their share in the JV with XAM being the manager of the JV. The JV agreement will be on standard commercial terms.

Stage 2 Farm-In After formation of Joint Venture

If STSM do not fund their pro rata the JV would be formed.

XAM may earn a further 29% interest in the Projects by sole funding a further \$10,000,000 on exploration prior transferring the exploration license to mining lease from the completion of the minimum commitment (Stage 2 Farm-In). At this stage XAM will hold an 80% interest in the Projects and STSM LLC 20%.

Stage 3 Farm-In After transferring exploration license to mining leases.

At the completion of the Stage 2 Farm-In Xanadu will hold an 80% interest in the Projects and STSM LLC 20%. At this point STSM LLC shall contribute the pro rata to the further exploration expenditures. STSM may give notice to trigger a negotiated loan from Xanadu with certain interest (?10%) to their 20% pro rata. In the event of such a loan, STSM shall have an obligation pay back this loan including interest from their gross revenue royalty payable on product sold from the Projects.

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: Statements and Disclaimers

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.

Photos accompanying this announcement are available at:

<https://www.globenewswire.com/NewsRoom/AttachmentNg/cddf3ae2-3ce3-440e-b243-0117ed92c0af>
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