

Clarification Announcement – Sant Tolgoi

13 September 2024

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BY ELECTRONIC LODGEMENT

Clarification Announcement – Sant Tolgoi

Xanadu Mines Limited (**Xanadu** or the **Company**) (**ASX: XAM**) refers to the announcement released on 10 September 2024 entitled: *"Copper-Nickel Focused Exploration Advancing at Sant Tolgoi Project"* (**Announcement**). Following discussion with ASX, Xanadu withdraws references in the Announcement to surface mineralization to avoid the impression that the Company was announcing visual estimates of mineralization ahead of providing completed assay data. This was not the effect of the Announcement, nor was it the Company's intention to make such a statement. The primary purpose of the Announcement, and the inclusion of photographs and regional and tenement maps, was to provide information about the target area of exploration and the surface conditions for proposed exploration activities.

A revised announcement is attached, suitably amended to avoid unintended interpretations of the Company's disclosures and to provide clear update information of its exploration activities at the Sant Tolgoi Project.

-ENDS-

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About Xanadu Mines Ltd:

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 information on Xanadu visit: www.xanadumines.com.

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

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COPPER-NICKEL FOCUSED EXPLORATION ADVANCING AT SANT TOLGOI PROJECT

13 September 2024

Xanadu Mines Ltd (ASX: XAM, TSX: XAM) (Xanadu or the Company) is pleased to report field operations are underway at the highly prospective Sant Tolgoi Copper-Nickel Project, located in Zavkhan Province of Western Mongolia (**Figures 1 and 2**). The objective of this exploration programme is to identify potential high-grade sulphide, magmatic copper-nickel mineralisation within the large Sant Tolgoi Intrusive Complex.

Highlights

- Field exploration program is well underway at the Sant Tolgoi Copper-Nickel Project, representing Xanadu's first detailed activities at these highly encouraging district-scale magmatic targets.
- Detailed geological mapping and geochemical sampling in progress.
- Acquisition of high-resolution magnetic, gravity and CSAMT is complete, with modelling underway
- Multiple shallow copper-nickel sulphide targets are being identified over several kilometres of strike.
- Laboratory testing is underway. Early geochemical and geophysical results expected in Q4 CY2024.

Xanadu's VP Exploration, Dr Andrew Stewart, said, *"We are very pleased to have commenced exploration at the Sant Tolgoi Copper-Nickel Project. This project represents an exciting green-fields opportunity. We believe this is potentially a new Magmatic Cu-Ni District in an under-explored mineral province of Western Mongolia and is an extension of fertile magmatic activity hosting a significant number of Ni-Cu-PGE deposits in the Central Asian Orogenic Belt. Sant Tolgoi lies on the western extension of the deep seated Khangai Fault systems."*

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Figure 1: The Sant Tolgoi located in the Zavchan Province of Western Mongolia

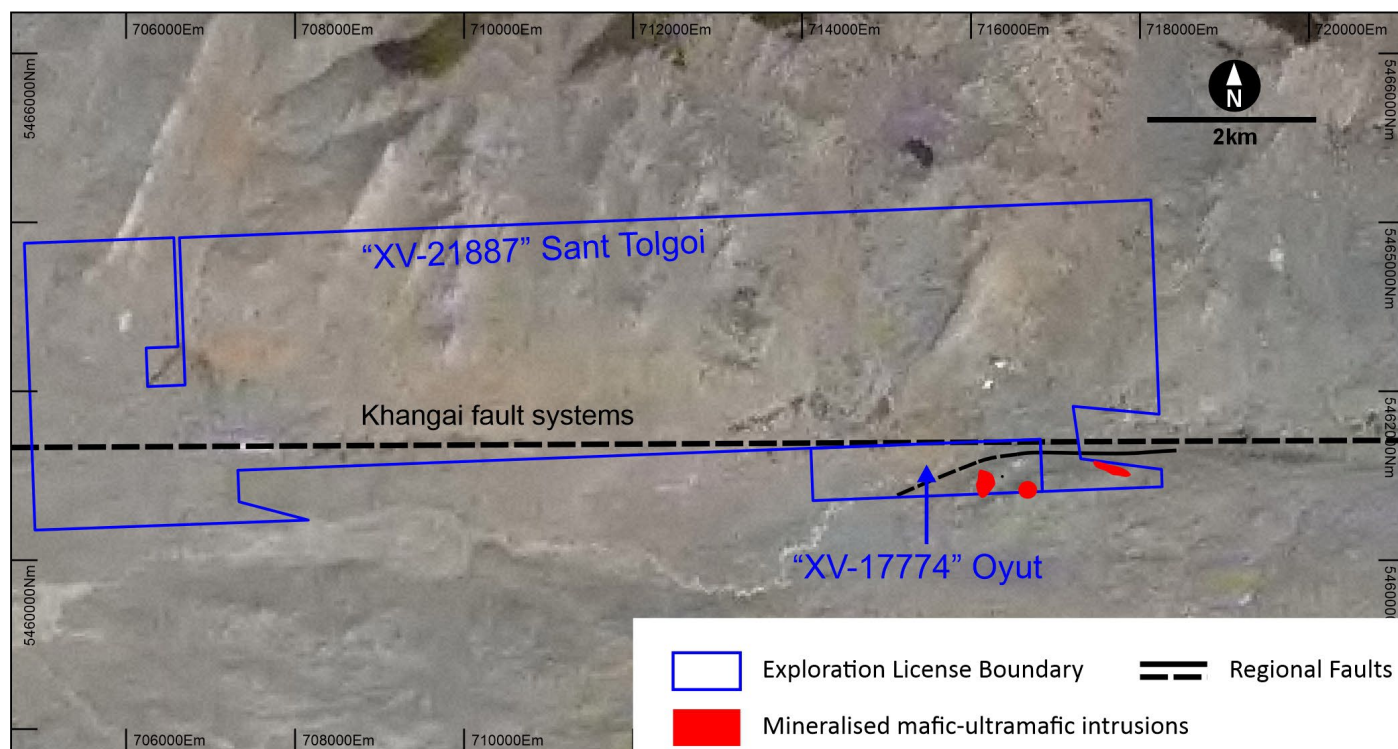


Figure 2: The Sant Tolgoi Exploration Leases



Figure 3: Sant Tolgoi terrain with exploration camp in background



Figures 4 and 5: Outcropping Mafic rocks.

About Sant Tolgoi

The Sant Tolgoi Project covers two Exploration Licences, XV-17774 (Oyut) and XV-21887 (Sant Tolgoi) in the Zavchan Province of Western Mongolia with a combined area of over 40km² (**Figure 2**), collectively referred to as the Sant Tolgoi Project or Sant Tolgoi Cu-Ni project. The Tenement portfolio includes numerous advanced exploration targets with real prospectivity for the discovery of significant magmatic copper and nickel mineralisation. In the Zavchan 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 intrusion hosted copper and nickel discoveries (**Figures 4 and 5**). Early signs of several copper-nickel systems have been encountered in both historical drilling.

Agreement Terms

The Company has executed a binding agreement 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. ¹

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 will 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 USD \$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. Xanadu may be given a loan with certain interest ($\geq 10\%$) to their 20% pro rata. STSM shall have an obligation pay back this loan including interest from their gross revenue royalty payable on product sold from the Projects

¹ ASX/TSX announcement 22 January 2024 "Xanadu enters into new Magmatic Copper & Nickel Sulphide Project"

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.

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.

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This Announcement was authorised for release by Xanadu's Executive Chair & Managing Director.