31 January 2018

# QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 31 DECEMBER 2017

## HIGHLIGHTS

### Drilling results confirm high-grade extensions at Kharmagtai Project

- **White Hill** exploration drilling significantly expands mineralisation:
  - KHDDH430: 850m @ 0.32% Cu and 0.2g/t (0.45% eCu) from surface *including* 282m @ 0.44% Cu and 0.17g/t Au (0.55% eCu) from 560m
  - Mineralisation has been extended +380m below and to the south of the White Hill resource
  - White Hill is open at depth, to the east, south and west and may connect to the Stockwork Hill deposit towards the north.
- **Stockwork Hill** copper-gold deposit growing rapidly below current resource:
  - KHDDH436 intersected 252.2m @ 0.34% Cu and 0.49g/t Au (0.65% eCu) from 632.2m

    *including* 135.8m @ 0.47% Cu and 0.75g/t Au (0.95% eCu) from 632.2m

    *including* 36m @ 0.67% Cu and 0.97g/t Au (1.29% eCu) from 684m
  - Stockwork Hill is open at depth, to the east and west and may connect to White Hill to the south.
- **Copper Hill** deposit showing growth potential at depth:
  - KHDDH434 intersected 329.5m @ 0.42% Cu and 0.46g/t Au (0.71% eCu) from 2.5m, *including* 55m @ 1.15% Cu and 1.81g/t Au (2.3% eCu) from 132m
  - KHDDH432 intersected 227.3m @ 0.2% Cu and 0.1g/t Au (0.26% eCu) from 224.4m, *including* 62m @ 0.3% Cu and 0.16g/t Au (0.40% eCu) from 226m.
- New magnetic data analysis aids undercover targeting and highlights three large targets
- Significant ramp-up of drilling at Kharmagtai with four drill rigs currently active.

### Corporate activities

- Well-funded with cash balance $9.1 million at 31 December 2017
- Xanadu increased holding in Mongol Metals JV to 85% with effective interest of 76.5% in the Kharmagtai project.

**ASX** XAM

**ABN** 92 114 249 026

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Hannah Badenach
**Non-Executive Director**
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Xanadu Mines Ltd (**ASX: XAM** – "**Xanadu**" or "**the Company**") is pleased to provide shareholders with an update on exploration and associated activities undertaken during the December quarter 2017.

## EXPLORATION ACTIVITIES

**Commenting on the quarter's activities, MD/CEO Dr Andrew Stewart, said:**

*"We believe Kharmagtai represents one of the most promising copper and gold discoveries being explored globally at present. Recent step-out drilling around the maiden shallow resources at Copper Hill, Stockwork Hill and White Hill has delivered some exceptional results. This new drilling has defined significant extensions to high-grade mineralisation at all three deposits, which is sure to extend resources. With the expansion of the drilling fleet at Kharmagtai to four drill rigs, we plan to maintain our dual drill strategy of expanding known mineralisation through exploration of tourmaline breccia hosted mineralisation below and along strike from the current resources and drill test all shallow high-priority porphyry copper-gold and gold targets undercover."*

## KHARMAGTAI COPPER-GOLD PROJECT

The Kharmagtai copper-gold project is located within the South Gobi porphyry copper province of Mongolia, approximately 440km south-southwest of Ulaanbaatar and 120km north of Rio Tinto's Oyu Tolgoi copper-gold mine (Figure 1).

Field activities during the December quarter 2017 focused on targeting near-surface porphyry copper-gold deposits and the continuity of mineralisation below the current resources within this largely under-explored porphyry copper-gold district (Figures 1 to 3). A total of 24 diamond drill holes (8,746.4m) and 79 rotary mud drill holes (2,832.5m) were completed during the quarter (Tables 1 and 2).

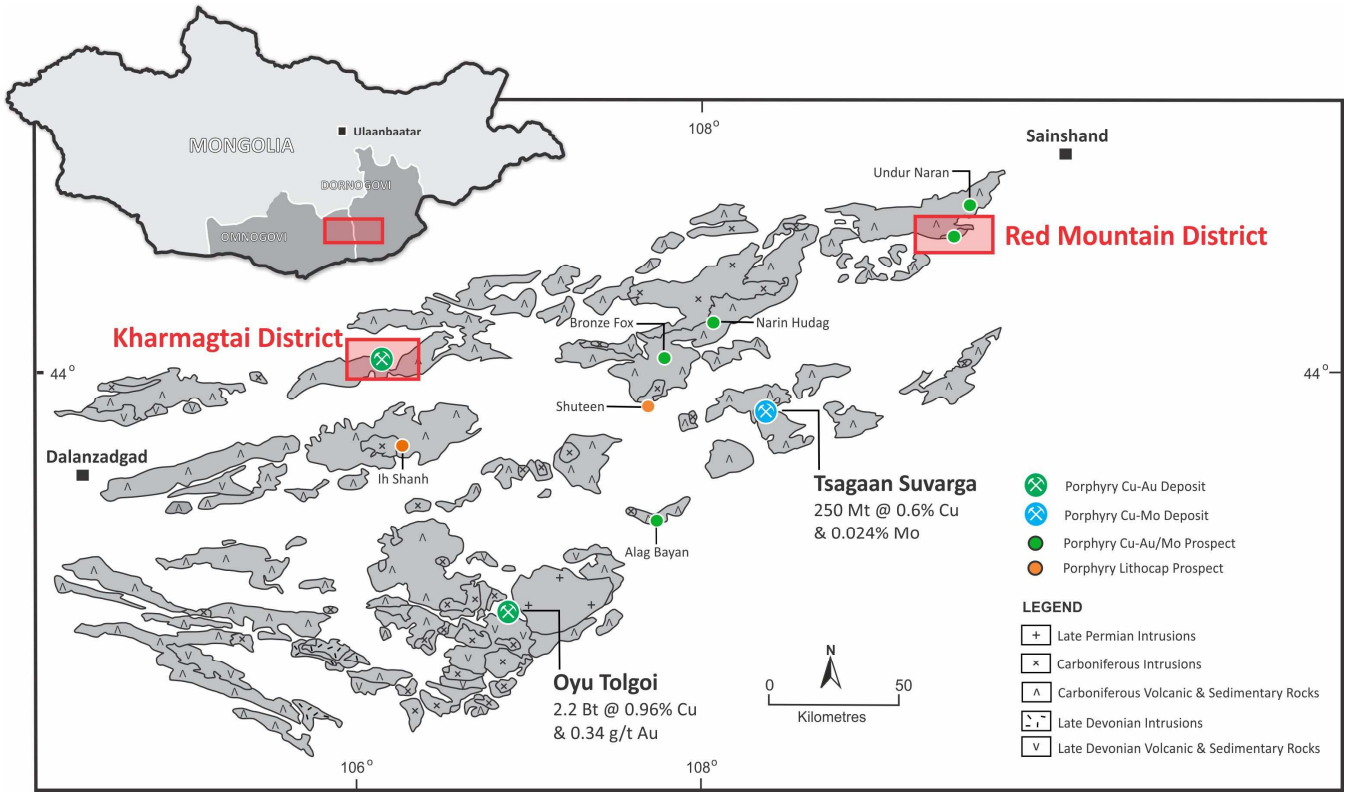


**FIGURE 1**: Location of Xanadu's copper-gold projects within Mongolia's South Gobi Copper Belt (Gurvansaikhan Belt).

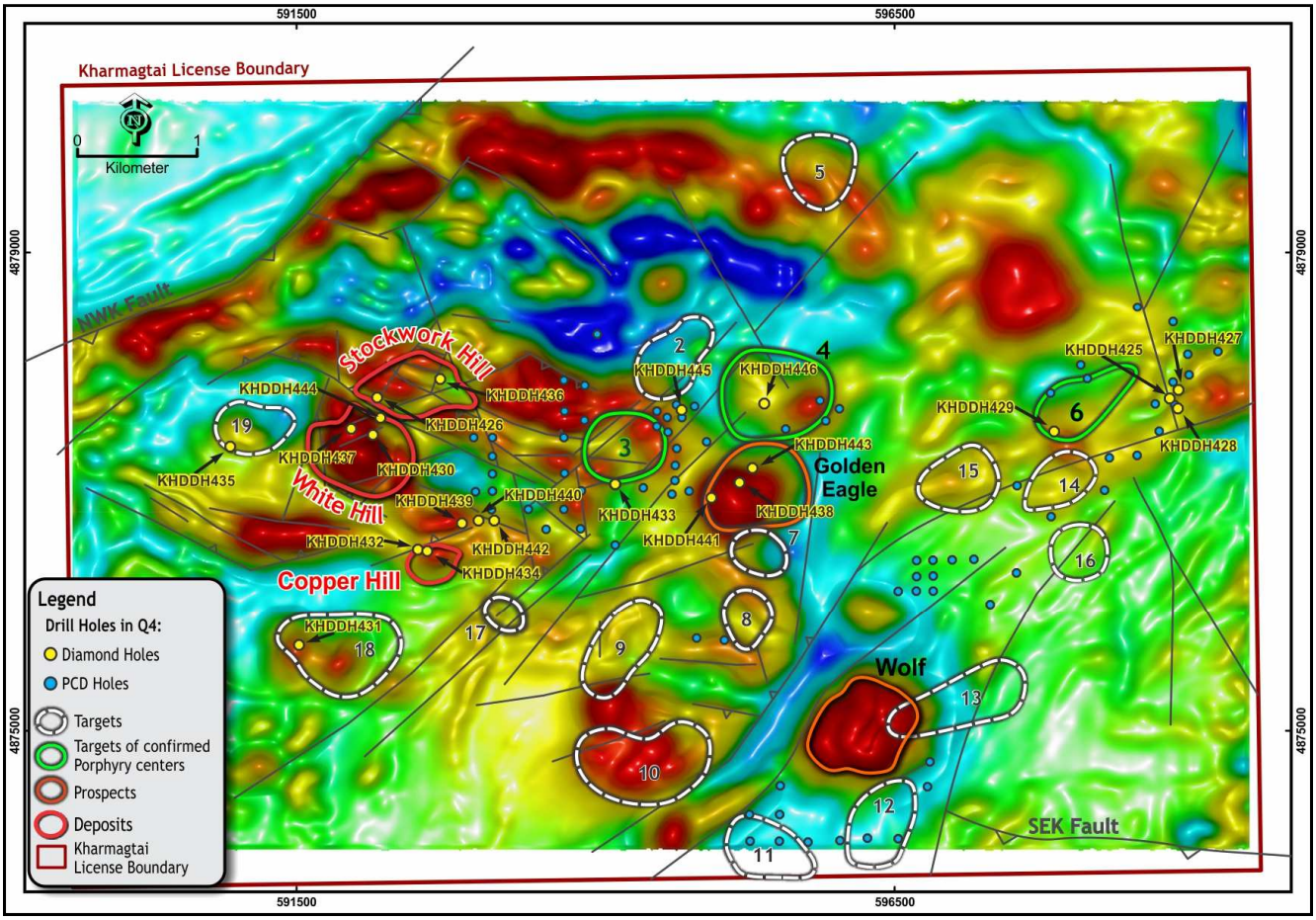


**FIGURE 2:** Kharmagtai mining licence ground magnetic data and known porphyry deposits with newly confirmed porphyry systems.

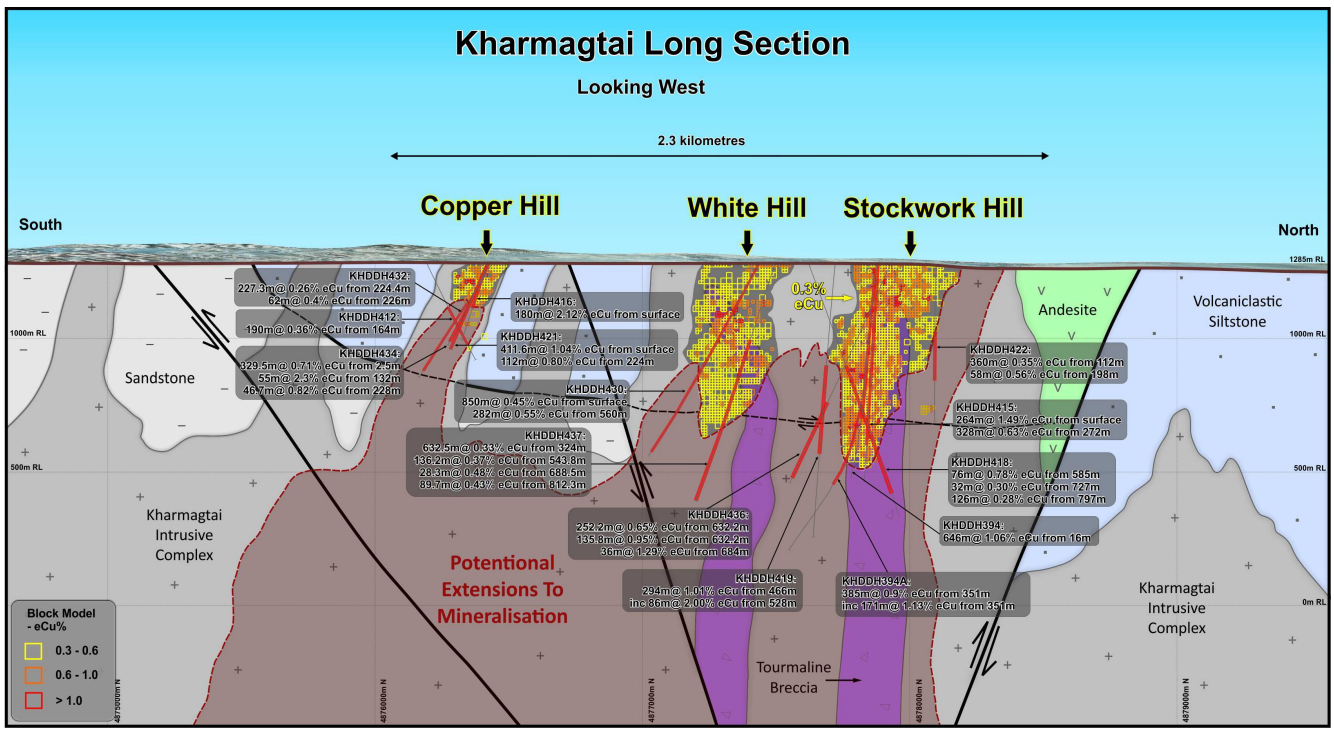


**FIGURE 3:** Schematic geological cross section through Stockwork Hill, White Hill and Copper Hill showing extensional drilling and projected target extensions.

*Significant extensions to mineralisation at White Hill*

Exploration drilling at the White Hill deposit (Figure 2) returned broad zones of high-grade mineralisation (Figure 3). Three holes for a total 2,655.6 metres were drilled at to test interpreted higher-grade depth extensions. The drill hole details are set out in Table 1 and assay results in Table 2.

New geological interpretations of the White Hill deposit have identified a zone of undrilled down-dip mineralisation which will add a significant volume of mineralisation to the Kharmagtai resource base. Drill hole KHDDH430 was designed to expand mineralisation south of, and down-dip of the current resource. This hole has added over 380m of new mineralisation. Importantly, this new zone of mineralisation is higher grade than the majority of mineralisation within the White Hill deposit (Figure 4). Complete assay results have been returned from **KHDDH430 with 850m @ 0.32% Cu and 0.2g/t (0.45% eCu) from surface including 282 @ 0.44% Cu and 0.17g/t Au (0.55% eCu) from 560m**. The deeper parts of KHDDH430 contained significant potassic alteration and bornite mineralisation (Figure 5) suggesting this hole is vectoring towards deeper, higher grade porphyry copper and gold mineralisation. Additionally, the hole was terminated within a post mineral dyke indicating mineralisation should be open at depth, below this dyke.

A 200m step-out hole has been drilled from KHDDH430 (see ASX release 27 November 2017). **KHDDH437 was drilled 200m to the west-north west and has returned 252m at 0.25% Cu and 0.18g/t Au (0.37% eCu) from surface and 623.5m at 0.26% Cu and 0.1g/t Au (0.33% eCu) from 324m**. Mineralisation outside the existing resource is higher grade and has extended mineralisation over 350m below and to the southwest of the current resource (Figures 4 and 6).

The shallower moderate grade portions of White Hill consist of numerous mineralised narrow dykes of monzodiorite porphyry. These are interpreted to coalesce at depth. New 3D magnetic and gravity inversions at White Hill show a compelling picture of a deep-seated magma chamber, interpreted to be a mineralised intrusive stock, feeding the shallower mineralisation at White Hill (Figure 4). Further drilling is underway to test for this interpreted higher grade intrusive stock.

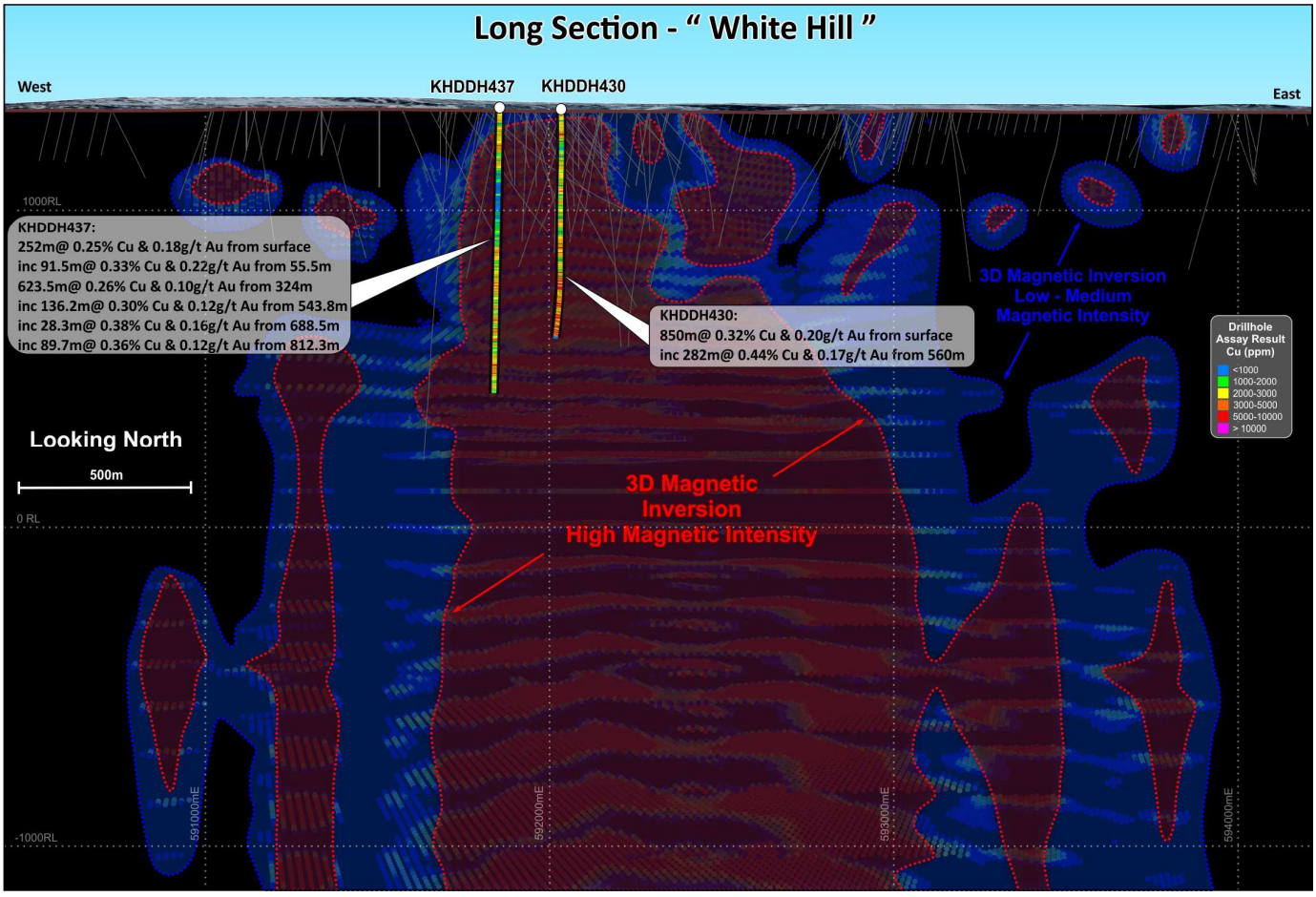


**FIGURE 4:** Long Section of White Hill showing outline of existing inferred resource, recent significant extensions and 3D magnetic inversion target interpreted to represent the main mineralised porphyry stock.

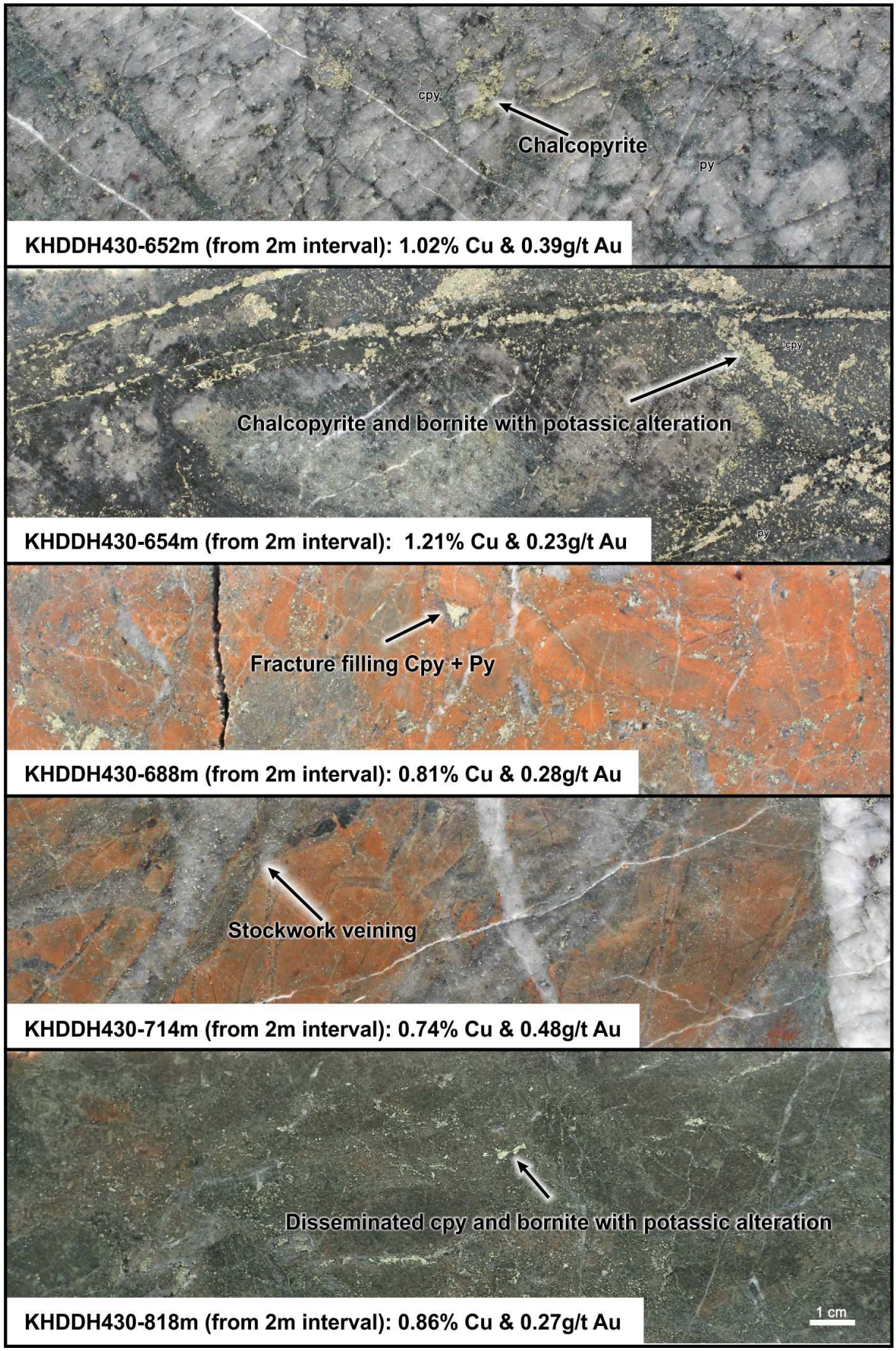


**FIGURE 5:** Core photos from drill holes KHDDH430 at White Hill. All images halved HQ core and therefore 6.35cm tall.

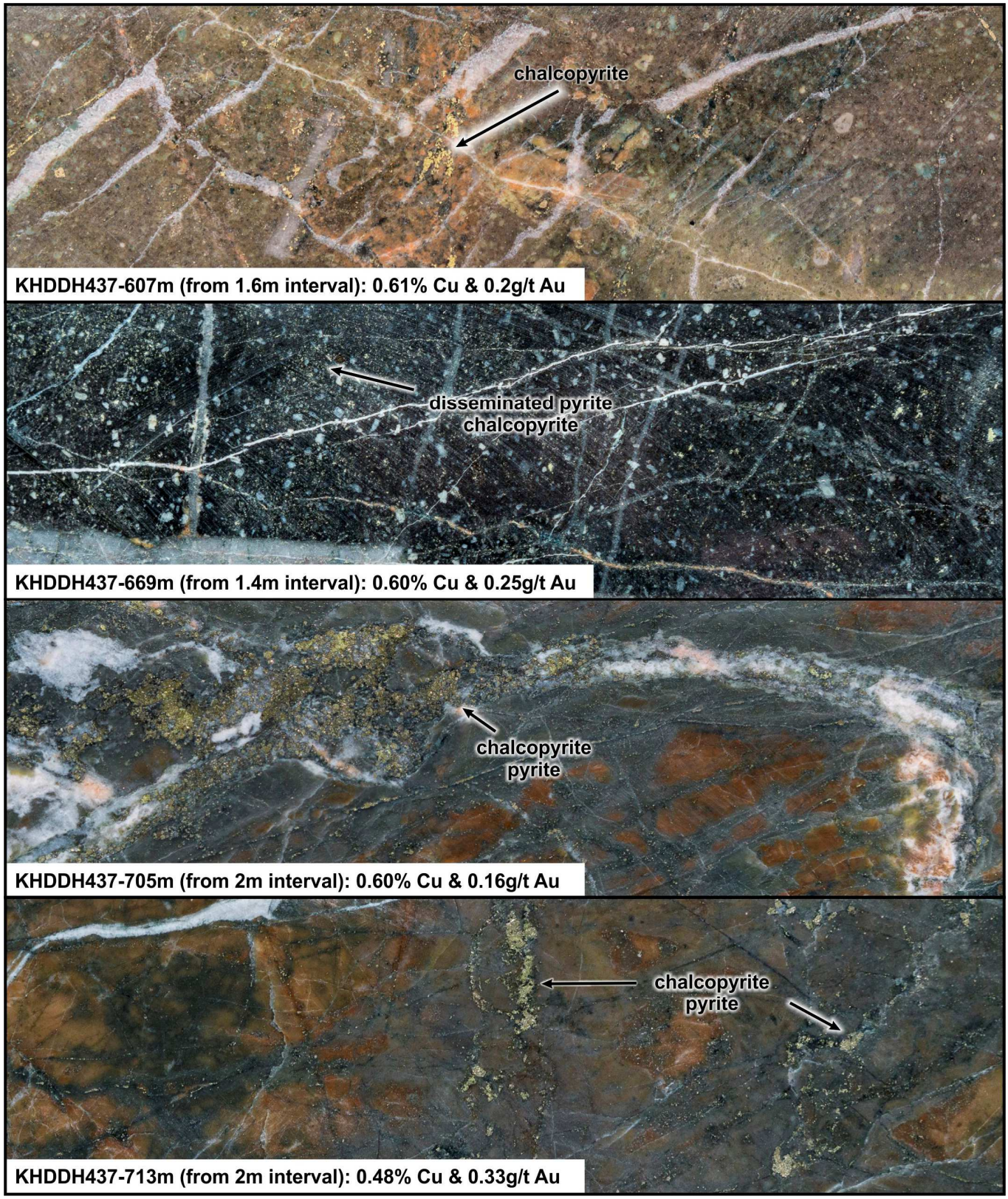


**FIGURE 6:** Mineralised slab images from KHDDH437**.** Halved HQ core, the height of each image is 6.35cm.

*Exploration drilling delivers more high-grade copper-gold intercepts at Stockwork Hill*

Exploration diamond core drilling at the Stockwork Hill deposit (Figure 2) returned broad zones of high-grade mineralisation. Two diamond drill holes for a total of 1,584.3 metres were drilled at Stockwork Hill to test interpreted high-grade depth extensions and faulted offsets. The drill hole details are set out in Table 1 and assay results in Table 2.

Assays have been returned from KHDDH436, designed as a follow-up on the significant extensions to Stockwork Hill released on the 30th October, 2017. KHDDH436 was designed to push this new zone of mineralisation to the south and to depth returning **252.2m @ 0.34% Cu and 0.49g/t Au (0.65% eCu) from 632.2m including 135.8m @ 0.47% Cu and 0.75g/t Au (0.95% eCu) from 632.2m**. Mineralisation has now been extended 241m below and to the south of Stockwork Hill (Figure 7 & 8). Importantly, this hole ended in low grade mineralisation and is open at depth. Follow up drilling is planned to step west of these intercepts and expand this new zone towards White Hill, where it is believed the two deposits will join (Figure 3).

The Stockwork Hill deposit consists of composite porphyry intrusions hosting high-grade gold-rich porphyry stockwork copper mineralisation approximately 800m long and 400m wide extending from the surface to a depth of at least 700m. Mineralisation remains open to the north, east and south at depth where it is believed that Stockwork Hill will join to White Hill.

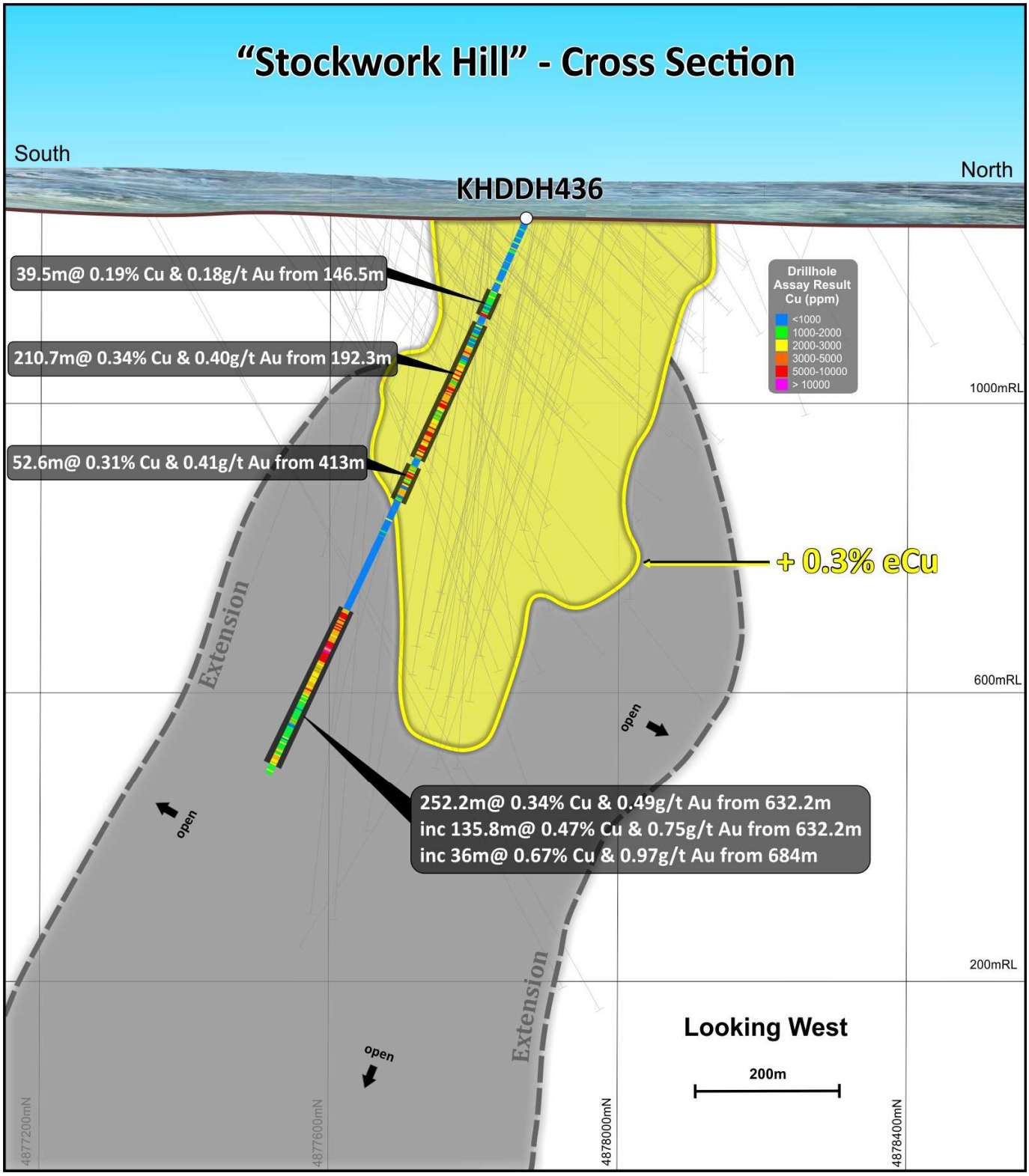


**FIGURE 7:** Cross section through the 3D geological model of the Stockwork hill deposit showing the location of the extensional target.

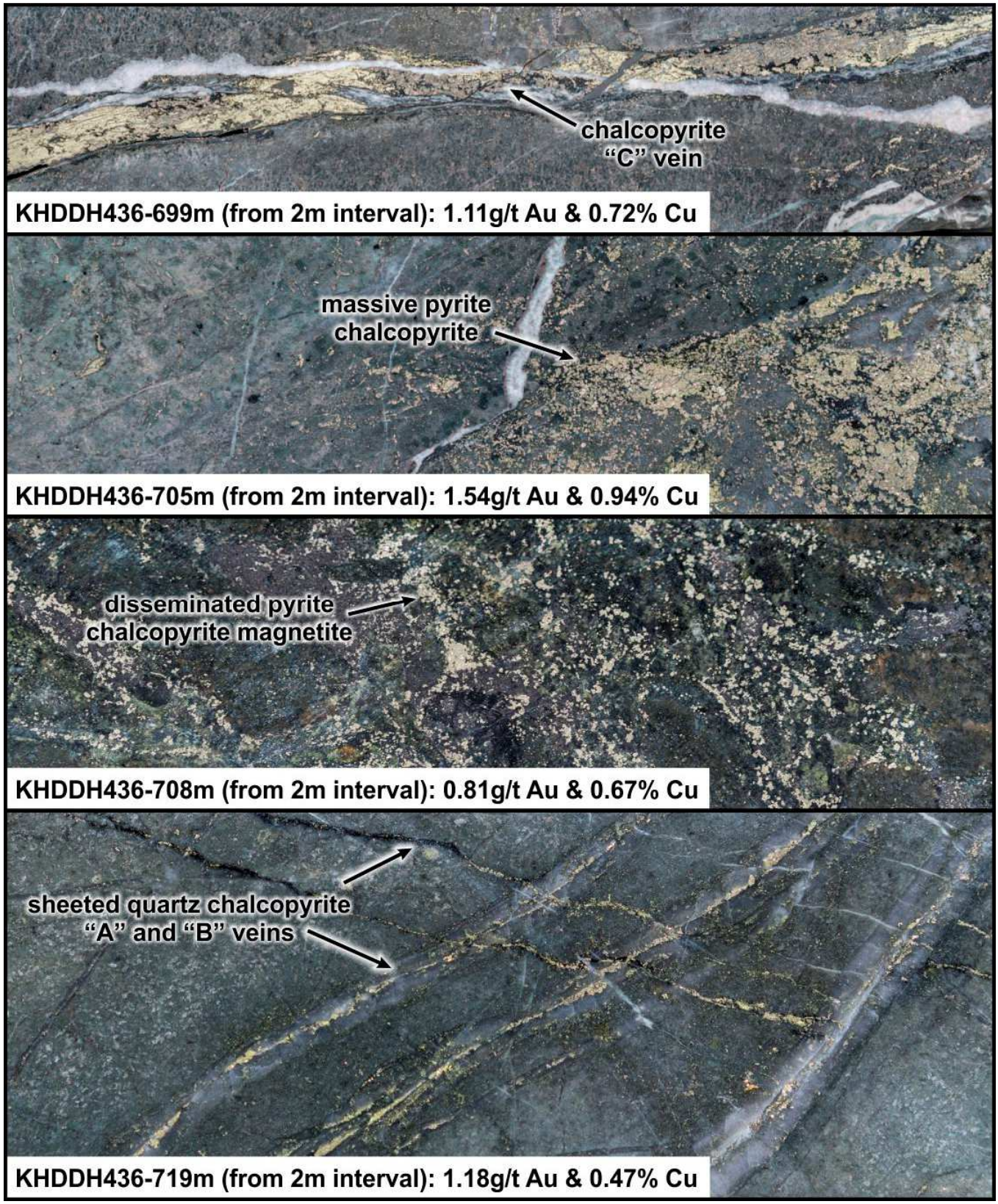


**FIGURE 8:** Core photos of mineralised core from KHDDH436 at Stockwork Hill. All images halved HQ core and 6.35cm tall.

*Copper Hill deposit showing growth potential at depth*

Exploration drilling at the Copper Hill deposit (Figure 2) returned broad zones of high-grade mineralisation. Five diamond holes for a total 1,707.8 metres were drilled at Copper Hill to test interpreted high-grade extensions and offsets of the Copper Hill Deposit (Figure 3). These holes have confirmed the down plunge potential of Copper Hill and work will continue to expand the current resource.

Assays have been returned from KHDDH432 and KHDDH434, designed to test down-plunge from the shallow high-grade mineralisation at Copper Hill (Figure 9).

**KHDDH434 returned 329.5m @ 0.42% Cu and 0.46g/t Au (0.71% eCu) from 2.5m**

***including* 55m @ 1.15% Cu and 1.81g/t Au (2.3% eCu) from 132m**

***and* 46.7m @ 0.48% Cu and 0.53g/t Au (0.82% eCu) from 228m.**

**KHDDH432 returned 227.3m @ 0.2% Cu and 0.1g/t Au (0.26% eCu) from 224.4m**

***including* 62m @ 0.3% Cu and 0.16g/t Au (0.4% eCu) from 226m.**

KHDDH432 is considered a near miss to the potential high-grade extensions to Copper Hill and is a stepping stone towards significantly expanding Copper Hill. These results are being interpreted and further drilling will be conducted on Copper Hill.

This drilling successfully confirmed our interpretation of a shallow west-northwest plunge to a high-grade zone of copper and gold mineralisation at depth (Figure 9). The mineralisation identified within the resource shell is better than, or similar, to the current resource estimate and a new geological model highlights a high-grade target at depth under the Copper Hill resource.

Copper Hill is a tightly focused elongate zone of very high-grade, high-density stock-work veining. Copper and gold grades within the main body of mineralisation range up to 5% copper and 8g/t Au. Mineralisation is hosted by very high-density quartz veining where copper and gold are dominantly found within chalcopyrite (Figure 10).

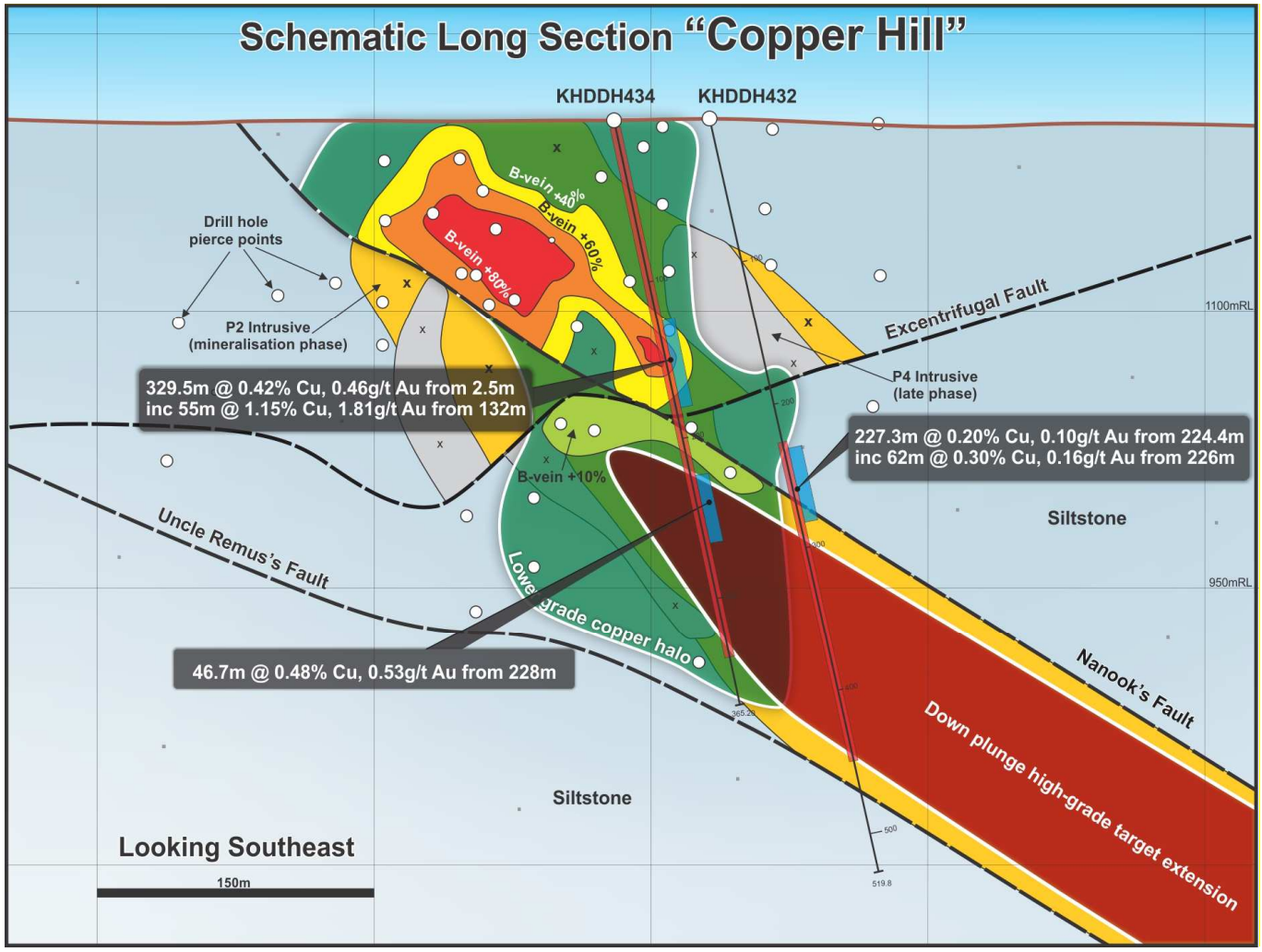


**FIGURE 9:** 3D Long section showing pipe like mineralised body, down plunge targets and drill hole KHDDH432 and KHDDH434. Drilling below the Excentrifugal Fault confirms our interpretation of a shallow west-northwest plunge to a high-grade zone of copper and gold mineralisation at depth. Holes are depicted on the long section in their entirety, however these holes move out of the long section plane, targeting northwards offset of mineralisation on the Excentrifugal Fault.

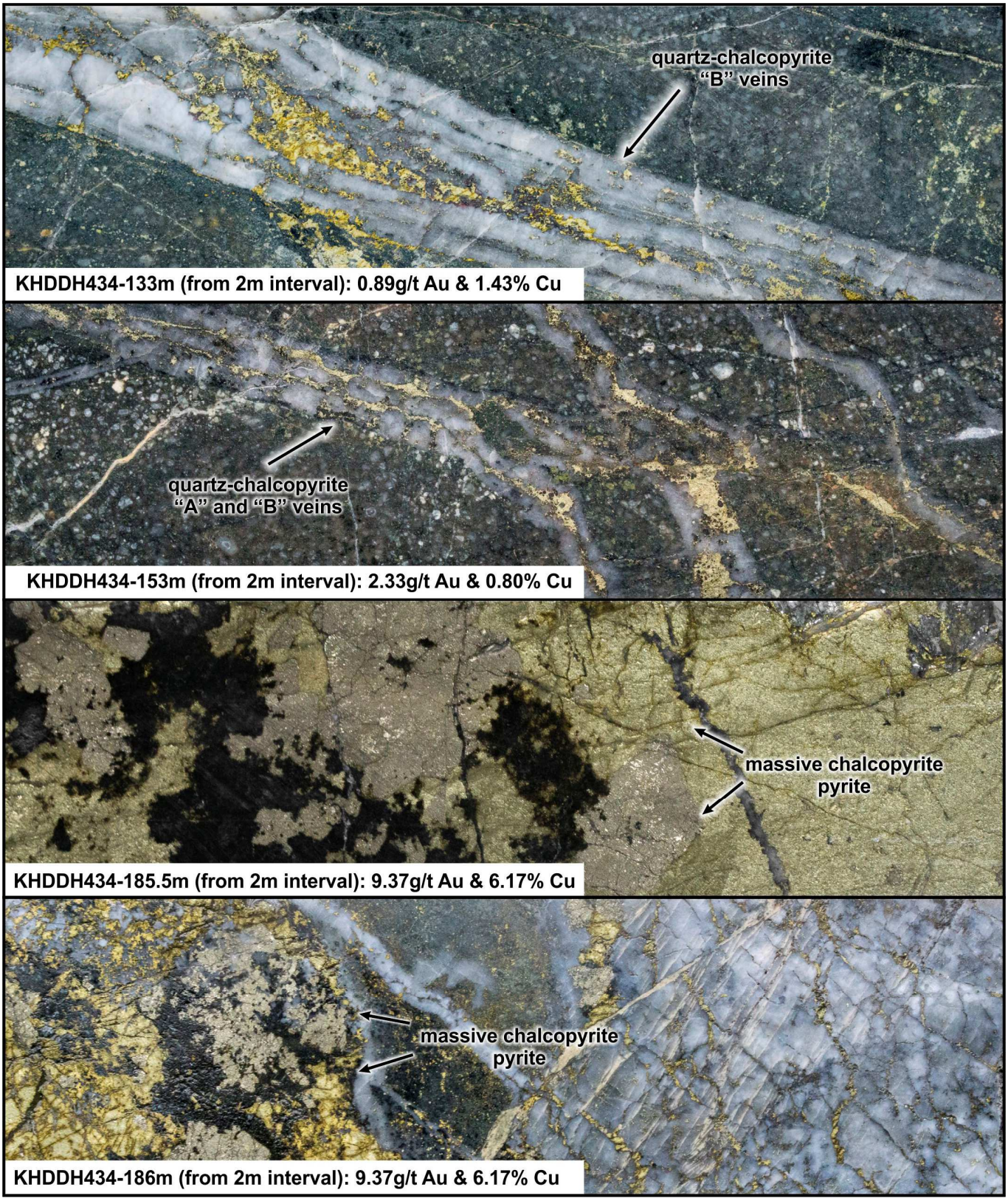


**FIGURE 10:** High density quartz-chalcopyrite veining from KHDDH434. All images halved HQ core and therefore 6.35cm tall.

*Undercover targeting continues within the Kharmagtai district*

Nineteen high-potential copper-gold and gold targets generated during a recently completed bedrock drilling programme (see Xanadu's ASX announcement – 22 December 2016) are currently being tested at Kharmagtai (Figure 2). Four of these targets are now confirmed as new large porphyry centres with at least one shallow drill hole in each target returning broad zones of porphyry alteration and mineralisation.

The Kharmagtai copper-gold deposits are concentrated along a series of apophyses (small intrusions coming off the top of the main intrusion) on the top of a much larger body at depth. Exploration drilling to date undercover at Kharmagtai has established a strong correlation between copper-gold grades and magnetite destruction within larger magnetic anomalies. This relationship is proving a very useful targeting tool for exploring undercover (Figure 2).

Three shallow diamond drill holes (KHDDH439, 440 and 442) were drilled 400m north of Copper Hill (Figure 2) targeting similar surface geochemistry and magnetics to Copper Hill. All three encountered the distal copper halo to potential high-grade mineralisation. Assay results have been returned for KHDDH439 and KHDDH440;

**KHDDH439 intersected 290.6m @ 0.18% Cu and 0.06g/t Au (0.21% eCu) from 2.5m**

**KHDDH440 intersected 170m @ 0.13% Cu and 0.04g/t Au (0.16% eCu) from 46m**

A single diamond drill hole was drilled in to Target 19 (Figure 2) targeting surface geochemistry.

**KHDDH435 returned 213.4m @ 0.23% Cu and 0.17g/t Au (0.34% eCu) from 86m**

**Including 130.3 @ 0.29% Cu and 0.22g/t Au (0.43% eCu) from 130m**

**Including 16m @ 0.47% Cu and 0.39g/t Au (0.72% eCu) from 200m**

Follow up work for Target 19 is being planned.

A single diamond drill hole was drilled into Target 3, designed to test for high-grade stockwork mineralisation along strike from previous drilling (Figures 2 and 11).

**KHDDH433 returned 9m @ 0.82g/t Au from 213m including 6.55m @ 1.03g/t Au from 215.45m**

These intercepts are from epithermal carbonate base metal veins and work is continuing to define high grade gold on the Kharmagtai leases.

Three shallow diamond drill holes were drilled on the northern margin of Golden eagle, targeting magnetic destruction anomalies and copper gold geochemistry. Assay results for these holes are as follows;

**KHDDH438 returned 162m @ 0.08% Cu and 0.15g/t Au (0.18% eCu) from 88m, including 16m @ 0.38g/t Au and 0.1% Cu (0.34% eCu) from 196m**

**KHDDH443 returned 40m @ 0.07% Cu and 0.1g/t Au (0.14% eCu) from 38m, and 54m @ 0.05% Cu and 0.22g/t Au (0.19% eCu) from 104m and 4m @ 1.31g/t Au from 186m**

A single diamond drill hole (KHDDH445) has been collared in a new magnetic destruction and copper gold geochemistry target south of Target 2 (Figure 2).

**KHDDH445 returned 219.3m @ 0.12% Cu and 0.21g/t Au (0.26% eCu) from 10.7m, including 20m @ 0.18% Cu and 1.04g/t Au (0.85% eCu) from 50m**, including 5.2m @ 0.39% Cu and 2.73g/t Au (2.12% eCu) from 56.4m

A single diamond drill hole (KHDDH446) has been collared in a new magnetic destruction and copper gold geochemistry target along strike from Target 4 (Figures 2 and 12).

**KHDDH446 returned 161m @ 0.13% Cu and 0.09g/t Au (0.19% eCu) from 23m, Including 24m @ 0.22% Cu and 0.27g/t Au (0.39% eCu) from 30m**

Four shallow diamond drill holes have been drilled into the Target 6 and east Ross Targets in the far east of the Kharmagtai Project (Figures 2 and 13) targeting top of basement geochemistry

**KHDDH425 returned 46m @ 0.14% Cu and 0.09g/t Au (0.19% eCu) from 118m**

**KHDDH429 returned 186m @ 0.11% Cu and 0.31g/t Au (0.31% eCu) from 39m**

The systematic testing and refining of the nineteen targets undercover will continue over 2018.

*New magnetic processing*

New magnetic processing has been conducted using the existing ground magnetics for Kharmagtai, this processing highlights areas in the magnetics that have had magnetic rotation. Magnetic rotation occurs where faulting, mineralisation or alteration overprint the existing magnetic field. Notably, all existing mineralisation has a response in this dataset (Figures 14 and 15) and many new targets have been identified. This data is being worked into the current exploration targeting and the hole drilled south of Target 2 (KHDDH445) represent the initial success of this targeting method (Figure 16).

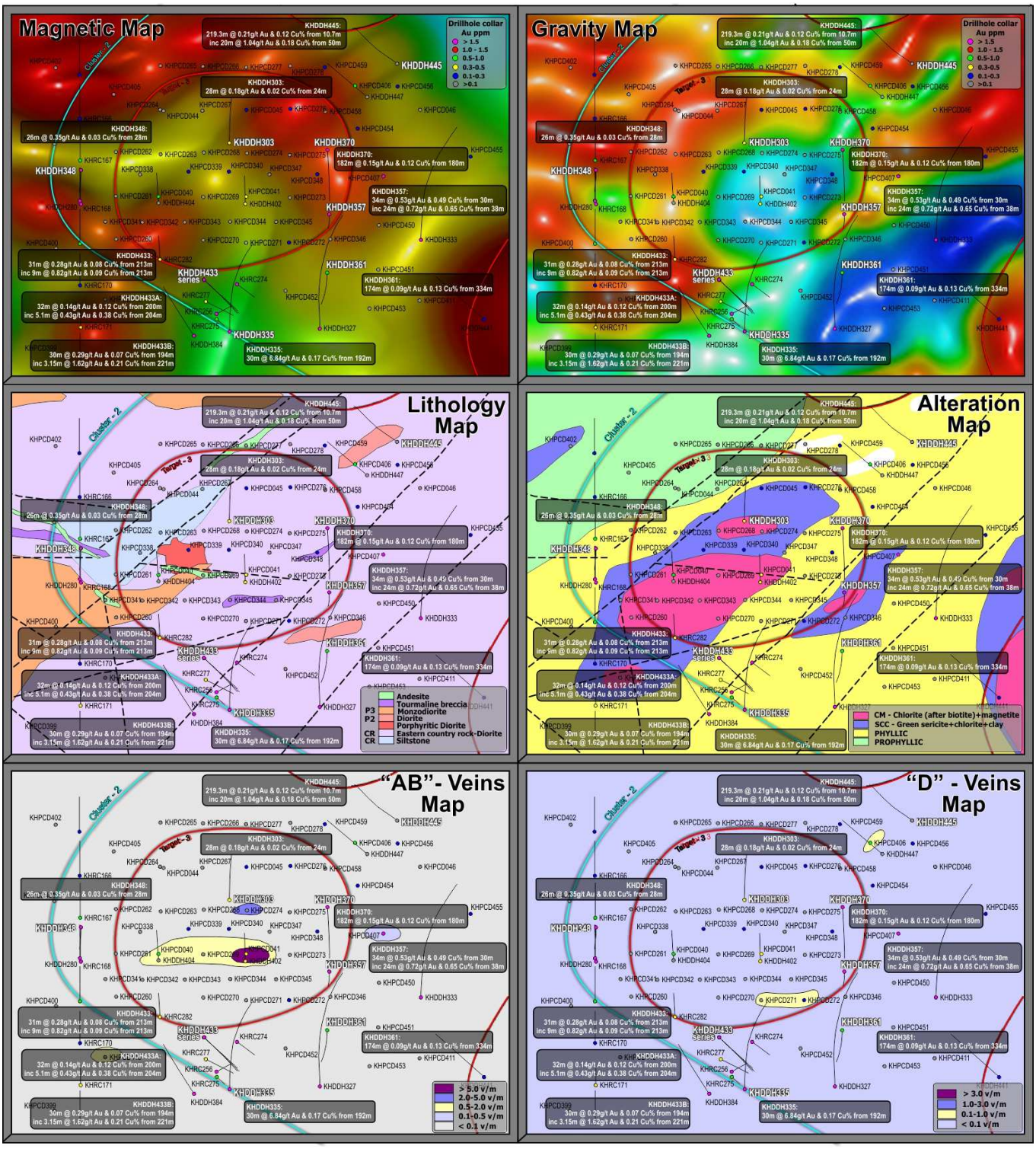


**FIGURE 11:** Target 3 plan maps showing gravity, magnetics, lithology, alteration, porphyry vein densities and drill hole locations.

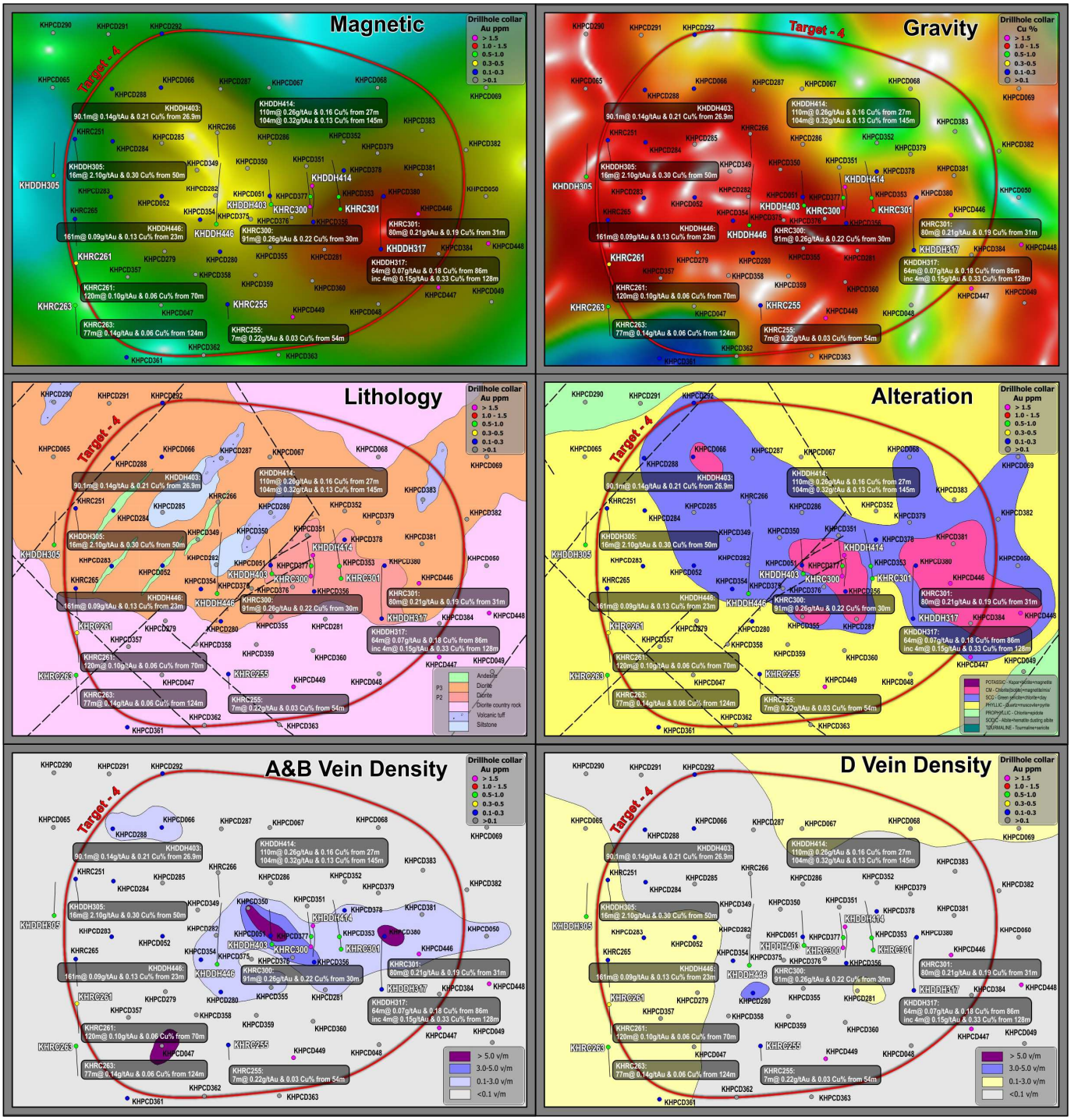


**FIGURE 12:** Target 4 plan maps showing gravity, magnetics, lithology, alteration, porphyry vein densities and drill hole locations.

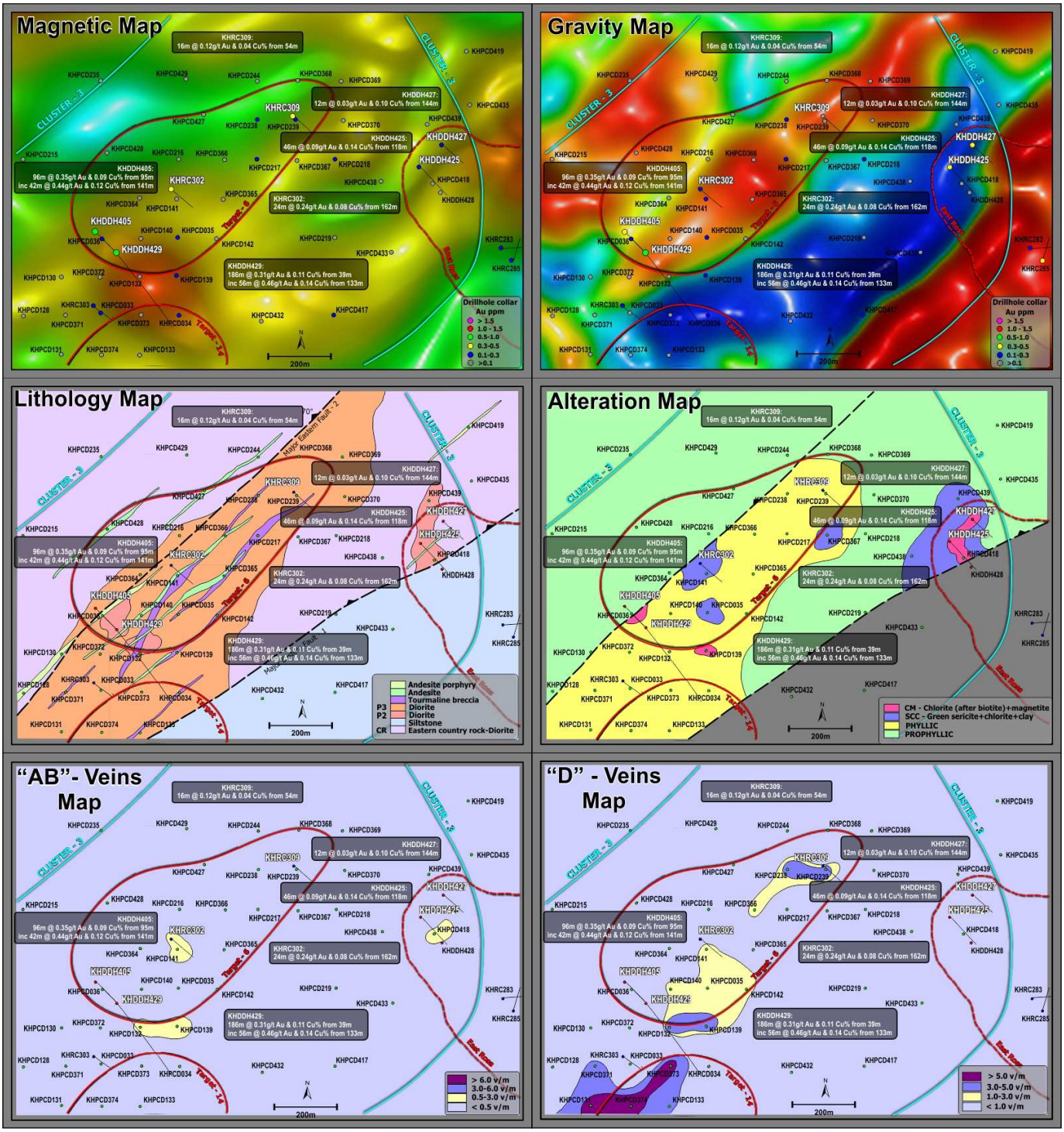


**FIGURE 13:** Target 6 plan maps showing gravity, magnetics, lithology, alteration, porphyry vein densities and drill hole locations.

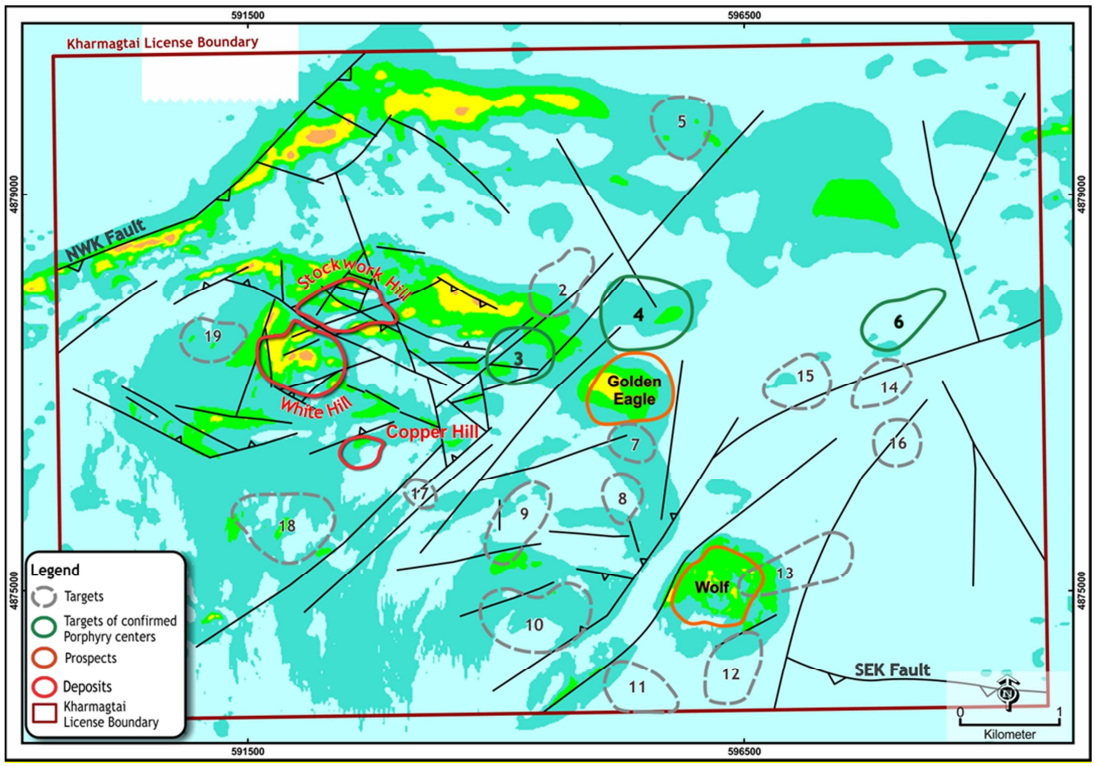


**Figure 14:** Sophisticated reprocessing of the existing ground magnetics focuses on areas where magnetic rotation has occurred. This rotation occurs due to faulting, mineralisation or alteration and helps highlight areas of potential mineralisation. Interestingly, all areas of existing mineralisation are represented and several areas outside known targets are highlighted for follow-up.

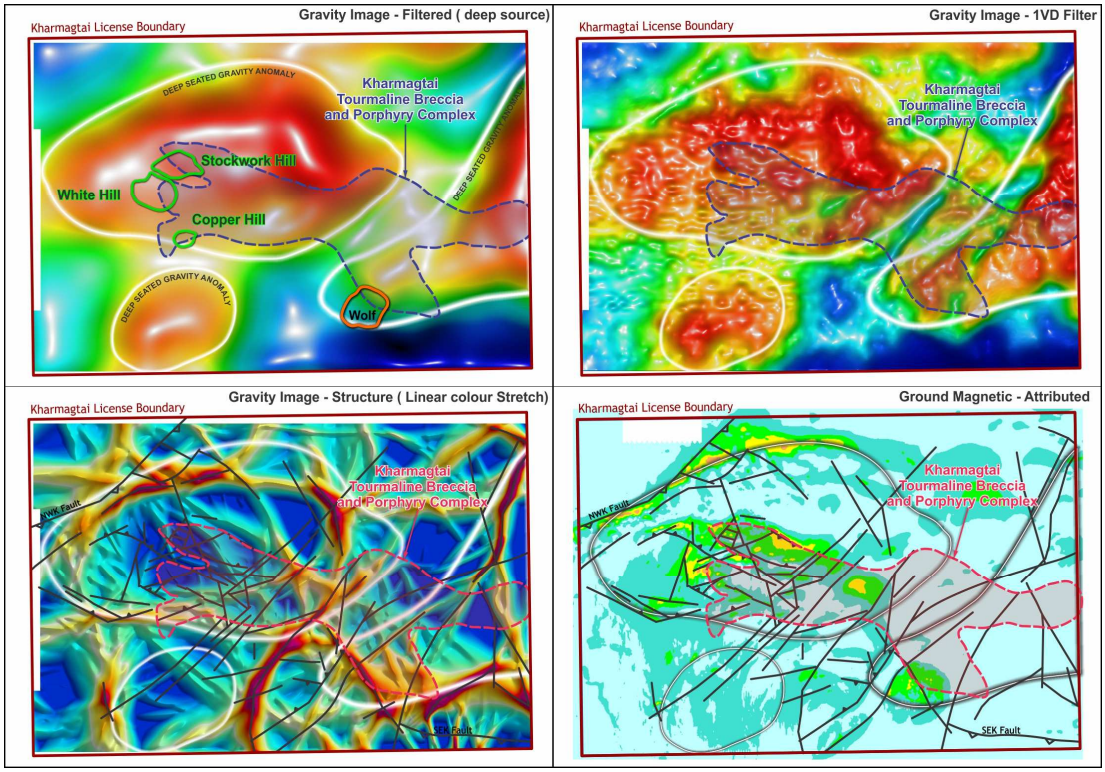


**Figure 15:** Gravity data and sophisticated reprocessing of the existing ground magnetics provide high resolution structural data and aids the interpretation of potentially tourmaline breccia and porphyry complex.

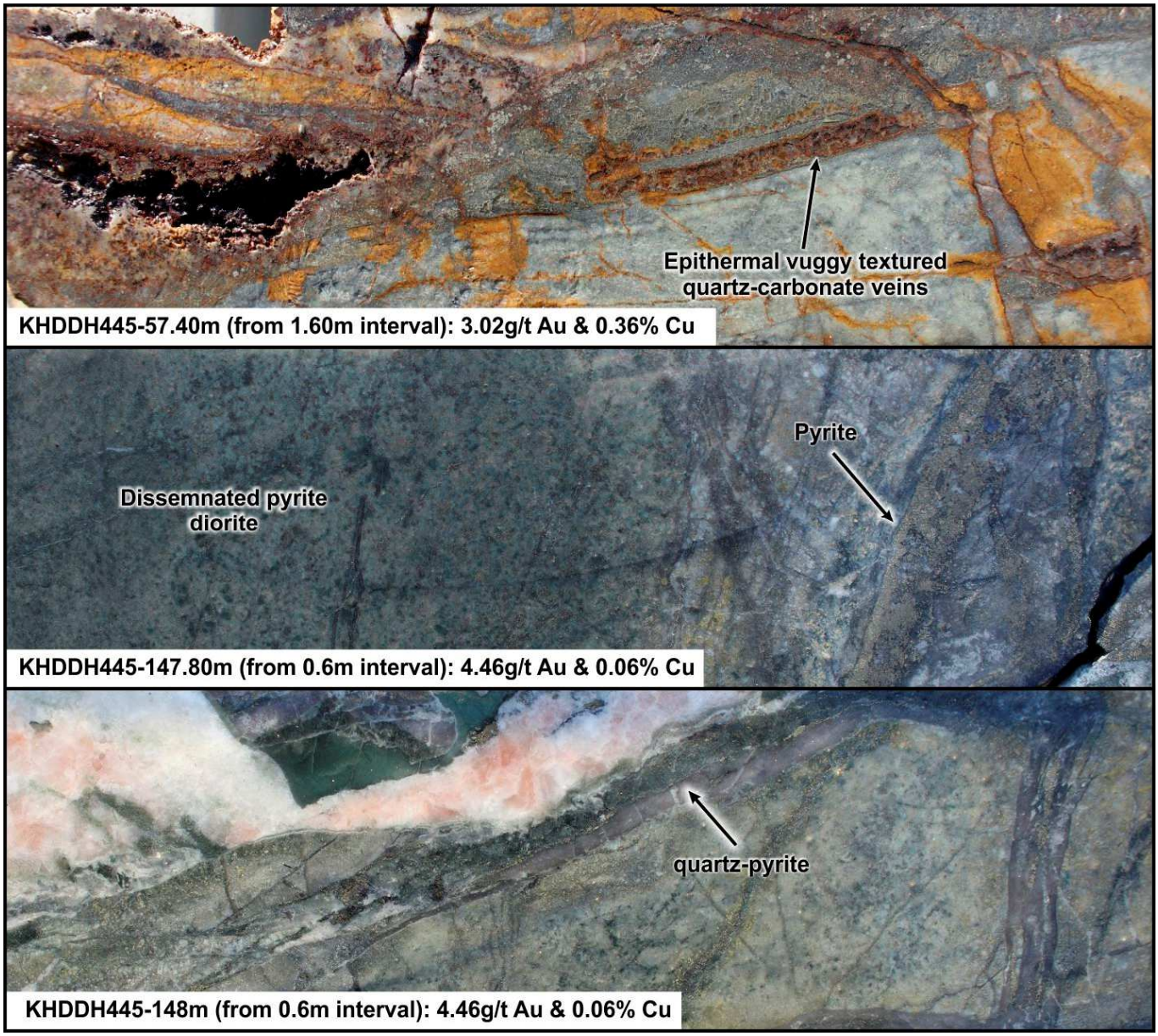


**FIGURE 16:** Mineralised slab images from KHDDH445. Halved HQ core, the height of each image is 6.35cm.

## RED MOUNTAIN COPPER-GOLD PROJECT

The Red Mountain copper-gold project is located within the South Gobi porphyry copper province of Mongolia, approximately 420km south-southwest of Ulaanbaatar (Figure 1). This large and underexplored porphyry district (covering approximately 40km²) consists of multiple co-genetic porphyry copper-gold centres, mineralised tourmaline breccia pipes copper-gold/base metal magnetite skarns and epithermal gold veins (Figure 17).

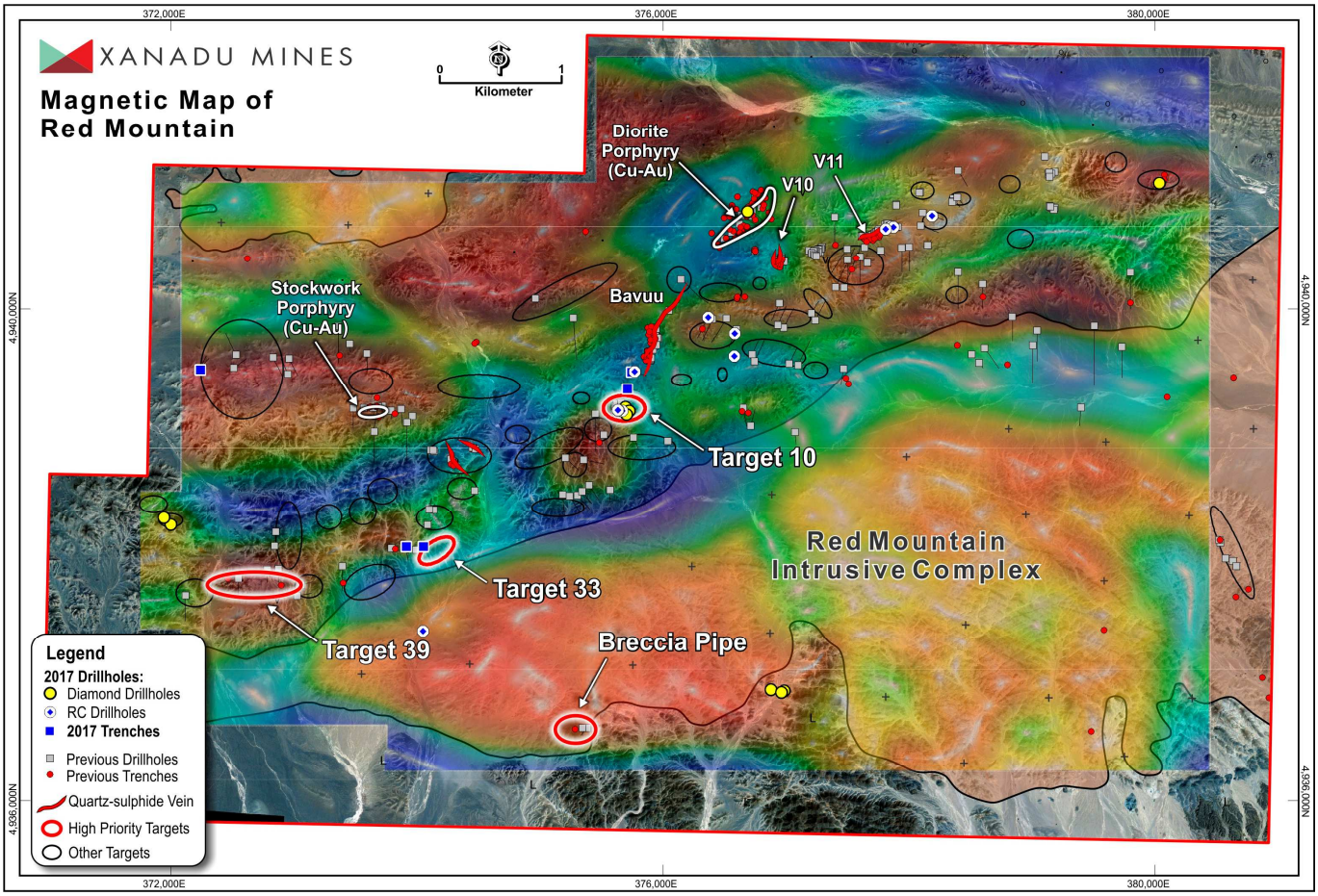


**FIGURE 17:** The Red Mountain Mining Licence showing location of known porphyry deposits and targets are shown.

No ground work was conducted at Red Mountain during the quarter. Interpretation of the ground penetrating radar continues and planning for the field season in spring.

## CORPORATE ACTIVITIES

Xanadu increased holding in Mongol Metals JV to 85% with effective interest of 76.5% in the Kharmagtai project.

*Mongolian Government Legislative Amendments*

In November, as part of the approval of the 2018 Government budget, amendments were passed to the Corporate Income Tax Law and Minerals codes addressing the taxation of transfer of minerals licences and the issuance of new exploration licences. Under these amendments any change of ultimate holders of a legal entity which maintains a mining license or land use (or possess) right (Holder) is deemed as a sale of its land right or mining license and the Holder is subject to a withholding tax. While the Law is now in effect, the regulations that dictate how the law will be applied are currently being reviewed and discussed and will be open for public comment. Although there is a degree of uncertainty over the operation of the amendments given the lack of understanding of the regulations and the breadth of the law, the Company's current understanding is that the amendments ought not affect the Company from any upstream acquisitions as it has no 'ultimate holders'.

### Share Capital

As at 31 December 2017, the Company had 588,687,267 fully paid shares, 20,633,334 performance rights and 35,000,000 options issued pursuant to the restructure of the Red Mountain acquisition terms.

### Financial position

As at 31 December 2017, the Company had A$9.1 million cash.

**For further information please visit www.xanadumines.com or contact:**

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## COMPETENT PERSON STATEMENT

The information in this report 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, which is incorporated in the database that was provided to Mining Associates for undertaking a resource estimate. 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 deposits 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". Dr Stewart consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Kharmagtai Mineral Resource estimate: The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement.

## COPPER EQUIVALENT CALCULATIONS

The copper equivalent (CuEq) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. Grades have not been adjusted for metallurgical or refining recoveries and the copper equivalent grades are of an exploration nature only and intended for summarising grade. The copper equivalent calculation is intended as an indicative value only. The following copper equivalent conversion factors and long-term price assumptions have been adopted: Copper Equivalent Formula (CuEq) = Cu% + (Au (ppm) x 0.6378). Based on a copper price of $2.60/lb and a gold price of $1300/oz.

**Table 1:** Kharmagtai drill hole details from the third quarter

| Hole ID | Prospect | East | North | RL | Azimuth (°) | Inc (°) | Depth (m) |
|---|---|---|---|---|---|---|---|
| KHDDH425 | East Ross | 598769 | 4877725 | 1269 | 135 | -60 | 260.1 |
| KHDDH426 | Stockwork Hill | 592133 | 4877733 | 1294 | 135 | -60 | 700.7 |
| KHDDH427 | East Ross | 598841 | 4877796 | 1270 | 135 | -60 | 178.2 |
| KHDDH428 | East Ross | 598837 | 4877643 | 1271 | 325 | -75 | 39.0 |
| KHDDH429 | Target 6 | 597800 | 4877451 | 1262 | 315 | -75 | 281.8 |
| KHDDH430 | White Hill | 592097 | 4877422 | 1301 | 200 | -60 | 851.7 |
| KHDDH431 | Target 18 | 591479 | 4875663 | 1324 | 210 | -60 | 204.0 |
| KHDDH432 | Copper Hill | 592472 | 4876465 | 1302 | 180 | -60 | 519.8 |
| KHDDH433 | Target 3 | 594127 | 4877012 | 1278 | 135 | -60 | 277.0 |
| KHDDH433A | Target 3 | 594127 | 4877012 | 1278 | 135 | -60 | 252.6 |
| KHDDH433B | Target 3 | 594127 | 4877012 | 1278 | 135 | -60 | 285.6 |
| KHDDH434 | Copper Hill | 592552 | 4876454 | 1306 | 180 | -62 | 365.2 |
| KHDDH435 | Duck | 590902 | 4877325 | 1314 | 0 | -60 | 299.1 |
| KHDDH436 | Stockwork Hill | 592661 | 4877888 | 1287 | 180 | -65 | 883.6 |
| KHDDH437 | White Hill | 591914 | 4877473 | 1300 | 205 | -70 | 947.5 |
| KHDDH438 | Golden Eagle | 595166 | 4877024 | 1268 | 315 | -60 | 340.6 |
| KHDDH439 | Copper Hill | 592843 | 4876685 | 1301 | 315 | -60 | 300.6 |
| KHDDH440 | Copper Hill | 592982 | 4876708 | 1300 | 315 | -60 | 321.6 |
| KHDDH441 | Golden Eagle | 594931 | 4876898 | 1271 | 315 | -60 | 314.5 |
| KHDDH442 | Copper Hill | 593113 | 4876709 | 1300 | 315 | -60 | 200.6 |
| KHDDH443 | Golden Eagle | 595275 | 4877146 | 1268 | 315 | -60 | 252.6 |
| KHDDH444 | White Hill | 592161 | 4877565 | 1296 | 205 | -60 | 856.4 |
| KHDDH445 | Target 3 | 594681 | 4877631 | 1271 | 310 | -60 | 405.8 |
| KHDDH446 | Target 4 | 595374 | 4877683 | 1266 | 0 | -60 | 279.6 |
| KHPCD390 | Basin | 592940 | 4877401 | 1290 | 0 | -90 | 20.0 |
| KHPCD391 | Basin | 593098 | 4877401 | 1291 | 0 | -90 | 27.0 |
| KHPCD392 | Basin | 593098 | 4877243 | 1295 | 0 | -90 | 15.0 |
| KHPCD393 | Basin | 593098 | 4877098 | 1298 | 0 | -90 | 22.0 |
| KHPCD394 | Basin | 592957 | 4876947 | 1299 | 0 | -90 | 13.0 |
| KHPCD395 | Basin | 593098 | 4876952 | 1299 | 0 | -90 | 21.1 |
| KHPCD396 | Basin | 593090 | 4876798 | 1300 | 0 | -90 | 18.0 |
| KHPCD397 | Basin | 593398 | 4876801 | 1297 | 0 | -90 | 17.0 |
| KHPCD398 | Basin | 593547 | 4876636 | 1293 | 0 | -90 | 12.0 |
| KHPCD399 | Basin | 593697 | 4876801 | 1289 | 0 | -90 | 18.0 |
| KHPCD400 | Basin | 593702 | 4877101 | 1280 | 0 | -90 | 20.0 |
| KHPCD401 | Basin | 593697 | 4877401 | 1282 | 0 | -90 | 24.0 |
| KHPCD402 | Basin | 593701 | 4877620 | 1282 | 0 | -90 | 19.0 |
| KHPCD403 | Basin | 593697 | 4877879 | 1278 | 0 | -90 | 30.0 |
| KHPCD404 | Basin | 593871 | 4877835 | 1277 | 0 | -90 | 29.0 |
| KHPCD405 | Basin | 593867 | 4877543 | 1272 | 0 | -90 | 33.0 |

| Hole ID | Prospect | East | North | RL | Azimuth (°) | Inc (°) | Depth (m) |
|---|---|---|---|---|---|---|---|
| KHPCD406 | Basin | 594560 | 4877567 | 1270 | 0 | -90 | 23.0 |
| KHPCD407 | Basin | 594641 | 4877308 | 1267 | 0 | -90 | 31.0 |
| KHPCD408 | Basin | 593835 | 4876641 | 1286 | 0 | -90 | 17.0 |
| KHPCD409 | Basin | 594127 | 4876503 | 1287 | 0 | -90 | 21.0 |
| KHPCD410 | Basin | 593843 | 4876955 | 1274 | 0 | -90 | 17.0 |
| KHPCD411 | Basin | 594746 | 4876952 | 1273 | 0 | -90 | 36.0 |
| KHPCD412 | Basin | 593973 | 4878262 | 1274 | 0 | -90 | 22.0 |
| KHPCD413 | Basin | 596788 | 4876247 | 1282 | 0 | -90 | 24.0 |
| KHPCD414 | Basin | 597484 | 4876272 | 1289 | 0 | -90 | 15.0 |
| KHPCD415 | Basin | 597265 | 4876006 | 1291 | 0 | -90 | 11.0 |
| KHPCD416 | Basin | 598223 | 4876959 | 1283 | 0 | -90 | 38.0 |
| KHPCD417 | Basin | 598496 | 4877251 | 1276 | 0 | -90 | 36.0 |
| KHPCD418 | Basin | 598813 | 4877672 | 1270 | 0 | -90 | 36.0 |
| KHPCD419 | Basin | 598921 | 4878096 | 1272 | 0 | -90 | 31.3 |
| KHPCD420 | Basin | 596740 | 4874479 | 1303 | 0 | -90 | 18.0 |
| KHPCD421 | Basin | 596760 | 4874686 | 1300 | 0 | -90 | 12.0 |
| KHPCD422 | Basin | 595741 | 4874017 | 1297 | 0 | -90 | 58.0 |
| KHPCD423 | Basin | 596007 | 4874030 | 1297 | 0 | -90 | 102.0 |
| KHPCD424 | Basin | 596238 | 4874051 | 1302 | 0 | -90 | 111.0 |
| KHPCD425 | Basin | 596495 | 4874047 | 1304 | 0 | -90 | 132.0 |
| KHPCD426 | Basin | 594807 | 4875722 | 1277 | 0 | -90 | 24.0 |
| KHPCD427 | Basin | 598079 | 4877893 | 1263 | 0 | -90 | 55.0 |
| KHPCD428 | Basin | 597770 | 4877771 | 1261 | 0 | -90 | 54.0 |
| KHPCD429 | Basin | 598023 | 4878007 | 1264 | 0 | -90 | 66.0 |
| KHPCD430 | Basin | 597490 | 4877000 | 1268 | 0 | -90 | 33.0 |
| KHPCD431 | Basin | 597776 | 4876741 | 1270 | 0 | -90 | 44.0 |
| KHPCD432 | Basin | 598264 | 4877231 | 1270 | 0 | -90 | 49.0 |
| KHPCD433 | Basin | 598681 | 4877452 | 1271 | 0 | -90 | 42.0 |
| KHPCD434 | Basin | 599172 | 4878118 | 1279 | 0 | -90 | 30.0 |
| KHPCD435 | Basin | 598931 | 4877924 | 1273 | 0 | -90 | 27.0 |
| KHPCD436 | Basin | 598497 | 4878490 | 1264 | 0 | -90 | 72.0 |
| KHPCD437 | Basin | 598797 | 4878369 | 1268 | 0 | -90 | 56.0 |
| KHPCD438 | Basin | 598647 | 4877680 | 1268 | 0 | -90 | 47.6 |
| KHPCD439 | Basin | 598795 | 4877862 | 1269 | 0 | -90 | 48.0 |
| KHPCD440 | Basin | 595501 | 4874248 | 1299 | 0 | -90 | 43.0 |
| KHPCD441 | Basin | 595499 | 4874025 | 1297 | 0 | -90 | 36.0 |
| KHPCD442 | Basin | 595508 | 4874486 | 1298 | 0 | -90 | 36.0 |
| KHPCD443 | Basin | 595254 | 4874026 | 1293 | 0 | -90 | 33.0 |
| KHPCD444 | Basin | 595250 | 4874247 | 1293 | 0 | -90 | 31.0 |
| KHPCD445 | Basin | 595040 | 4875703 | 1276 | 0 | -90 | 28.0 |
| KHPCD446 | Basin | 595841 | 4877709 | 1269 | 0 | -90 | 42.0 |

| Hole ID | Prospect | East | North | RL | Azimuth (°) | Inc (°) | Depth (m) |
|---|---|---|---|---|---|---|---|
| KHPCD447 | Basin | 595888 | 4877540 | 1270 | 0 | -90 | 50.0 |
| KHPCD448 | Basin | 596003 | 4877641 | 1270 | 0 | -90 | 50.0 |
| KHPCD449 | Basin | 595552 | 4877472 | 1266 | 0 | -90 | 33.0 |
| KHPCD450 | Basin | 594629 | 4877168 | 1271 | 0 | -90 | 42.0 |
| KHPCD451 | Basin | 594627 | 4877040 | 1272 | 0 | -90 | 65.0 |
| KHPCD452 | Basin | 594361 | 4876980 | 1275 | 0 | -90 | 46.0 |
| KHPCD453 | Basin | 594602 | 4876929 | 1273 | 0 | -90 | 56.0 |
| KHPCD454 | Basin | 594568 | 4877445 | 1270 | 0 | -90 | 27.0 |
| KHPCD455 | Basin | 594892 | 4877364 | 1266 | 0 | -90 | 42.0 |
| KHPCD456 | Basin | 594683 | 4877566 | 1268 | 0 | -90 | 30.0 |
| KHPCD457 | Basin | 594638 | 4877672 | 1268 | 0 | -90 | 43.0 |
| KHPCD458 | Basin | 594474 | 4877494 | 1271 | 0 | -90 | 27.0 |
| KHPCD459 | Basin | 594473 | 4877621 | 1270 | 0 | -90 | 36.0 |
| KHPCD460 | Basin | 594790 | 4877661 | 1266 | 0 | -90 | 43.0 |
| KHPCD461 | Basin | 596650 | 4876240 | 1277 | 0 | -90 | 29.0 |
| KHPCD462 | Basin | 596785 | 4876378 | 1274 | 0 | -90 | 31.0 |
| KHPCD463 | Basin | 596948 | 4876379 | 1272 | 0 | -90 | 32.0 |
| KHPCD464 | Basin | 596646 | 4876119 | 1279 | 0 | -90 | 22.0 |
| KHPCD465 | Basin | 596649 | 4876376 | 1275 | 0 | -90 | 36.0 |
| KHPCD466 | Basin | 596788 | 4876120 | 1278 | 0 | -90 | 21.5 |
| KHPCD467 | Basin | 596495 | 4876117 | 1279 | 0 | -90 | 39.0 |
| KHPCD468 | Basin | 597129 | 4876385 | 1273 | 0 | -90 | 30.0 |

**Table 2:** Kharmagtai significant drill results from the third quarter

| Hole ID | Prospect | From (m) | To (m) | Interval (m) | Au (g/t) | Cu (%) | CuEq (%) |
|---|---|---|---|---|---|---|---|
| KHDDH425 | East Ross | 86 | 106 | 20 | 0.04 | 0.09 | 0.11 |
| *and* | | 118 | 164 | 46 | 0.09 | 0.14 | 0.19 |
| *including* | | 136 | 144 | 8 | 0.10 | 0.30 | 0.37 |
| *and* | | 194 | 206 | 12 | 0.10 | 0.13 | 0.19 |
| KHDDH426 | Stockwork Hill | 11 | 33 | 22 | 0.07 | 0.06 | 0.11 |
| *and* | | 51 | 65 | 14 | 0.04 | 0.09 | 0.12 |
| *and* | | 73 | 89 | 16 | 0.04 | 0.08 | 0.11 |
| *and* | | 141 | 151 | 10 | 0.06 | 0.08 | 0.11 |
| *and* | | 159 | 204 | 45 | 0.06 | 0.10 | 0.13 |
| *and* | | 220 | 230 | 10 | 0.04 | 0.07 | 0.10 |
| *and* | | 270 | 280 | 10 | 0.04 | 0.06 | 0.09 |
| *and* | | 290 | 320 | 30 | 0.08 | 0.07 | 0.13 |
| *and* | | 390 | 398 | 8 | 0.04 | 0.08 | 0.11 |
| *and* | | 422 | 432 | 10 | 0.05 | 0.08 | 0.11 |

| Hole ID | Prospect | From (m) | To (m) | Interval (m) | Au (g/t) | Cu (%) | CuEq (%) |
|---|---|---|---|---|---|---|---|
| *and* | | 454 | 522 | 68 | 0.05 | 0.12 | 0.15 |
| KHDDH427 | East Ross | 144 | 156 | 12 | 0.03 | 0.10 | 0.12 |
| *and* | | 170 | 176 | 6 | 0.07 | 0.15 | 0.20 |
| KHDDH429 | Target 6 | 39 | 225 | 186 | 0.31 | 0.11 | 0.31 |
| *including* | | 79 | 103 | 24 | 0.45 | 0.13 | 0.42 |
| *including* | | 117 | 125 | 8 | 0.40 | 0.10 | 0.36 |
| *including* | | 133 | 189 | 56 | 0.46 | 0.14 | 0.43 |
| *including* | | 213 | 225 | 12 | 0.21 | 0.23 | 0.37 |
| *and* | | 235 | 281 | 46 | 0.09 | 0.06 | 0.12 |
| KHDDH430 | White Hill | 0 | 850 | 850 | 0.20 | 0.32 | 0.45 |
| *including* | | 16 | 134 | 118 | 0.30 | 0.31 | 0.50 |
| *including* | | 94 | 104 | 10 | 0.47 | 0.51 | 0.81 |
| *including* | | 120 | 128 | 8 | 0.37 | 0.27 | 0.51 |
| *including* | | 156 | 176 | 20 | 0.22 | 0.24 | 0.37 |
| *including* | | 184 | 390 | 206 | 0.25 | 0.26 | 0.42 |
| *including* | | 264 | 272 | 8 | 0.29 | 0.33 | 0.52 |
| *including* | | 292 | 308 | 16 | 0.63 | 0.45 | 0.85 |
| *including* | | 402 | 434 | 32 | 0.22 | 0.35 | 0.49 |
| *including* | | 456 | 548.2 | 92.2 | 0.14 | 0.34 | 0.42 |
| *including* | | 526 | 536 | 10 | 0.15 | 0.42 | 0.52 |
| *including* | | 560 | 842 | 282 | 0.17 | 0.44 | 0.55 |
| *including* | | 615 | 665 | 50 | 0.27 | 0.53 | 0.70 |
| *including* | | 643 | 655 | 12 | 0.36 | 0.63 | 0.86 |
| *including* | | 682 | 690 | 8 | 0.36 | 0.49 | 0.73 |
| *including* | | 712 | 730 | 18 | 0.23 | 0.63 | 0.77 |
| *including* | | 756 | 772 | 16 | 0.19 | 0.62 | 0.74 |
| *including* | | 796 | 806 | 10 | 0.17 | 0.51 | 0.61 |
| *including* | | 816 | 838 | 22 | 0.17 | 0.53 | 0.63 |
| KHDDH432 | Copper Hill | 39 | 64 | 25 | 0.03 | 0.10 | 0.11 |
| *and* | | 93.1 | 154 | 60.9 | 0.05 | 0.12 | 0.15 |
| *and* | | 182.4 | 216.3 | 33.9 | 0.08 | 0.14 | 0.19 |
| *and* | | 224.4 | 451.7 | 227.3 | 0.10 | 0.20 | 0.26 |
| *including* | | 226 | 288 | 62 | 0.16 | 0.30 | 0.40 |
| *including* | | 232 | 254 | 22 | 0.23 | 0.40 | 0.55 |
| *including* | | 308 | 328 | 20 | 0.13 | 0.23 | 0.31 |
| *including* | | 340 | 348 | 8 | 0.16 | 0.21 | 0.31 |
| *and* | | 459.75 | 508 | 48.25 | 0.06 | 0.10 | 0.13 |
| KHDDH433 | Target 3 | 30 | 38 | 8 | 0.21 | 0.00 | 0.14 |
| *and* | | 84 | 90 | 6 | 0.05 | 0.09 | 0.12 |
| *and* | | 148 | 170 | 22 | 0.31 | 0.13 | 0.32 |
| *and* | | 184 | 204 | 20 | 0.08 | 0.08 | 0.13 |

| Hole ID | Prospect | From (m) | To (m) | Interval (m) | Au (g/t) | Cu (%) | CuEq (%) |
|---|---|---|---|---|---|---|---|
| *and* | | 213 | 244 | 31 | 0.28 | 0.08 | 0.26 |
| *including* | | 213 | 222 | 9 | 0.82 | 0.09 | 0.62 |
| *including* | | 215.45 | 222 | 6.55 | 1.03 | 0.07 | 0.72 |
| KHDDH433A | Target 3 | 128 | 150 | 22 | 0.03 | 0.07 | 0.09 |
| *and* | | 160 | 190 | 30 | 0.17 | 0.05 | 0.16 |
| *and* | | 200 | 232 | 32 | 0.14 | 0.12 | 0.21 |
| KHDDH433B | Target 3 | 134 | 176 | 42 | 0.08 | 0.07 | 0.13 |
| *and* | | 194 | 224 | 30 | 0.29 | 0.07 | 0.25 |
| *and* | | 250 | 268 | 18 | 0.03 | 0.09 | 0.11 |
| KHDDH434 | Copper Hill | 2.5 | 332 | 329.5 | 0.46 | 0.42 | 0.71 |
| *including* | | 24 | 72 | 48 | 0.06 | 0.27 | 0.31 |
| *including* | | 80 | 116.5 | 36.5 | 0.19 | 0.27 | 0.39 |
| *including* | | 105.5 | 114 | 8.5 | 0.37 | 0.39 | 0.63 |
| *including* | | 126.6 | 206 | 79.4 | 1.32 | 0.89 | 1.74 |
| *including* | | 126.6 | 188 | 61.4 | 1.64 | 1.08 | 2.13 |
| *including* | | 132 | 187 | 55 | 1.81 | 1.15 | 2.30 |
| *including* | | 228 | 288 | 60 | 0.45 | 0.43 | 0.72 |
| *including* | | 228 | 274.7 | 46.7 | 0.53 | 0.48 | 0.82 |
| *including* | | 228 | 256 | 28 | 0.63 | 0.56 | 0.96 |
| *including* | | 298.2 | 310 | 11.8 | 0.16 | 0.44 | 0.54 |
| *and* | | 340 | 350 | 10 | 0.06 | 0.11 | 0.15 |
| KHDDH435 | Duck | 11.7 | 22 | 10.3 | 0.07 | 0.07 | 0.12 |
| *and* | | 42 | 66 | 24 | 0.04 | 0.09 | 0.11 |
| *and* | | 86 | 299.4 | 213.4 | 0.17 | 0.23 | 0.34 |
| *including* | | 130 | 260.3 | 130.3 | 0.22 | 0.29 | 0.43 |
| *including* | | 200 | 216 | 16 | 0.39 | 0.47 | 0.72 |
| KHDDH436 | Stockwork Hill | 0.2 | 20 | 19.8 | 0.04 | 0.09 | 0.12 |
| *and* | | 30 | 54 | 24 | 0.03 | 0.07 | 0.09 |
| *and* | | 64 | 74 | 10 | 0.04 | 0.11 | 0.13 |
| *and* | | 80.5 | 88 | 7.5 | 0.11 | 0.17 | 0.24 |
| *and* | | 126 | 134 | 8 | 0.12 | 0.11 | 0.19 |
| *and* | | 146.5 | 186 | 39.5 | 0.18 | 0.19 | 0.31 |
| *including* | | 178.2 | 184 | 5.8 | 0.69 | 0.50 | 0.95 |
| *and* | | 192.3 | 403 | 210.7 | 0.40 | 0.34 | 0.59 |
| *including* | | 229.65 | 244.45 | 14.8 | 0.41 | 0.37 | 0.63 |
| *including* | | 256 | 400 | 144 | 0.51 | 0.41 | 0.74 |
| *including* | | 258 | 282 | 24 | 0.59 | 0.41 | 0.79 |
| *including* | | 266 | 274 | 8 | 0.64 | 0.57 | 0.98 |
| *including* | | 289 | 301 | 12 | 0.71 | 0.65 | 1.10 |
| *including* | | 289 | 296 | 7 | 0.73 | 0.48 | 0.94 |
| *including* | | 314 | 340 | 26 | 0.60 | 0.35 | 0.73 |

| Hole ID | Prospect | From (m) | To (m) | Interval (m) | Au (g/t) | Cu (%) | CuEq (%) |
|---|---|---|---|---|---|---|---|
| *including* | | 350 | 375 | 25 | 0.79 | 0.49 | 1.00 |
| *including* | | 354 | 375 | 21 | 0.81 | 0.54 | 1.06 |
| *including* | | 382 | 398 | 16 | 0.40 | 0.57 | 0.82 |
| *including* | | 382 | 392 | 10 | 0.54 | 0.67 | 1.01 |
| *and* | | 413 | 465.6 | 52.6 | 0.41 | 0.31 | 0.57 |
| *including* | | 415 | 465.6 | 50.6 | 0.41 | 0.31 | 0.58 |
| *including* | | 415 | 431 | 16 | 0.58 | 0.41 | 0.78 |
| *including* | | 448 | 465.6 | 17.6 | 0.45 | 0.28 | 0.57 |
| *and* | | 632.2 | 884.4 | 252.2 | 0.49 | 0.34 | 0.65 |
| *including* | | 632.2 | 768 | 135.8 | 0.75 | 0.47 | 0.95 |
| *including* | | 634 | 764 | 130 | 0.77 | 0.48 | 0.97 |
| *including* | | 638 | 668 | 30 | 0.79 | 0.52 | 1.02 |
| *including* | | 684 | 720 | 36 | 0.97 | 0.67 | 1.29 |
| *including* | | 786 | 808 | 22 | 0.37 | 0.18 | 0.42 |
| *including* | | 846 | 868 | 22 | 0.17 | 0.29 | 0.39 |
| KHDDH437 | White Hill | 0 | 252 | 252 | 0.18 | 0.25 | 0.37 |
| *including* | | 2 | 46 | 44 | 0.25 | 0.31 | 0.47 |
| *including* | | 2 | 12 | 10 | 0.28 | 0.41 | 0.59 |
| *including* | | 55.5 | 147 | 91.5 | 0.22 | 0.33 | 0.47 |
| *including* | | 120 | 146 | 26 | 0.30 | 0.40 | 0.59 |
| *including* | | 158.6 | 200 | 41.4 | 0.21 | 0.29 | 0.42 |
| *and* | | 260 | 311.1 | 51.1 | 0.06 | 0.07 | 0.11 |
| *and* | | 324 | 947.5 | 623.5 | 0.10 | 0.26 | 0.33 |
| *including* | | 460 | 506 | 46 | 0.10 | 0.35 | 0.41 |
| *including* | | 518 | 534 | 16 | 0.09 | 0.21 | 0.27 |
| *including* | | 543.8 | 680 | 136.2 | 0.12 | 0.30 | 0.37 |
| *including* | | 580 | 592 | 12 | 0.22 | 0.45 | 0.59 |
| *including* | | 688.5 | 716.8 | 28.3 | 0.16 | 0.38 | 0.48 |
| *including* | | 704 | 714 | 10 | 0.17 | 0.42 | 0.53 |
| *including* | | 730 | 754 | 24 | 0.15 | 0.39 | 0.48 |
| *including* | | 762 | 774 | 12 | 0.14 | 0.42 | 0.51 |
| *including* | | 766 | 774 | 8 | 0.14 | 0.45 | 0.54 |
| *including* | | 812.3 | 902 | 89.7 | 0.12 | 0.36 | 0.43 |
| *including* | | 880 | 889 | 9 | 0.17 | 0.43 | 0.53 |
| *including* | | 916.4 | 932 | 15.6 | 0.09 | 0.31 | 0.37 |
| KHDDH438 | Golden Eagle | 34.8 | 80 | 45.2 | 0.12 | 0.09 | 0.16 |
| *and* | | 88 | 250 | 162 | 0.15 | 0.08 | 0.18 |
| *including* | | 196 | 212 | 16 | 0.38 | 0.10 | 0.34 |
| KHDDH439 | Copper Hill | 2.5 | 293.1 | 290.6 | 0.06 | 0.18 | 0.21 |
| *including* | | 2.5 | 26 | 23.5 | 0.10 | 0.24 | 0.30 |
| *including* | | 90 | 106 | 16 | 0.08 | 0.26 | 0.32 |

| Hole ID | Prospect | From (m) | To (m) | Interval (m) | Au (g/t) | Cu (%) | CuEq (%) |
|---|---|---|---|---|---|---|---|
| *including* | | 240 | 254 | 14 | 0.07 | 0.25 | 0.29 |
| *including* | | 274 | 286 | 12 | 0.06 | 0.27 | 0.30 |
| KHDDH440 | Copper Hill | 10 | 32 | 22 | 0.04 | 0.12 | 0.15 |
| *and* | | 46 | 216 | 170 | 0.04 | 0.13 | 0.16 |
| *including* | | 202 | 210 | 8 | 0.08 | 0.34 | 0.39 |
| KHDDH441 | Golden Eagle | 74 | 92 | 18 | 0.06 | 0.07 | 0.11 |
| *and* | | 120 | 148 | 28 | 0.06 | 0.07 | 0.11 |
| KHDDH442 | Copper Hill | 72 | 77 | 5 | 0.04 | 0.09 | 0.11 |
| *and* | | 86.8 | 94 | 7.2 | 0.06 | 0.06 | 0.10 |
| *and* | | 118 | 122 | 4 | 0.06 | 0.09 | 0.12 |
| KHDDH443 | Golden Eagle | 38 | 78 | 40 | 0.10 | 0.07 | 0.14 |
| *and* | | 104 | 158 | 54 | 0.22 | 0.05 | 0.19 |
| *including* | | 136 | 150 | 14 | 0.38 | 0.06 | 0.30 |
| *and* | | 176 | 190 | 14 | 0.46 | 0.02 | 0.32 |
| *including* | | 186 | 190 | 4 | 1.31 | 0.03 | 0.87 |
| KHDDH444 | White Hill | 0 | 516 | 516 | 0.15 | 0.25 | 0.35 |
| *including* | | 8 | 14 | 6 | 0.04 | 0.53 | 0.56 |
| *including* | | 32 | 82 | 50 | 0.11 | 0.31 | 0.38 |
| *including* | | 70.4 | 76 | 5.6 | 0.20 | 0.55 | 0.68 |
| *including* | | 103.3 | 108 | 4.7 | 0.16 | 0.29 | 0.39 |
| *including* | | 115.8 | 148 | 32.2 | 0.19 | 0.29 | 0.42 |
| *including* | | 140 | 144 | 4 | 0.42 | 0.56 | 0.83 |
| *including* | | 156 | 218 | 62 | 0.19 | 0.28 | 0.40 |
| *including* | | 196 | 205.3 | 9.3 | 0.19 | 0.33 | 0.45 |
| *including* | | 225 | 278 | 53 | 0.17 | 0.29 | 0.40 |
| *including* | | 233 | 237 | 4 | 0.25 | 0.57 | 0.73 |
| *including* | | 288 | 478 | 190 | 0.17 | 0.24 | 0.35 |
| *including* | | 490 | 512 | 22 | 0.23 | 0.33 | 0.48 |
| *including* | | 500 | 508 | 8 | 0.28 | 0.40 | 0.58 |
| *assay pending* | | 508 | *ongoing* | | | | |
| KHDDH445 | Target 3 | 10.7 | 230 | 219.3 | 0.21 | 0.12 | 0.26 |
| *including* | | 14 | 26 | 12 | 0.36 | 0.13 | 0.35 |
| *including* | | 50 | 70 | 20 | 1.04 | 0.18 | 0.85 |
| *including* | | 52 | 61.6 | 9.6 | 1.87 | 0.28 | 1.47 |
| *including* | | 56.4 | 61.6 | 5.2 | 2.73 | 0.39 | 2.12 |
| *and* | | 238 | 338 | 100 | 0.17 | 0.10 | 0.21 |
| *including* | | 272 | 278 | 6 | 0.20 | 0.22 | 0.35 |
| *and* | | 359.6 | 365.9 | 6.3 | 0.41 | 0.05 | 0.31 |
| KHDDH446 | Target 4 | 23 | 184 | 161 | 0.09 | 0.13 | 0.19 |
| *including* | | 30 | 54 | 24 | 0.27 | 0.22 | 0.39 |

**Table 3: Tenements held as at 31 December 2017**

Set out below is the relevant information in relation to Xanadu's mining tenements as required under ASX Listing Rule 5.3.3.

| Tenement No. | Tenement Name | Location | Change in % Interest | % Interest as at 31 December |
|---|---|---|---|---|
| MV17387A1 | Kharmagtai | Umnugovi Province | 2.3% | 76.5%[1] |
| MV017129 | Oyut Ulaan (Red Mountain) | Dornogovi Province | - | 90% |
| 13670x | Sharchuluut (Yellow Mountain) | Bulgan Province | - | 100% |

[1.] The Kharmagtai project has been funded through Xanadu's interest in Mongol Metals LLC by a combination of equity and shareholder advances converted to equity periodically. Xanadu's interest in Mongol Metals LLC is equivalent to 85% as at 31 December 2017 (an effective 76.5% interest in the Kharmagtai project).

## APPENDIX 1: KHARMAGTAI TABLE 1 (JORC 2012)

Set out below is Section 1 and Section 2 of Table 1 under the JORC Code, 2012 Edition for the Kharmagtai project. Data provided by Xanadu. This Table 1 updates the JORC Table 1 disclosure dated 24 January 2018.

### 1.1 JORC TABLE 1 - SECTION 1 - SAMPLING TECHNIQUES AND DATA

| Criteria | JORC Code (Section 1) Explanation | Commentary |
|---|---|---|
| **Sampling techniques** | • Nature and quality of sampling and assaying.<br>• Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.<br>• Aspects of the determination of mineralisation that are Material to the Public Report. | • The resource estimate is based on drill samples only.<br>• Representative 2 metre samples were taken from ½ NQ or HQ diamond core and chip channel samples from trenches.<br>• Only assay result results from recognised, independent assay laboratories were used in Resource calculation after QAQC was verified. |
| **Drilling techniques** | • Drill type and details. | • DDH drilling has been the primary drilling method. |
| **Drill sample recovery** | • Method of recording and assessing core and chip sample recoveries and results assessed.<br>• Measures taken to maximise sample recovery and ensure representative nature of the samples.<br>• Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. | • DDH core recoveries have been very good, averaging between 97% and 99% for all of the deposits. In localised areas of faulting and/or fracturing the recoveries decrease; however this is a very small percentage of the overall mineralised zones.<br>• Recovery measurements were collected during all DDH programs. The methodology used for measuring recovery is standard industry practice.<br>• Analysis of recovery results vs. grade indicates no significant trends. Indicating bias of grades due to diminished recovery and / or wetness of samples. |
| **Logging** | • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.<br>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.<br>• The total length and percentage of the relevant intersections logged. | • Drill and trench samples are logged for lithology, mineralisation and alteration and geotechnical aspects using a standardised logging system, including the recording of visually estimated volume percentages of major minerals.<br>• Drill core was photographed after being logged by a geologist.<br>• The entire interval drilled and trenched has been logged by a geologist. |
| **Sub-sampling techniques and sample preparation** | • If core, whether cut or sawn and whether quarter, half or all core taken.<br>• If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.<br>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.<br>• Quality control procedures adopted for all sub-sampling stages to maximiserepresentivity of samples.<br>• Measures taken to ensure that the | • DDH Core is cut in half with a diamond saw, following the line marked by the geologist. The rock saw is regularly flushed with fresh water.<br>• Sample intervals are a constant 2m interval down-hole in length.<br>• Trench chip channel samples taken close to the base of the trench wall (about 10cm above the floor). Samples are about 3kg.<br>• Trench Sample collected with a plastic sheet or tray.<br>• Routine sample preparation and analyses of |

| Criteria | JORC Code (Section 1) Explanation | Commentary |
|---|---|---|
| | sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.<br>• Whether sample sizes are appropriate to the grain size of the material being sampled. | DDH samples were carried out by SGS Mongolia LLC (SGS Mongolia), who operates an independent sample preparation and analytical laboratory in Ulaanbaatar.<br>• All samples were prepared to meet standard quality control procedures as follows: Crushed to 90% passing 3.54 mm, split to 1kg, pulverised to 90% - 95% passing 200 mesh (75 microns) and split to 150g.<br>• Certified reference materials (CRMs), blanks and pulp duplicate were randomly inserted to manage the quality of data.<br>• Sample sizes are well in excess of standard industry requirements. |
| **Quality of assay data and laboratory tests** | • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.<br>• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.<br>• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. | • All samples were routinely assayed by SGS Mongolia for gold, copper, silver, lead, zinc, arsenic and molybdenum.<br>• Au is determined using a 30g fire assay fusion, cupelled to obtain a bead, and digested with Aqua Regia, followed by an atomic absorption spectroscopy (AAS) finish, with a lower detection (LDL) of 0.01 ppm.<br>• Cu, Ag, Pb, Zn, As and Mo were routinely determined using a three-acid-digestion of a 0.3g sub-sample followed by an AAS finish (AAS21R). Samples are digested with nitric, hydrochloric and perchloric acids to dryness before leaching with hydrochloric acid to dissolve soluble salts and made to 15ml volume with distilled water. The LDL for copper using this technique was 2ppm. Where copper is over-range (>1% Cu), it is analysed by a second analytical technique (AAS22S), which has a higher upper detection limit (UDL) of 5% copper.<br>• Quality assurance was provided by introduction of known certified standards, blanks and duplicate samples on a routine basis.<br>• Assay results outside the optimal range for methods were re-analysed by appropriate methods.<br>• Ore Research Pty Ltd certified copper and gold standards have been implemented as a part of QAQC procedures, as well as coarse and pulp blanks, and certified matrix matched copper-gold standards.<br>• QAQC monitoring is an active and ongoing processes on batch by batch basis by which unacceptable results are re-assayed as soon as practicable. |
| **Verification** | • The verification of significant intersections | • All assay data QAQC is checked prior to |

| Criteria | JORC Code (Section 1) Explanation | Commentary |
|---|---|---|
| **of sampling and assaying** | by either independent or alternative company personnel.<br>• The use of twinned holes.<br>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.<br>• Discuss any adjustment to assay data. | loading into the Geobank data base.<br>• The data is managed XAM geologists.<br>• The data base and geological interpretation is collectively managed by XAM. |
| **Location of data points** | • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.<br>• Specification of the grid system used.<br>• Quality and adequacy of topographic control. | • Diamond drill holes and trenches have been surveyed with a differential global positioning system (DGPS) to within 10cm accuracy.<br>• All diamond drill holes have been down hole surveyed to collect the azimuth and inclination at specific depths. Two principal types of survey method have been used over the duration of the drilling programs including Eastman Kodak and Flexit.<br>• UTM WGS84 48N grid.<br>• The DTM is based on 1m contours with an accuracy of ±0.01m. |
| **Data spacing and distribution** | • Data spacing for reporting of Exploration Results.<br>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.<br>• Whether sample compositing has been applied. | • Drilling and trenching has been completed on nominal north-south sections, commencing at 120m spacing and then closing to 40m for resource estimation.<br>• Vertical spacing of intercepts on the mineralised zones similarly commences at 100m spacing and then closing to 50m for resource estimation.<br>• Drilling has predominantly occurred with angled holes approximately 70° to 60° inclination below the horizontal and either drilling to north or south, depending on the dip of the target mineralised zone.<br>• Holes have been drilled to 1,000m vertical depth<br>• The data spacing and distribution is sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation procedure and has been taken into account in 3D space when determining the classifications to be applied. |
| **Orientation of data in relation to geological structure** | • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.<br>• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. | • Drilling and trenching has been predominantly completed on north-south section lines along the strike of the known mineralised zones and from either the north or the south depending on the dip.<br>• Limited trenching has been completed along strike (subparallel) orientations to mineralisation - no conclusion regarding width and grade can be drawn from this data;<br>• Vertical to South dipping ore bodies were predominantly drilled to the north.<br>• Scissor drilling, (drilling from both north and south), as well as vertical drilling, has been |

| Criteria | JORC Code (Section 1) Explanation | Commentary |
|---|---|---|
| | | used in key mineralised zones to achieve unbiased sampling of possible structures and mineralised zones. |
| **Sample security** | • The measures taken to ensure sample security. | • Samples are dispatched from site through via company employees and secure company vehicles to the Laboratories.<br>• Samples are signed for at the Laboratory with confirmation of receipt emailed through.<br>• Samples are then stored at the lab and returned to a locked storage site. |
| **Audits or reviews** | • The results of any audits or reviews of sampling techniques and data | • Internal audits of sampling techniques and data management on a regular basis, to ensure industry best practice is employed at all times.<br>• External review and audit have been conducted by the following groups:<br>o 2012 – AMC Consultants Pty Ltd. was engaged to conduct an Independent Technical Report which reviewed drilling and sampling procedures. It was concluded that sampling and data record was appropriate for use in resource estimation including that required by the NI 43-101 standards.<br>o 2013 - Mining Associates Ltd. was engaged to conduct an Independent Technical Report to review drilling, sampling techniques, QAQC and previous resource estimates. Methods were found to conform to international best practice. |

### 1.2 JORC TABLE 1 - SECTION 2 - REPORTING OF EXPLORATION RESULTS

(Criteria in this section apply to all succeeding sections).

| Criteria | JORC Code (Section 2) Explanation | Commentary |
|---|---|---|
| **Mineral tenement and land tenure status** | • Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.<br>• The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. | • The Project comprises 1 Mining Licence (MV 17387A).<br>• 100% owned by Oyut Ulaan LLC.<br>• Xanadu and its joint venture partner, Mongol Metals can earn a 90% interest in the Kharmagtai porphyry copper-gold project. The remaining 10% is owned by Quincunx Ltd, which in turn is owned by an incorporated joint venture between Kerry Holdings Ltd. and MCS Holding LLC.<br>• The Mongolian Minerals Law (2006) and Mongolian Land Law (2002) govern exploration, mining and land use rights for the project. |

| Criteria | JORC Code (Section 2) Explanation | Commentary |
|---|---|---|
| **Exploration done by other parties** | • Acknowledgment and appraisal of exploration by other parties. | • Previous exploration was conducted by Quincunx Ltd, Ivanhoe Mines Ltd and Turquoise Hill Resources Ltd including extensive drilling, surface geochemistry, geophysics, mapping and mineral resource estimation to NI 43-101 standards. |
| **Geology** | • Deposit type, geological setting and style of mineralisation. | • The mineralisation is characterised as porphyry copper-gold type.<br>• Porphyry copper-gold deposits are formed from magmatic hydrothermal fluids typically associated with felsic intrusive stocks that have deposited metals as sulphides both within the intrusive and the intruded host rocks. Quartz stockwork veining is typically associated with sulphides occurring both within the quartz veinlets and disseminated thought out the wall rock. Porphyry deposits are typically large tonnage deposits ranging from low to high grade and are generally mined by large scale open pit or underground bulk mining methods. The deposits at Kharmagtai are atypical in that they are associated with intermediate intrusions of diorite to quartz diorite composition, however the deposits are in terms of contained gold significant, and similar gold-rich porphyry deposits. |
| **Drill hole Information** | • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:<br>– easting and northing of the drill hole collar.<br>– elevation or RL Reduced Level – elevation above sea level in metres) of the drill hole collar .<br>– dip and azimuth of the hole<br>– down hole length and interception depth<br>– hole length.<br>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. | • Diamond drill holes are the principal source of geological and grade data for the Project.<br>• See figures in main report. |
| **Data Aggregation methods** | • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.<br>• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation | • A nominal cut-off of 0.1% Cu is used with a maximum of 6m internal dilution for identification of potentially significant intercepts for reporting purposes.<br>• Most of the reported intercepts are shown in sufficient detail, including maxima and subintervals, to allow the reader to make an assessment of the balance of high and low grades in the intercept. |

| Criteria | JORC Code (Section 2) Explanation | Commentary |
|---|---|---|
| | should be stated and some typical examples of such aggregations should be shown in detail.<br>• The assumptions used for any reporting of metal equivalent values should be clearly stated. | • Informing Samples have been composited to two metre lengths honouring the geological domains and adjusted where necessary to ensure that no residual sample lengths have been excluded (best fit).<br>• Metal equivalents used the following formula:<br>CuEq = Cu% x(Aug/t x 0.6378)<br>Formula is based on a $2.60/lb copper price and a $1,300/oz gold price. A gold recovery factor of 78.72% was used. |
| **Relationship between mineralisation on widths and intercept lengths** | • These relationships are particularly important in the reporting of Exploration Results.<br>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.<br>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). | • Mineralised structures are variable in orientation, and therefore drill orientations have been adjusted from place to place in order to allow intersection angles as close as possible to true widths.<br>• Exploration results have been reported as an interval with 'from' and 'to' stated in tables of significant economic intercepts. Tables clearly indicate that true widths will generally be narrower than those reported.<br>• Limited trenching has been completed along strike (subparallel) orientations to mineralisation - no conclusion regarding width and grade can be drawn from this data;<br>• Resource estimation, as reported later, was done in 3D space. |
| **Diagrams** | • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. | • See figures in main report. |
| **Balanced reporting** | • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. | • Resources have been reported at a range of cut-off grades, above a minimum suitable for open pit mining, and above a minimum suitable for underground mining. |
| **Other substantive exploration data** | • Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | • Extensive work in this area has been done, and is reported separately. |

| Criteria | JORC Code (Section 2) Explanation | Commentary |
|---|---|---|
| **Further work** | • The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).<br>• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | • The mineralisation is open at depth and along strike.<br>• Current estimates are restricted to those expected to be reasonable for open pit mining. Limited drilling below this depth (-300m rl) shows widths and grades potentially suitable for underground extraction.<br>• Exploration on going. |

### 1.3 JORC TABLE 1 – SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

| Criteria | JORC Code (Section 3) Explanation | Commentary |
|---|---|---|
| **Database integrity** | • Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.<br>• Data validation procedures used. | • The database is a Geobank data base system.<br>• Data is logged directly into an Excel spread sheet logging system with drop down field lists.<br>• Validation checks are written into the importing program ensures all data is of high quality.<br>• Digital assay data is obtained from the Laboratory, QAQC checked and imported<br>• Geobank exported to Access, and connected directly to the GemcomSurpac Software.<br>• Data was validated prior to resource estimation by the reporting of basic statistics for each of the grade fields, including examination of maximum values, and visual checks of drill traces and grades on sections and plans. |
| **Site visits** | • Comment on any site visits undertaken by the Competent Person and the outcome of those visits.<br>• If no site visits have been undertaken indicate why this is the case. | • Andrew Vigar of Mining Associates visited site from 24 and 25 October 2014.<br>• The site visit included a field review of the exploration area, an inspection of core, sample cutting and logging procedures and discussions of geology and mineralisation with exploration geologists. |
| **Geological interpretation** | • Confidence in (or conversely, the uncertainty of the geological interpretation of the mineral deposit.<br>• Nature of the data used and of any assumptions made.<br>• The effect, if any, of alternative interpretations on Mineral Resource estimation.<br>• The use of geology in guiding and controlling Mineral Resource estimation.<br>• The factors affecting continuity both of grade and geology. | • Mineralisation resulted in the formation of comprises quartz-chalcopyrite-pyrite-magnetite stockwork veins and minor breccias.<br>• The principle ore minerals of economic interest are chalcopyrite, bornite and gold, which occur primarily as infill within these veins. Gold is intergrown with chalcopyrite and bornite.<br>• The ore mineralised zones at Stockwork Hill, White Hill and Copper Hill are associated with a core of quartz veins that were intensely developed in and the quartz |

| Criteria | JORC Code (Section 3) Explanation | Commentary |
|---|---|---|
| | | diorite intrusive stocks and/or dykes rocks. These vein arrays can be described as stockwork, but the veins have strong developed preferred orientations.<br>• Sulphidemineralisation is zoned from a bornite-rich core that zone outwards to chalcopyrite-rich and then outer pyritic haloes, with gold closely associated with bornite.<br>• Drilling indicates that the supergene profile has been oxidised to depths up to 60 metres below the surface. The oxide zone comprises fracture controlled copper and iron oxides; however there is no obvious depletion or enrichment of gold in the oxide zone. |
| **Dimensions** | • The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. | • Stockwork Hill comprises two main mineralised zones, northern and southern stockwork zones (AT-N and AT-S) which are approximately 100 metres apart and hosted in diorite and quartz diorite porphyries.<br>The AT-S is at least 550 metres long, 600 metres deep and contains strong quartz-chalcopyrite-pyrite stockwork veining and associated high grade copper-gold mineralisation. The stockwork zone widens eastward from a 20 to 70 metres wide high-grade zone in the western and central sections to a 200 metres wide medium-grade zone in the eastern most sections. Mineralisation remains open at depth and along strike to the east.<br>• The AT-N consists of a broad halo of quartz that is 250 metres long, 150 metres wide long and at least 350 metres deep.<br>• TS consists of a broad halo of quartz veins that is 850 metres long, 550 metres wide long and at least 500 metres deep, and forms a pipe like geometry.<br>• ZU forms a sub vertical body of stockwork approximately 350 × 100 metres by at least 200 metres and plunges to the southeast. |
| **Estimation and modelling techniques** | • The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.<br>• The availability of check estimates, previous estimates and/or mine production | • The estimate Estimation Performed using Ordinary Kriging.<br>• Variograms are reasonable along strike.<br>• Minimum & Maximum Informing samples is 5 and 20 (1st pass), Second pass is 3 and 20.<br>• Copper and Gold Interpreted separately on NS sections and estimated as separate domains.<br>• Halo mineralisation defined as 0.12% Cu and 0.12g/t Au Grade. |

| Criteria | JORC Code (Section 3) Explanation | Commentary |
|---|---|---|
| | records and whether the Mineral Resource estimate takes appropriate account of such data.<br>• The assumptions made regarding recovery of by-products.<br>• Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).<br>• In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.<br>• Any assumptions behind modelling of selective mining units.<br>• Any assumptions about correlation between variables.<br>• Description of how the geological interpretation was used to control the resource estimates.<br>• Discussion of basis for using or not using grade cutting or capping.<br>• The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available. | • The mineralised domains were manually digitised on cross sections defining mineralisation. Three dimensional grade shells (wireframes) for each of the metals to be estimated were created from the sectional interpretation. Construction of the grade shells took into account prominent lithological and structural features. For copper, grade shells were constructed for each deposit at a cut-off of 0.12% and 0.3% Cu. For gold, wireframes were constructed at a threshold of 0.12g/t and 0.3 g/t. These grade shells took into account known gross geological controls in addition to broadly adhering to the above mentioned thresholds.<br>• Cut off grades applied are copper-equivalent (CuEq) cut off values of 0.3% for appropriate for a large bulk mining open pit and 0.5% for bulk block caving underground.<br>• A set of plans and cross-sections that displayed colour-coded drill holes were plotted and inspected to ensure the proper assignment of domains to drill holes.<br>• The faulting interpreted to have had considerable movement, for this reason, the fault surface were used to define two separate structural domains for grade estimation.<br>• Six metre down-hole composites were chosen for statistical analysis and grade estimation of Cu and Au. Compositing was carried out downhole within the defined mineralisation halos. Composite files for individual domains were created by selecting those samples within domain wireframes, using a fix length and 50% minimum composite length.<br>• A total of 4,428 measurements for specific gravity are recorded in the database, all of which were determined by the water immersion method. The average density of all samples is 2.74 t/m3. In detail there are some differences in density between different rock types, but since the model does not include geological domains a single pass ID2 interpolation was applied.<br>• Primary grade interpolation for the two metals was by ordinary kriging of capped 6m composites. A two-pass search approach was used, whereby a cell failing to receive a grade estimate in a previous pass would be resubmitted in a subsequent and larger search pass. |

| Criteria | JORC Code (Section 3) Explanation | Commentary |
|---|---|---|
| | | • The Mineral Resource estimate meets the requirements of JORC 2012 and has been reported considering geological characteristics, grade and quantity, prospects for eventual economic extraction and location and extents. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories using relevant copper-equivalent cut-off values;<br>CuEq = Cu% x(Aug/t x 0.6378)<br>Formula is based on a $2.60/lb copper price and a $1,300/oz gold price. A gold recovery factor of 78.72% was used. |
| **Moisture** | • Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. | • All tonnages are reported on a dry basis. |
| **Cut-off parameters** | • The basis of the adopted cut-off grade(s) or quality parameters applied. | • Cut off grades applied are copper-equivalent (CuEq) cut off values of 0.3% for possible open pit and 0.5% for underground. |
| **Mining factors or assumptions** | • Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made. | • No mining factors have been applied to the in situ grade estimates for mining dilution or loss as a result of the grade control or mining process.<br>• The deposit is amenable to large scale bulk mining.<br>• The Mineral resource is reported above an optimised pit shell. (Lerch Grossman algorithm), mineralisation below the pit shell is reported at a higher cut-off to reflect the increased costs associated with block cave underground mining |
| **Metallurgical factors or assumptions** | • The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made. | • No metallurgical factors have been applied to the in situ grade estimates. |
| **Environmental factors or assumptions** | • Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of | • An environmental baseline study was completed in 2003 by Eco Trade Co. Ltd. of Mongolia in cooperation with Sustainability |

| Criteria | JORC Code (Section 3) Explanation | Commentary |
|---|---|---|
| | the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. | Pty Ltd of Australia. The baseline study report was produced to meet the requirements for screening under the Mongolian Environmental Impact Assessment (EIA) Procedures administered by the Mongolian Ministry for Nature and Environment (MNE). |
| **Bulk density** | • Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.<br>• The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.<br>• Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. | • A total of 4,428 measurements for specific gravity are recorded in the database, all of which were determined by the water immersion method.<br>• The average density of all samples is approximately 2.74 t/m3. In detail there are some differences in density between different rock types, but since the model does not include geological domains a single estimation pass (ID2) was applied to a density attribute.<br>• There is no material impact on global tonnages, but it should be noted that density is a function of both lithology and alteration (where intense magnetite/sulphide is present). |
| **Classification** | • The basis for the classification of the Mineral Resources into varying confidence categories.<br>• Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).<br>• Whether the result appropriately reflects the Competent Person's view of the deposit. | • The mineral resource classification protocols, for drilling and sampling, sample preparation and analysis, geological logging, database construction, interpolation, and estimation parameters are described in the Main Report have been used to classify the 2015 resource.<br>• The Mineral Resource statement relates to global estimates of in situ tonnes and grade<br>• The Mineral Resource estimate has been classified in accordance with the JORC Code, 2012 Edition using a qualitative approach. The classifications reflect the competent person's view of the Kharmagtai Copper Gold Project. |
| **Audits or reviews** | • The results of any audits or reviews of Mineral Resource estimates. | • XAM's internal review and audit of the Mineral Resource Estimate consisted of data analysis and geological interpretation of individual cross-sections, comparing drill-hole data with the resource estimate block model.<br>• Good correlation of geological and grade boundaries were observed<br>• 2013 - Mining Associates Ltd. was engaged |

| Criteria | JORC Code (Section 3) Explanation | Commentary |
|---|---|---|
| | | to conduct an Independent Technical Report to review drilling, sampling techniques, QAQC and previous resource estimates. Methods were found to conform to international best practice. |
| **Discussion of relative accuracy/ confidence** | • Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.<br>• The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.<br>• These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. | • An approach to the resource classification was used which combined both confidence in geological continuity (domain wireframes) and statistical analysis. The level of accuracy and risk is therefore reflected in the allocation of the measured, indicated and inferred resource categories.<br>• Resource categories were constrained by geological understanding, data density and quality, and estimation parameters. It is expected that further work will extend this considerably.<br>• Resources estimates have been made on a global basis and relates to in situ grades.<br>• Confidence in the Indicated resource is sufficient to allow application of Modifying Factors within a technical and economic study. The confidence in Inferred Mineral Resources is not sufficient to allow the results of the application of technical and economic parameters.<br>• The deposits are not currently being mined.<br>• There is surface evidence of historic artisanal workings.<br>• No production data is available. |

### 1.4 JORC TABLE 1 – SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES

Ore Reserves are not reported so this is not applicable to this report.

*+Rule 5.5*

# Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

| XANADU MINES LTD | |
|---|---|
| **ABN** | **Quarter ended ("current quarter")** |
| 92 114 249 026 | 31 December 2017 |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (12 months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (1,599) | (5,860) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (499) | (2,048) |
| | (e) administration and corporate costs | (528) | (1,419) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 11 | 24 |
| 1.5 | Interest and other costs of finance paid | (129) | (427) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Research and development refunds | - | - |
| 1.8 | Other (provide details if material) | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **(2,744)** | **(9,730)** |

| **2.** | **Cash flows from investing activities** | | |
|---|---|---|---|
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **-** | **-** |

| **3.** | **Cash flows from financing activities** | | |
|---|---|---|---|
| 3.1 | Proceeds from issues of shares | 13,945 | 13,945 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (922) | (922) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | (2,092) | (2,092) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | **10,931** | **10,931** |

| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
|---|---|---|---|
| 4.1 | Cash and cash equivalents at beginning of period | 1,195 | 8,277 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (2,744) | (9,730) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 10,930 | 10,930 |
| 4.5 | Effect of movement in exchange rates on cash held | (317) | (413) |
| **4.6** | **Cash and cash equivalents at end of period** | **9,064** | **9,064** |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter $A'000 | Previous quarter $A'000 |
|---|---|---|---|
| 5.1 | Bank balances | 9,064 | 1,195 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **9,064** | **1,195** |

| 6. | Payments to directors of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 239 |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

N/A

| 7. | Payments to related entities of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

N/A

| **8.** | **Financing facilities available**<br>*Add notes as necessary for an understanding of the position* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 8.1 | Loan facilities | - | - |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other (please specify) | - | - |

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

| |
|---|
| N/A |

| **9.** | **Estimated cash outflows for next quarter** | **$A'000** |
|---|---|---|
| 9.1 | Exploration and evaluation | 2,600 |
| 9.2 | Development | - |
| 9.3 | Production | - |
| 9.4 | Staff costs | 550 |
| 9.5 | Administration and corporate costs | 300 |
| 9.6 | Other (loan repayment) | - |
| **9.7** | **Total estimated cash outflows** | **3,450** |

| **10.** | **Changes in tenements (items 2.1(b) and 2.2(b) above)** | **Tenement reference and location** | **Nature of interest** | **Interest at beginning of quarter** | **Interest at end of quarter** |
|---|---|---|---|---|---|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | N/A | | | |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | MV17387A Kharmagtai Omnogovi Province Mongolia | Share subscription | 74% | 76.5% |

## Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 January 2018
Company secretary

Print name: Phil Mackey

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.