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1 May 2019

Ms. Charlotte Hope
Adviser, Listing Compliance
ASX Limited
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Sydney NSW 2000

By email only: Charlotte.Hope@asx.com.au

Dear Charlotte

Xanadu Mines Ltd (ASX Code: XAM TSX Code: XAM)
Updated ASX Announcement

Further to Xanadu Mines Ltd's lodgement yesterday of the Annual General Meeting slide deck, attached is an updated slide deck providing details on slides 5 and 7, details of the classification of the Mineral Resource Estimates disclosed therein as Inferred or Indicated.

Yours sincerely

Phil Mackey
Company Secretary

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AGM APRIL 30, 2019

KHARMAGTAI – A MAJOR NEW COPPER-GOLD DISCOVERY

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Demand for copper doubles every 20-30 years

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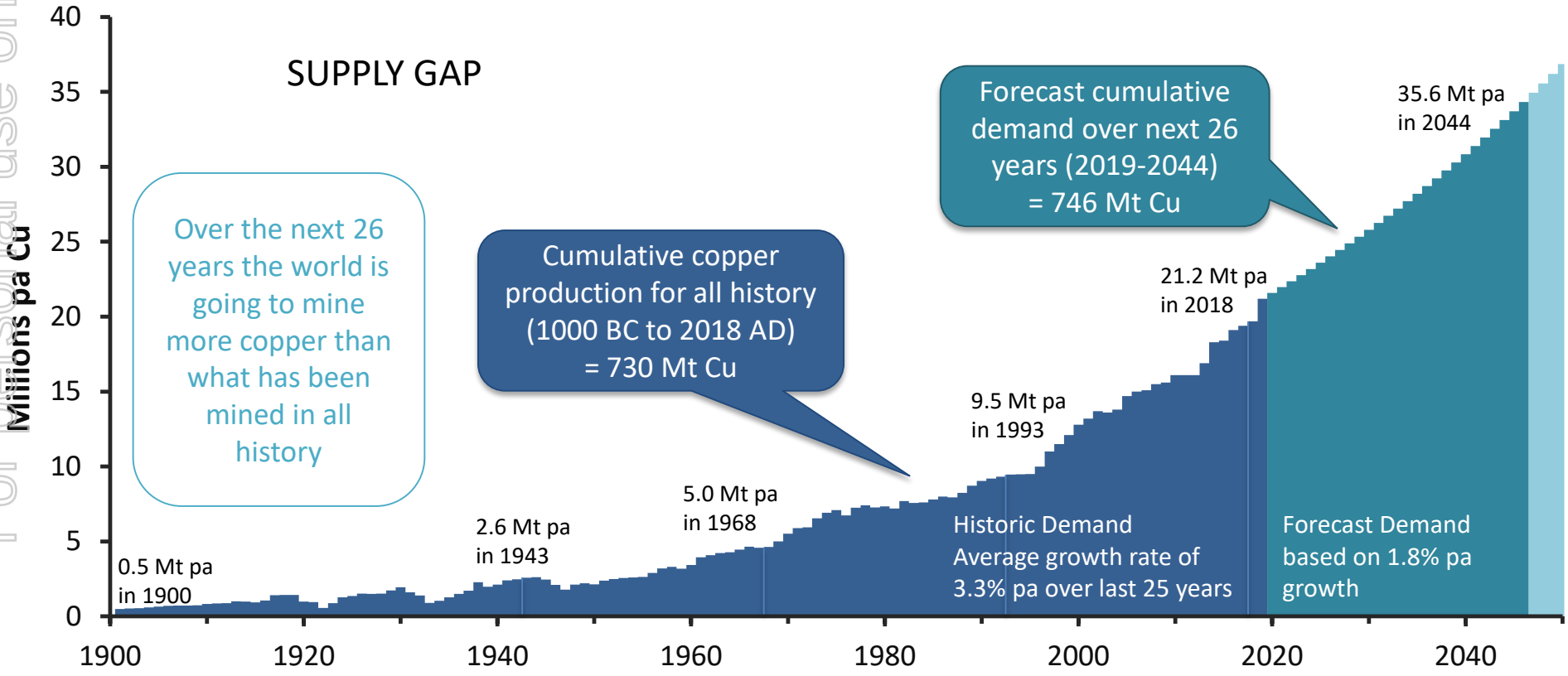
PRIMARY COPPER PRODUCTION FOR WORLD: 1900-2050



Sources: Historical data from USGS and Office of the Chief Economist Sep 2018

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Long-term copper fundamentals very strong

TEN REASONS TO LIKE COPPER

LOOMING COPPER SUPPLY CRUNCH

1. Grade decline & resource depletion
2. Lack of exploration success
3. Project delivery / shortage of quality assets
4. Above ground risks
5. Environmental constraints

GROWING DEMAND FOR NEW COPPER SUPPLY

Traditional Market Drivers

1. China accelerating infrastructure development
2. India rising

New Technological mega-trends

3. Electrification of energy demand
4. Electrification of transport
5. Wind & solar

Notes: Modified from company documents and public files: https://www.bhp.com/media-and-insights/prospects/2017/11/ten-reasons-why-we-like-copper

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Corporate overview

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648m

SHARES ON ISSUE

A$65m

MARKET CAP 0.10c

A$3.1m

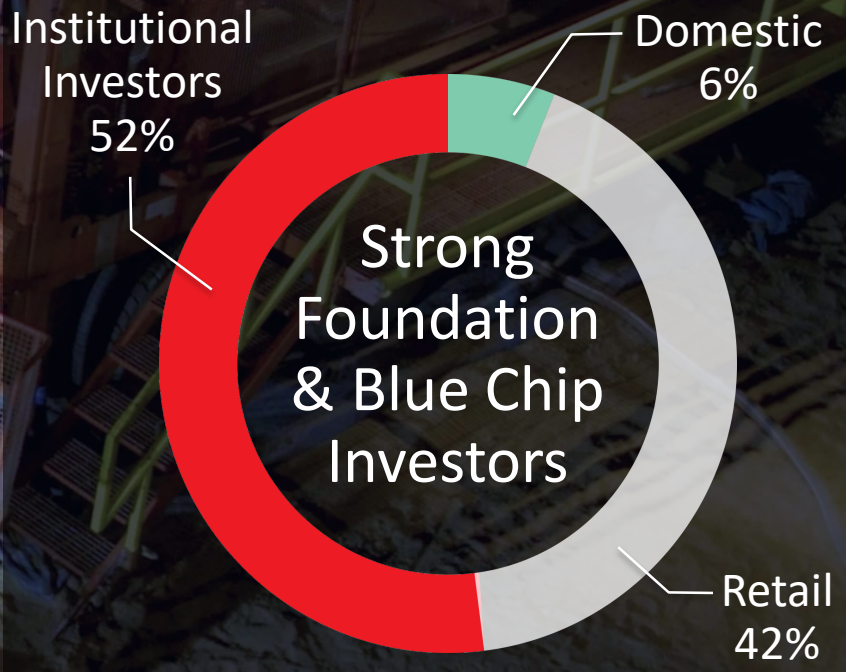
CASH (MAR 2019)

A$62m

ENTERPRISE VALUE

70%

TOP 20 SHAREHOLDERS



Kharmagtai Copper District history

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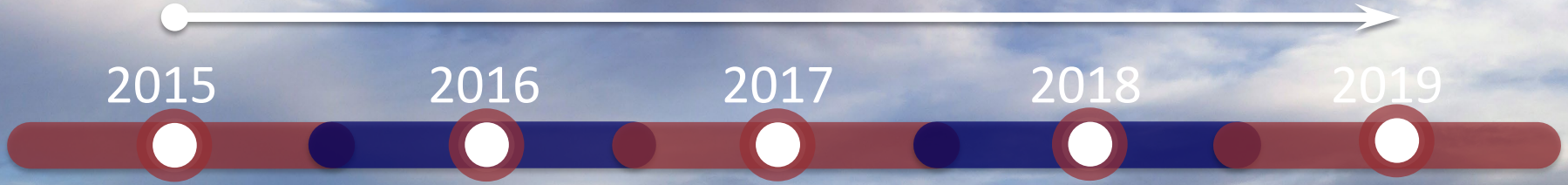
EXPLORATION DRILLLING



2015

Acquisition of KHARMAGTAI

JORC MRE
203 Mt @ 0.34% Cu & 0.33g/t Au*1

2016

Multiple drilling intercepts of >650m or greater at +1% CuEq.

'Golden Eagle' Discovery
220m@ 0.64g/t Au & 0.15% Cu

2017

19 new exploration targets under shallow cover.

Persistent drilling defined deeper high-grade (+1% CuEq) extensions at SH, CH, WH.

2018

'Zaraa' Discovery – 4th large-scale copper
928.4m @0.47% CuEq.
NI43-101 MRE Upgrade (not including 'Zaraa'):
598Mt @ 0.34% Cu & 0.23g/t Au *2

2019

Major increase in Kharmagtai open-cut resource to 1.9mt Cu & 4.3moz Au *2

Positive economics on initial scoping study.

*1 - The resource figure includes both indicated (46Mt) and inferred (157Mt) resource categories - See announcement dated 29 March 2015 for more detail
*2 - The resource figure includes both indicated (129.3Mt) and inferred (468.9Mt) resource categories. -See announcement dated October 31, 2018 for more detail

Xanadu's sustainability approach

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Cultural heritage management

Education support management

Environment

Community health and safety management plan

- Community
- Social engagement
- Environment

Kharmagtai - A major new copper-gold project

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ONE OF ASIA'S LARGEST UNDEVELOPED COPPER DEPOSITS

OPEN PIT RESOURCE

Major increase in Kharmagtai Open-Cut MRE to 598Mt containing 1.9Mt copper and 4.3Moz gold (2.6 Mt copper equivalent metal)*1

HIGH GRADE CORE

Shallow open-pit high grade mineralisation

54Mt @ 0.86% CuEq for 317kt Cu & 1.13 Moz Au*2

ASX announcement dated 30 October 2018 "Major increase in Kharmagtai open-cut resource to 1.9mt cu & 4.3moz au." Table 1 information dated 30 October 2018 continues to apply.

1 - The resource figure above (598Mt) includes both indicated (129.3Mt) and inferred (468.9Mt) resource categories. Both at the same 0.3eCu cut-off grade. -See press release of October 31, 2018

2 – The resource figure above (54Mt) includes both indicated (33Mt) and Inferred (21Mt) resource categories. Both at the same 0.6eCu cut-off grade -See press release of October 31, 2018

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Where are all the copper discoveries?

COST TO DISCOVER A NEW POUND OF COPPER

Globally discovery costs have jumped to more than $0.07 per pound

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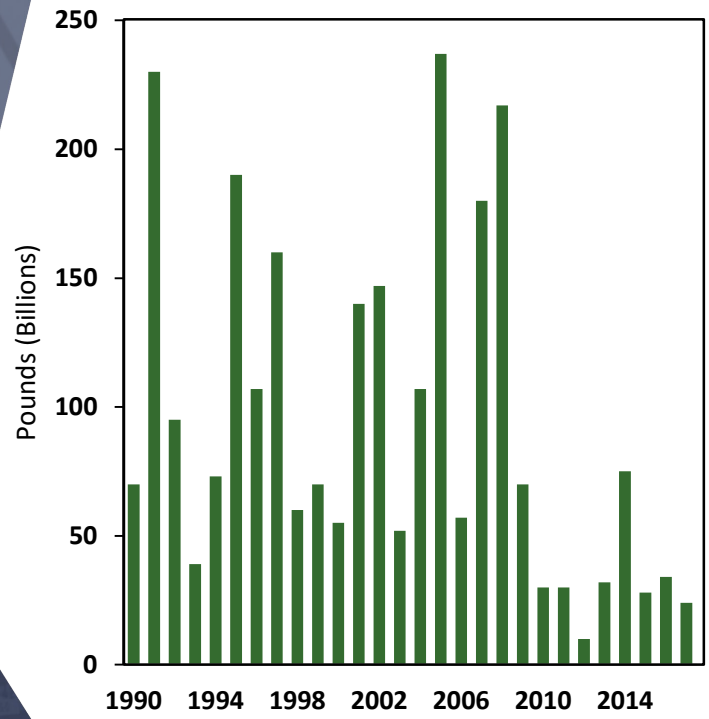
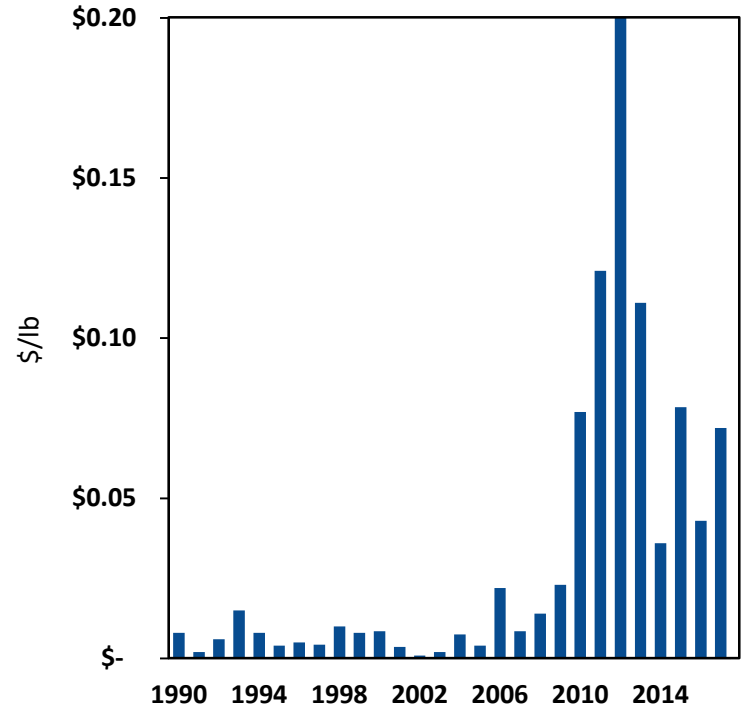
Annual Copper Discoveries



Copper Exploration Cost per Pound Discovered



Source: S&P Global Marketing Intelligence

Kharmagtai Copper District

KHARMAGTAI OPEN PIT SCOPING STUDY COMPLETED

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1

Distinguished world class open pit project

2

Strong economics at 10-year average Cu & Au prices

3

Potential to develop a low cost open pit mining operation

4

Numerous opportunities for further upside

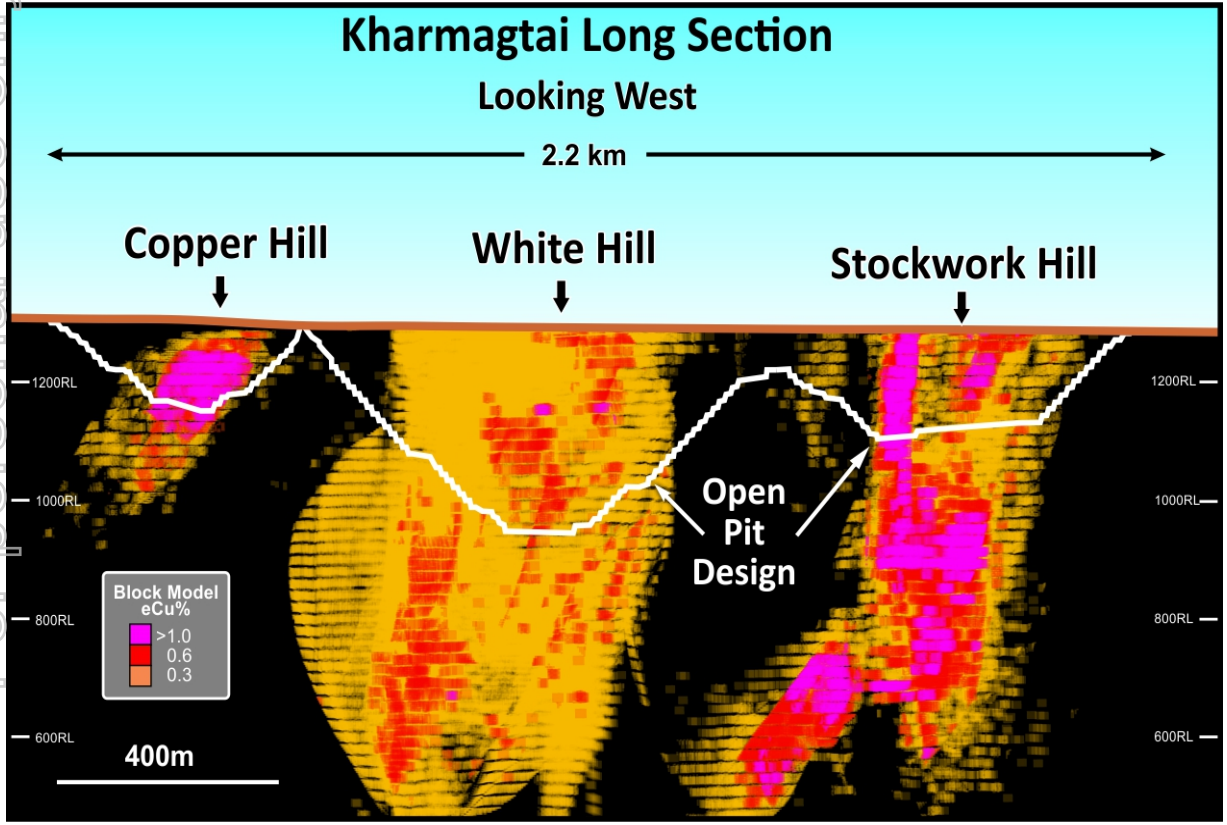
5

Clear & compelling path to further value creation

**ASX announcement dated 11 April 2019 "Kharmagtai open pit scoping study completed." Table 1 information dated 11 April 2019 continues to apply.*

Kharmagtai Copper District

SHALLOW OPEN-PITABLE HIGH GRADE MINERALISATION



- Scoping Study indicates the potential to develop a low-strip ratio open pit mining operation in an accelerated time frame
- Rapid payback of the life-of-mine infrastructure for future open pit and underground mining operations

ASX announcement dated 11 April 2019 "Kharmagtai open pit scoping study completed." Table 1 information dated 11 April 2019 continues to apply.

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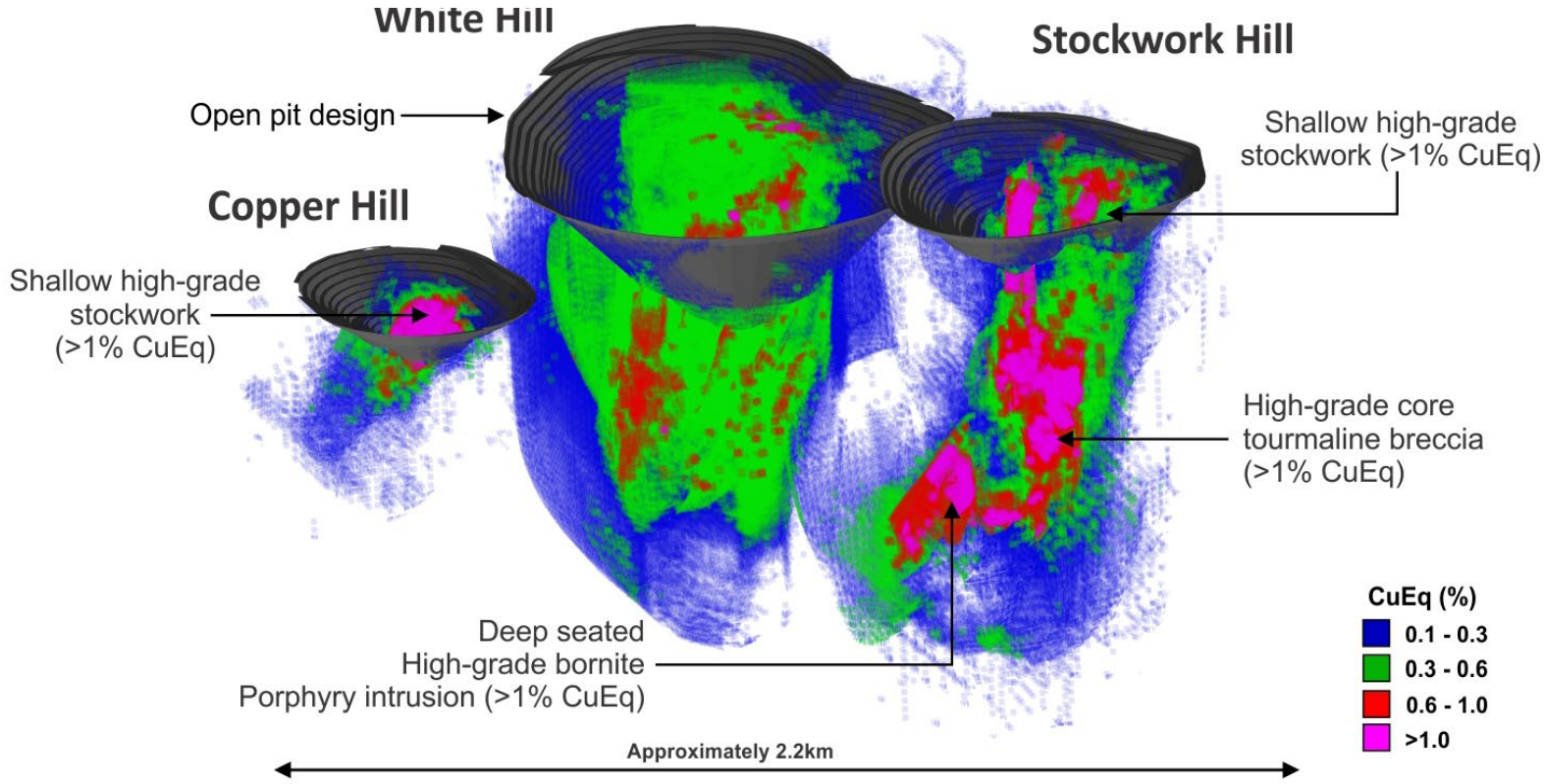
A lot further to go at Kharmagtai

KHARMAGTAI IS A LEADING DEVELOPMENT ASSETS GLOBALLY



*ASX announcement dated 11 April 2019 "Kharmagtai open pit scoping study completed." Table 1 information dated 11 April 2019 continues to apply.

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Copper developer positioning

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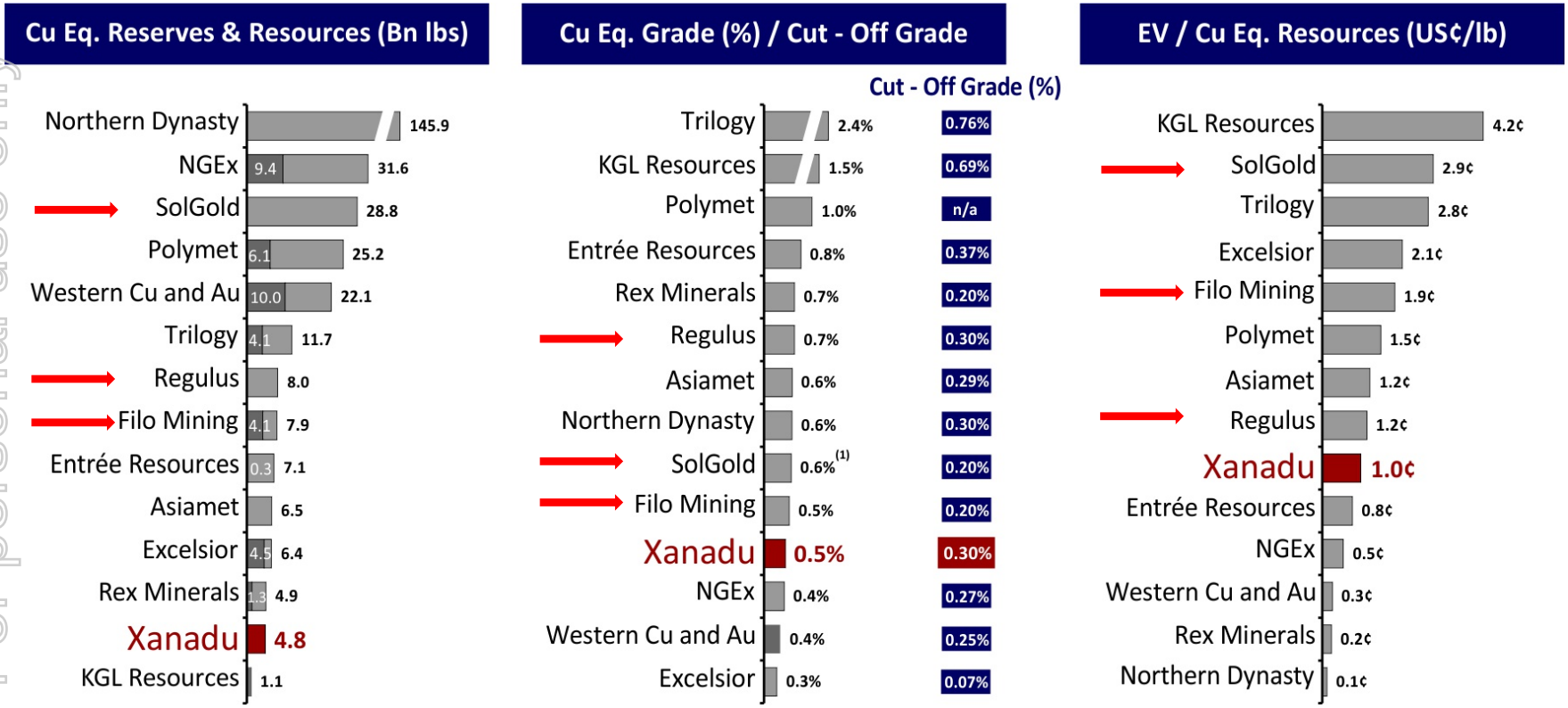

Source: Company disclosure.

Note: Cu Eq. figures based on long-term consensus metal prices. KGL Resources based on Cu cut-off grade. MOD Resources, Asiamet and Filo Mining cut-off grades based on copper deposits.

(1) Excludes inferred resources. Global resource grade is 0.5% Cu Eq.

Levers to unlock maximum value at Kharmagtai

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EXTERNAL FACTORS

Build understanding of Mongolia as an investment destination

Geopolitical risk continues to be mitigated by further foreign investment

Improving copper & gold price outlook

REALISE FULL VALUE FOR CURRENT COPPER RESOURCES PRIOR TO DIVESTMENT

Positioned as a globally significant source of copper that will help bridge the looming supply gap

Attract cornerstone investor

ADVANCE NEAR SURFACE GOLD RESOURCE

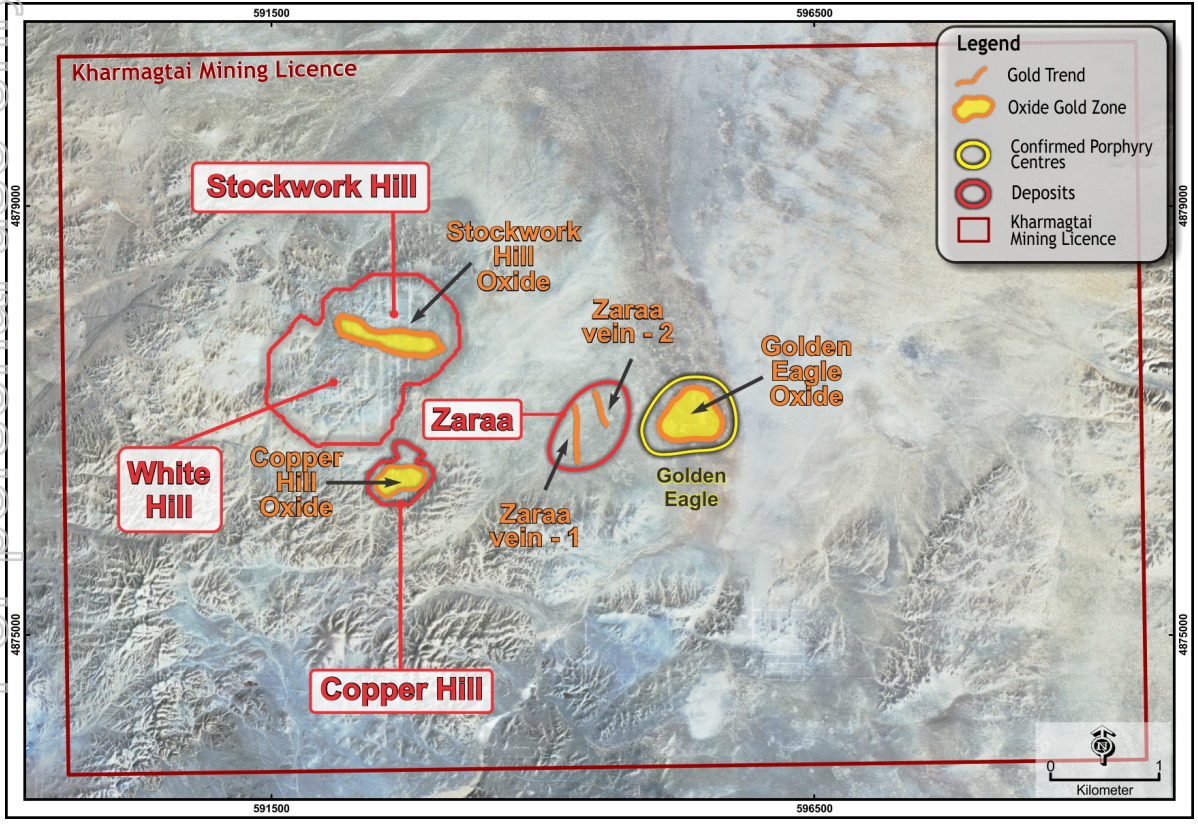
The Exploration Target confirms the presence of a substantial oxide gold system

Define near surface gold resource

ASX announcement dated 20 March 2019 "*Excellent oxide gold recoveries at Kharmagtai complement existing copper-gold resources.*" Table 1 information dated 20 March 2019 continues to apply.

Kharmagtai Copper District

SHALLOW OXIDE GOLD COMPLEMENT EXISTING RESOURCES



- The Exploration Target confirms the presence of a substantial oxide gold system
- Early stage gravity and bottle roll results on composite samples from Golden Eagle are outstanding
- Oxide gold may provide additional and or alternative options for the development of the project

ASX announcement dated 20 March 2019 "*Excellent oxide gold recoveries at Kharmagtai complement existing copper-gold resources*." Table 1 information dated 20 March 2019 continues to apply.

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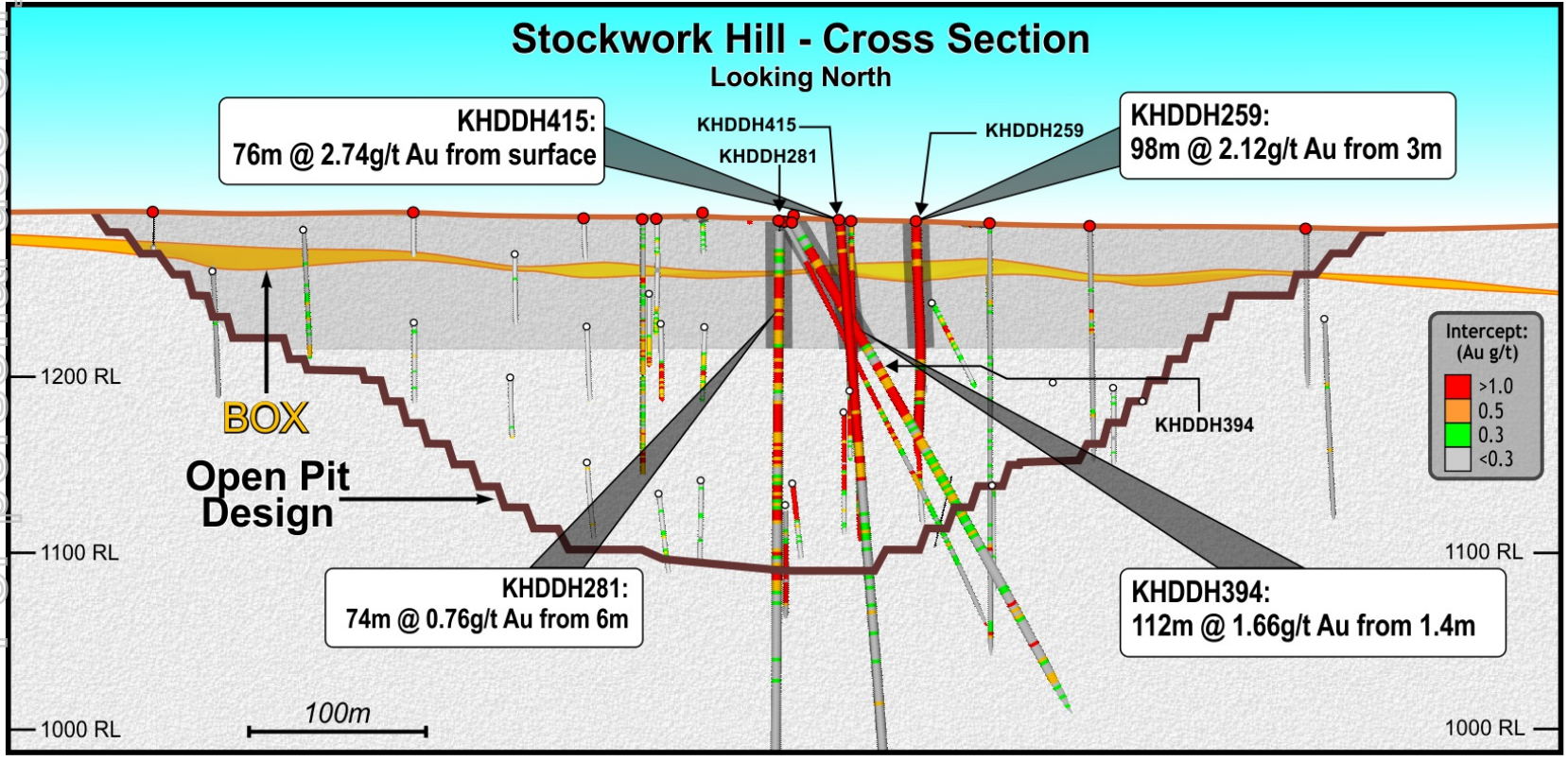
Kharmagtai Copper District

SHALLOW OXIDE GOLD COMPLEMENT EXISTING RESOURCES



**ASX announcement dated 20 March 2019 "Excellent oxide gold recoveries at Kharmagtai complement existing copper-gold resources." Table 1 information dated 20 March 2019 continues to apply.*

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Potential re-rate of share price - multiples

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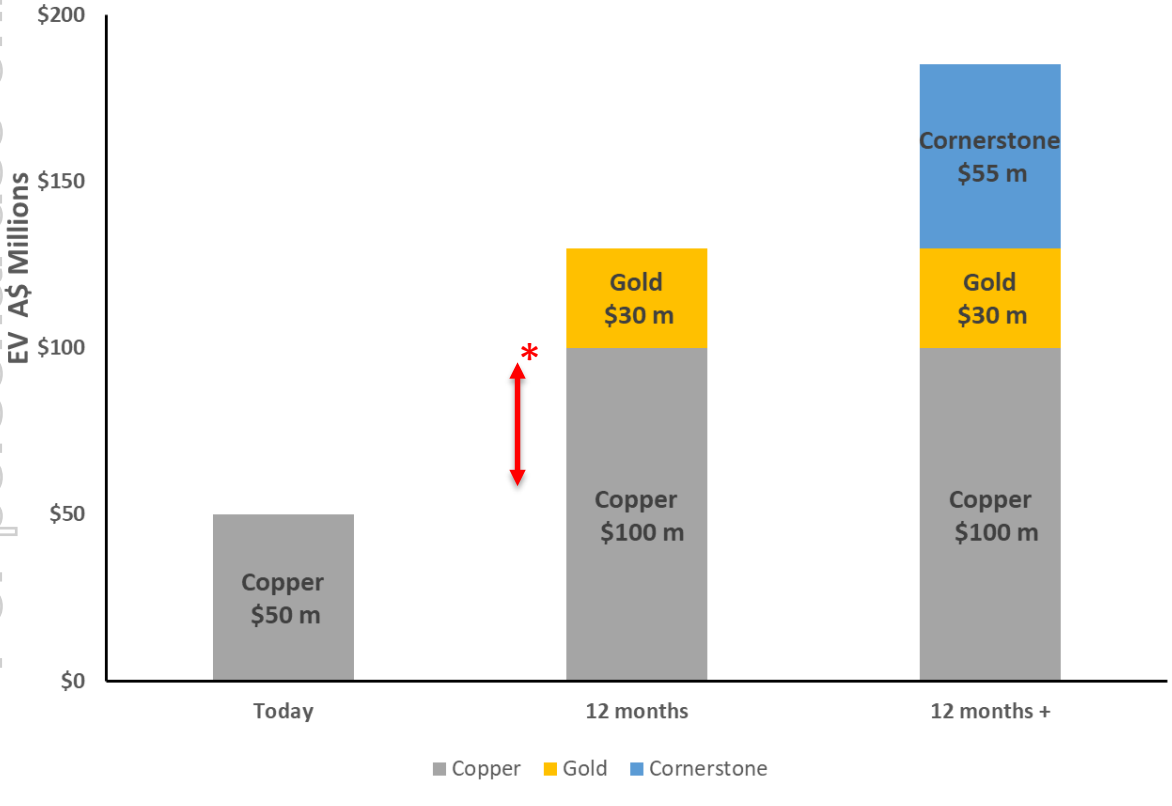

Xanadu has significant share price upside by:

- realising full value for current copper resources*
- defining near surface gold resource
- attracting a strategic cornerstone investor

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JORC: The information in this report that relates to the exploration results previously reported in the ASX Announcements dated 30 October 2018. The Company is not aware of any new information or data that materially affects the information included in those relevant market announcements.