



Update to Zijin Put Option and Exclusivity Arrangements

5 May 2025

Xanadu Mines Ltd (**ASX: XAM, TSX: XAM**) (Xanadu or the **Company**) refers to its announcement dated 7 April 2025 in relation to the Extension of the Zijin Put Option and Exclusivity Arrangements¹ with its major shareholder and Joint Venture Partner, Zijin Mining Group Co. Ltd (**Zijin**).

Following substantive discussions with Zijin, the parties have been unable to finalise a control transaction within the agreed exclusivity period. Correspondingly, Xanadu's exclusivity commitment to Zijin has expired and the Independent Board Committee (**IBC**) is now reviewing all other opportunities, including but not limited to the exercise of the 25% Put Option.

The extension of the term of the 25% Put Option, and grant of exclusivity to Zijin, followed receipt of a non-binding indicative (**NBIO**) offer from Zijin in respect of a change of control transaction, that the IBC judged to be superior to the put option at that time. Unfortunately, despite the IBC's best endeavours, Zijin has advised that it will not be in a position to agree final transaction documentation within the required timeframe. Xanadu remains in discussions with Zijin with respect to further extending the 25% Put Option Exercise Period.

With insufficient certainty on Zijin's commitment to a control transaction or extension to the Put Option Exercise Period, the Xanadu Board has re-initiated the shareholder approval process, to give Xanadu sufficient time to exercise the 25% Put Option (if approved) prior to the expiry date. An Extraordinary General Meeting (**EGM**) has been scheduled for 4 June 2025 whereby Xanadu shareholders will be invited to consider, and if thought fit, approve the exercise of the 25% Put Option. Please refer to the Notice of Meeting² for details including the Xanadu Board's recommendation and advice from the Company's independent expert.

In the interim, the Xanadu's IBC will continue discussions with Zijin and also recommence discussions with other interested parties. Xanadu will keep the market informed of any material developments in accordance with continuous disclosure requirements. Until then, there is no need for Xanadu shareholders to take any action.

¹ ASX/TSX Announcement 7 Apr 2025 – Update on Extraordinary General meeting – Extension of Zijin Put Option and Exclusivity Arrangements

² ASX/TSX Announcement 5 May 2025 – Notice of Extraordinary General Meeting

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Executive Chairman & Managing Director, Colin Moorhead, said:

"While we are disappointed that we were not able to finalise a corporate transaction during the exclusivity period, Xanadu remains optimistic about the future for both the Company and the Kharmagtai project. While we had expected a more rapid process, given Zijin's now extensive experience in Mongolia, we will continue to work with our JV partner towards a funding outcome required to progress the Kharmagtai project. We will now also recommence discussions with third parties who have expressed interest in Kharmagtai.

In parallel, and in the absence of a superior transaction, the Board has an obligation to give our shareholders an opportunity to vote on the 25% put option with Zijin. Should the put option go ahead, that will solidify Kharmagtai as a long-term value investment within the Xanadu portfolio, with no further cash outlay required for the project. If the put option does not proceed, and if there is no superior transaction, then we will proceed with alternate funding options to carry forward as 50% JV partners through to FID.

In all scenarios, Xanadu has plans established and is ready to do the work required to deliver shareholder value from the Kharmagtai project."

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 together with our 50-50 JV partner Zijin Mining Group.

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 Independent Board Committee.

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.