

## RESPONSE TO MARKET CONDITIONS

31 March 2020

Xanadu Mines Ltd (**ASX: XAM, TSX: XAM**) (**Xanadu** or the **Company**) wishes to provide an update on its Mongolian exploration projects, with the Company implementing several important changes over the previous months to ensure workplace safety and balance sheet preservation in response to the spread of CoV-2 and subsequent COVID-19 pandemic.

### HIGHLIGHTS

- **Diamond drilling at Kharmagtai was suspended in February and field crews demobilised to their home bases in order to pre-empt potential COVID-19 related issues**
- **Exploration is scheduled to commence at the Red Mountain copper-gold project where JOGEMC will be sole funding up to \$USD7.2 million over 4 years**
- **Implementation of strategies to reduce the risk of transmission of CoV-2 to Xanadu's people, contractors and communities and its potential impact on Xanadu's business**
- **Changes to Xanadu's 2020 work plan resulting in an approximately 35% reduction in forecast 2020 total administrative expenses**

The COVID-19 pandemic is an unprecedented event and the current uncertain global investment environment arising from the spread of CoV-2 requires decisive and swift action.

Xanadu's priority is to protect the health and safety of our people, contractors and communities, while ensuring the operational and financial integrity of our business.

Xanadu has been pro-active in responding to the evolving crisis, implementing a host of controls and procedures designed to prevent transmission of the virus.

Xanadu has been pro-active implementing a prudent approach to cash flow management, given the considerable uncertainty in the near-term investment environment and the magnitude of forward capital investment decisions.

Xanadu's 2020 work plan has been reviewed and non-essential activities have been cancelled or deferred.

Appropriate changes to Xanadu's 2020 work plan are targeting an approximately 35% or \$1.3 million reduction in forecast 2020 total administrative expenses compared to 2019. This reduction would be on top of a 20% cut in expenses achieved in the second half of 2019. The targeted expenditure reductions do not impact the safety of our facilities or their integrity, and compliance with regulatory requirements is unaffected.

The company maintains a strong cash balance as at February 2020 of \$2.8 million and a new earn-in deal with Japan Oil, Gas and Metals National Corporation (**JOGMEC**) to sole fund up to \$USD7.2 million in exploration expenditure at the Company's Red Mountain copper-gold Project (refer to Xanadu's ASX/TSX announcement dated 24 March 2020), means Xanadu is entering an exciting period of cost-effective discovery and growth and news flow from this program which may deliver strong, positive catalysts for the share price.

#### AUSTRALIA

c/o Company Matters Pty Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
T: +612 8280 7497

#### MONGOLIA

Suite 23, Building 9B  
Olympic St, Sukhbaatar District  
Ulaanbaatar, Mongolia  
T: +967 7012 0211

Xanadu Mines Ltd ACN 114 249 026

[www.xanadumines.com](http://www.xanadumines.com)

The scale and potential duration of this pandemic and its market consequences are such that the Board considers it wise to take every step necessary to protect its people and preserve its cash to enable the Company to act strongly and actively once this situation has abated.

**For further information, please contact:**

Andrew Stewart

Chief Executive Officer

T: +61 2 8280 7497

M: +61 409 819 922

E: [Andrew.stewart@xanadumines.com](mailto:Andrew.stewart@xanadumines.com)

W: [www.xanadumines.com](http://www.xanadumines.com)

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