# Clarification of Press Release

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TORONTO, Nov. 02, 2018 - Xanadu Mines Ltd. (ASX: XAM, TSX: XAM) (“Xanadu” or “the Company”) is issuing this press release to clarify its disclosure on the Company’s interim upgrade to the Mineral Resource Estimate at its Kharmagtai Project in Mongolia’s South Gobi region.

In the press release, the Company included in the highlights section that the interim upgrade increased to 598Mt containing 1.9Mt copper and 4.3Moz gold (2.6Mt copper equivalent metal). The Company wishes to clarify that the 598Mt containing 1.9Mt copper and 4.3Moz gold (2.6Mt copper equivalent) is broken down as to 129.3Mt indicated containing 0.5Mt copper and 1.5Moz gold and 468.9Mt inferred containing 1.5Mt copper and 2.8Moz gold as outlined in the table that was included in the 31 October 2018 and included below.

Interim Kharmagtai Mineral Resource Estimate

| Deposit | Classification | Tonnes | Grades | | | Contained Metal | | |
|---|---|---|---|---|---|---|---|---|
| | | Mt | CuEq, % | Cu, % | Au, g/t | CuEq, Kt | Cu, Kt | Au, Koz |
| White Hill | Indicated | 45.2 | 0.42 | 0.30 | 0.23 | 189 | 135 | 340 |
| Stockwork Hill | | 74.4 | 0.59 | 0.38 | 0.41 | 441 | 286 | 972 |
| Copper Hill | | 9.7 | 0.76 | 0.48 | 0.54 | 73 | 47 | 167 |
| Total Indicated | | 129.3 | 0.54 | 0.36 | 0.36 | 703 | 468 | 1,479 |
| White Hill | Inferred | 412.8 | 0.4 | 0.31 | 0.17 | 1,653 | 1,299 | 2,227 |
| Stockwork Hill | | 55.4 | 0.47 | 0.30 | 0.34 | 263 | 167 | 601 |
| Copper Hill | | 0.7 | 0.39 | 0.31 | 0.16 | 3 | 2 | 4 |
| Total Inferred | | 468.9 | 0.41 | 0.31 | 0.19 | 1,919 | 1,468 | 2,832 |

- *Mineral Resources are classified according to CIM Guidelines.*
- *Mineral Resources for open pit mining are estimated within the limits of an ultimate pit shell.*
- *A cut-off grade of 0.3% CuEq has been applied for open pit resources.*
- *Density values of 2.65 t/m$^3$ for oxide zones; 2.76, 2.74, 2.73 and 2.71 t/m$^3$ for country rocks, 2.78, 2.80 2.77, 2.81 and 2.76 t/m$^3$ for porphyries and 2.76 t/m$^3$ for andesite dyke were used for the model cells.*
- *CuEq – copper equivalent was calculated using conversion factor 0.62097 for gold. Metal prices were 3.1 $/lb for copper and 1320 $/oz for gold, recoveries – 70% for gold and 85% for copper (82.35% relative gold to copper recovery), copper equivalent formula applied: CuEq = Cu + Au * 0.62097 * 0.8235.*
- *Rows and columns may not add up exactly due to rounding.*

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QUALIFIED PERSON STATEMENT

The information in this announcement that relates to Mineral Resources is based on information compiled by Dmitry Pertel who is responsible for the Mineral Resource estimate. Mr Pertel is a full time employee of CSA Global and is a Member of the Australian 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 “Qualified Person” as defined in the CIM Guidelines and National Instrument 43-101. Mr Pertel consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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 Australian 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 of 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.

DISCLAIMER

This ASX/TSX press release has been prepared by Xanadu Mines Ltd. and neither the ASX or the TSX, nor their regulation service providers accept responsibility for the adequacy or accuracy of this press release.

Forward‐looking statements

Certain statements contained in this press release, 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 today’s date or to reflect the occurrence of unanticipated events, other than required by the Corporations Act and ASX and TSX Listing Rules. 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 press release are qualified by the foregoing cautionary statements. Investors are cautioned that forward‐looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward‐looking statements due to the inherent uncertainty therein.