19 April 2018

KHARMAGTAI - NEW COPPER PORPHYRY CENTRE DISCOVERED (ZARAA)

Xanadu Mines Ltd (**ASX: XAM** – "**Xanadu**" or "**Company**") is pleased to provide a review of recent exploration activities at its flagship Kharmagtai copper and gold project located in the South Gobi region of Mongolia (Figures 1 and 2), where drilling is targeting additional porphyry copper-gold deposits under shallow cover.

HIGHLIGHTS

- **19 large-scale targets identified at Kharmagtai with an initial focus on the following targets:**
  - **Zaraa (new discovery). Partial results from the first drill hole returns:**
    - **KHDDH462 - 316m @ 0.32% Cu and 0.26g/t Au (0.49% eCu) from 458m**

      including **217m @ 0.40% Cu and 0.33g/t Au (0.61% eCu) from 557m**

      including **108m @ 0.46% Cu and 0.42g/t Au (0.73% eCu) from 645m**
    - **Drilling continues with visible mineralisation extending to over 1200m**
    - **Further upside as intercepts are open - final assays expected early May**
  - **Sandstorm (formerly Target 3)**
    - **Broad intervals of tourmaline breccia drilled 1.2km along strike from Stockwork Hill**
    - **Strong similarities to the pyrite-rich top of the mineralised tourmaline breccia system at Stockwork Hill**
    - **Assays expected first week of May - follow-up drilling underway**
  - **Zephyr (formerly Target 4)**
    - **Multiple high-grade epithermal gold intercepts returned while drilling porphyry targets:**

      KHDDH454 - 2m @ 4.4g/t Au from 238m

      and **8.5m @ 3.4g/t Au from 297.5m**

      including **2m @ 10.7g/t Au from 300m**
  - **White Hill West (formerly Target 19)**
    - **KHDDH458 returns 785.9m @ 0.21% Cu and 0.12g/t Au (0.29% eCu) from 2m**
    - **White Hill West interpreted as downfaulted block of White Hill**
    - **RC program in progress to join White Hill West to White Hill 2km away**
- **Four drill rigs active at Kharmagtai**
- **Drilling to start early May at Red Mountain targeting large-scale porphyries and epithermal gold. Red Mountain contains some of the highest gold grades drilled by Xanadu to date.**
- **Continued drilling will deliver continual news flow throughout 2018 with a large program targeting additional porphyry discoveries and continued expansion of resources.**

Xanadu's Executive Director & Chief Executive Officer, Dr. Andrew Stewart, said *"We have started 2018 with very strong exploration results. Significant high-grade extensions have been added to the existing resources and our ever-improving understanding of the undercover geology at Kharmagtai has resulted in several new discoveries. We have now tested eight of the 19 large-scale porphyry targets recently identified and five have produced significant intervals of porphyry alteration and mineralisation. Zaraa represents the latest target tested and we are extremely excited by the first diamond drill results. It is a new porphyry centre and early indications are the system has the grade and scale to represent a significant new discovery."*

"Our strategy is clear: the best way to add tonnes and grade to the existing resources is by discovering additional high-grade deposits within the Kharmagtai Licence Area. With four rigs currently drilling around the clock we are delivering on this strategy and the discovery of Zaraa reinforces the amazing exploration potential of the Kharmagtai porphyry district."

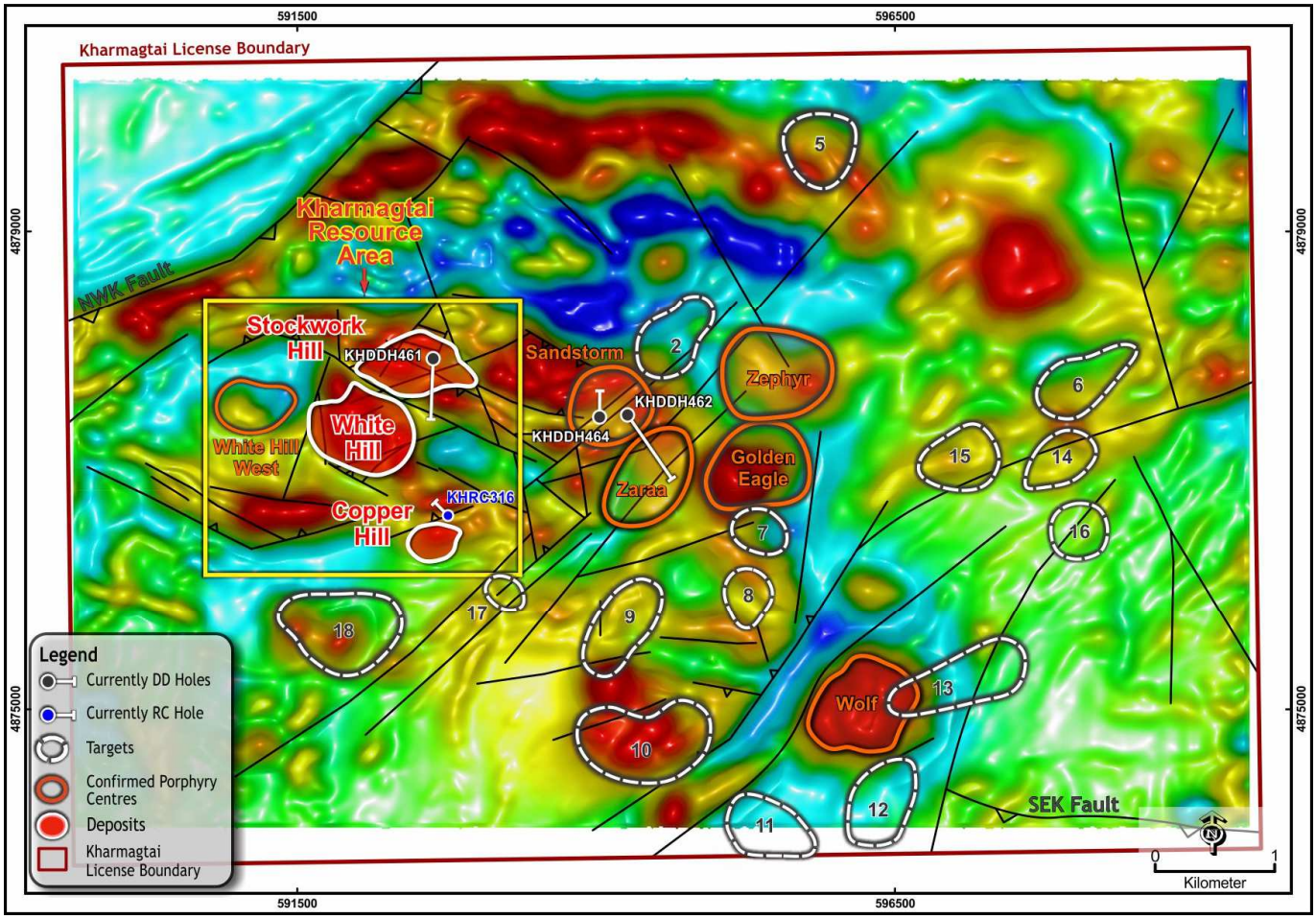

FIGURE 1: The Kharmagtai Mining Licence showing ground magnetic data and location of the Kharmagtai Deposit (Stockwork Hill, White Hill, Copper Hill), porphyry centres, targets and recent drill holes.

NEW PORPHYRY CENTRE NAMED ZARAA DISCOVERED

A new porphyry centre named Zaraa has been discovered 0.5km south of Sandstorm (formerly Target 3) and 1km west of Golden Eagle (Figure 1). Diamond drill hole KHDDH462 targeting a buried porphyry system, has encountered some 600m of porphyry style mineralisation (Figures 3 & 4). The hole is currently at a depth of 1200m and remains in mineralisation with visible copper bearing sulphides. The top 770m of the hole have returned:

KHDDH462 - 316m @ 0.32% Cu and 0.27g/t Au (0.49% eCu) from 458m

including **- 217m @ 0.40% Cu and 0.33g/t Au (0.61% eCu) from 557m**

including **- 108m @ 0.47% Cu and 0.42g/t Au (0.73% eCu) from 645m.**

Final results are not expected until the first week of May.

The partial intercept from KHHDH462 is significantly higher grade and broader than that from KHDDH327 which returned 438m @ 0.21% Cu and 0.17g/t Au (0.32% eCu) from 438m, despite passing to within 50m of KHDDH327. This indicates the system is increasing in size and grade towards the southwest. Additional drill holes are planned to expand this new porphyry system along strike targeting higher grades and broader widths of mineralisation, in addition to expanding shallow high-grade mineralisation.

BROAD INTERVALS OF TOURMALINE BRECCIA AT SANDSTORM (FORMERLY TARGET 3)

Drilling at Sandstorm KHDDH464 has returned a very broad zone of sulphide bearing tourmaline breccia mineralisation, approximately 1.2km along strike from the mineralised breccia system at Stockwork Hill (Figures 2 and 5). KHDDH464 intersected over 100m of tourmaline breccia within a linear zone of magnetic destruction interpreted to be the strike extension of the tourmaline breccia system at Stockwork Hill. Importantly this zone of tourmaline breccia in KHKDDH464 is very similar to the upper or outer parts of the high grade tourmaline breccia at Stockwork Hill.

The tourmaline breccia at Stockwork Hill is zoned with pyrite-rich matrix near surface to chalcopyrite-rich matrix (the copper bearing sulphide) at depth. This model suggests the bornite bearing breccia should be below the chalcopyrite zone. Drilling is underway to test down-dip of the initial intersection in drill hole KHDDH464 with assays expected early May.

MULTIPLE HIGH-GRADE EPITHERMAL GOLD INTERCEPTS AT ZEPHYR (FORMERLY TARGET 4)

Drilling for porphyry mineralisation at Zephyr (Formerly Target 4) has returned multiple gold intercepts from epithermal carbonate base metal veins associated with structures adjacent to porphyry style mineralisation (Table 1, Figures 6 and 7).

KHDDH454 - 2m @ 4.4g/t Au from 238m

and **8.5m @ 3.4g/t Au from 297.5m**

including **2m @ 10.7g/t Au from 300m**

Exploration drilling at Kharmagtai has regularly encountered zones of high-grade gold associated with carbonate base metal (CBM) veins (Table 2; Figure 8). Gold within these CBM veins is assumed to be carried within base metal sulphides (sphalerite, galena, chalcopyrite and pyrite) containing variable amounts of zinc, lead and copper. These CBM veins are interpreted to be associated with the northeast trending faults of the Kharmagtai Fault Zone.

An exploration program has been designed to follow-up on these results while complimenting the porphyry and tourmaline breccia exploration at Zephyr and Sandstorm.

WHITE HILL WEST (FORMERLY TARGET 19)

Drilling at White Hill continues to expand the system. A scissor hole (KHDDH458) was drilled across KHDDH456 and KHDDH435 targeting higher-grade mineralised porphyry dykes encountered in the shallower drilling (Figure 9). KHDDH458 has returned:

KHDDH458 - 785.9m @ 0.21% Cu and 0.12g/t Au (0.29% eCu) from 2m

including **- 147m @ 0.27% Cu and 0.27g/t Au (0.44% eCu) from 134m**

including **- 12m @ 0.44% Cu and 0.57g/t Au (0.8% eCu) from 254m**

and **- 66m @ 0.38% Cu and 0.18g/t Au (0.49% eCu) from 430m**

including **- 12m @ 0.66% Cu and 0.36g/t Au (0.89% eCu) from 458m.**

An aggressive program of RC drilling is planned to join the surface expression of White Hill West to White Hill to test the potential for the systems to join.

FOUR PORPHYRY CENTRES AND GROWING

Four new porphyry centres have now been discovered by Xanadu under shallow cover east of the existing resources following up on extensive geochemical, geophysical and geological exploration (Figure 10). The current strategy is to test all 19 targets identified over the past 18 months before focusing exploration on the highest quality porphyry centres. A ranked list of these porphyry centres and targets can be found in Table 3.

Zaraa is a new porphyry centre currently being drilled. The size, orientation and characteristics of Zaraa are still being interpreted and three follow-up holes have been planned to expand this exciting new discovery.

Sandstorm, the second porphyry centre discovered is an 800m by 600m zone of anomalous copper and gold with porphyry b-type veins at the basement surface. Sandstorm is currently being drilled with broad zones of tourmaline breccia being returned.

Zephyr, the third discovery is a 650m by 500m zone of highly anomalous copper and gold associated with intrusions very similar to the mineralised suite at Stockwork Hill. Extensive drilling is planned to test the downdip extension of broad zones of porphyry mineralisation from recent drilling. Additional work will investigate the high-grade gold reported above.

Golden Eagle, the first porphyry centre discovered consists of an 800m by 650m zone of gold-rich porphyry mineralisation. Work is currently underway to reinterpret the geology using the detailed intrusion paragenesis developed through re-logging the three existing deposits. Once a 3D geological model has been developed additional work will be completed to help us with successful targeting.

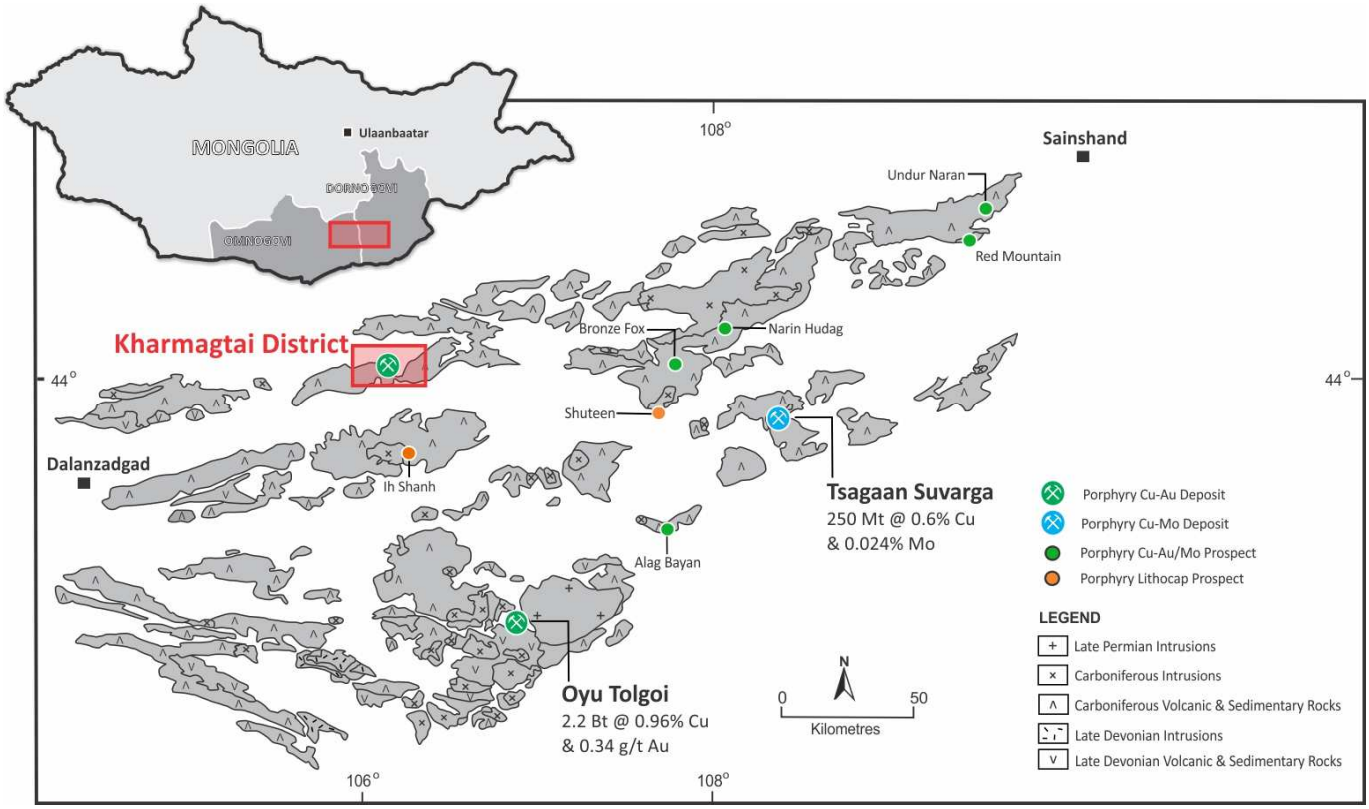

FIGURE 2: Location of the Kharmagtai Project in the South Gobi porphyry copper belt.

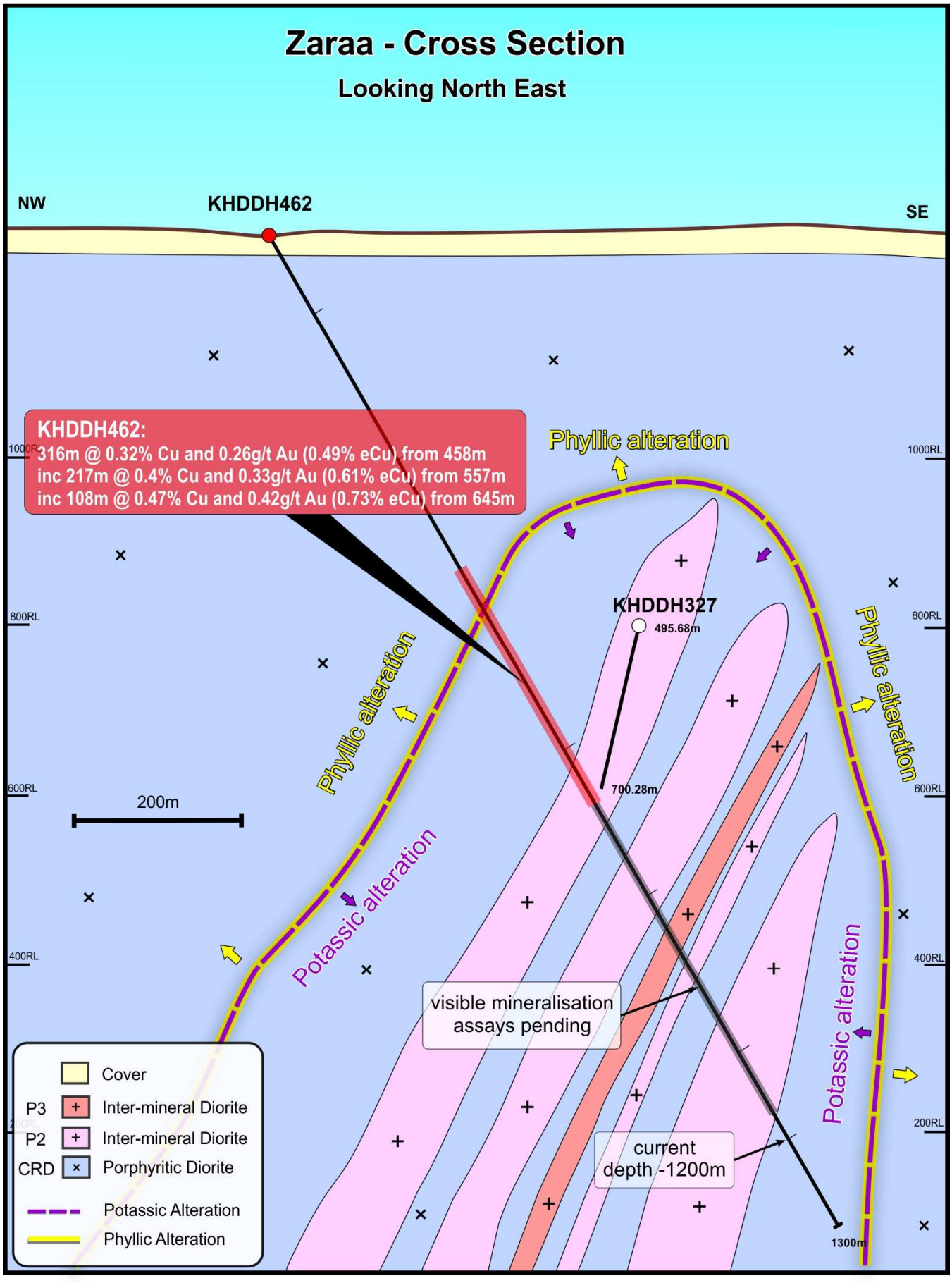

FIGURE 3: Cross Section through Zaraa, showing returned assays and current hole depth.

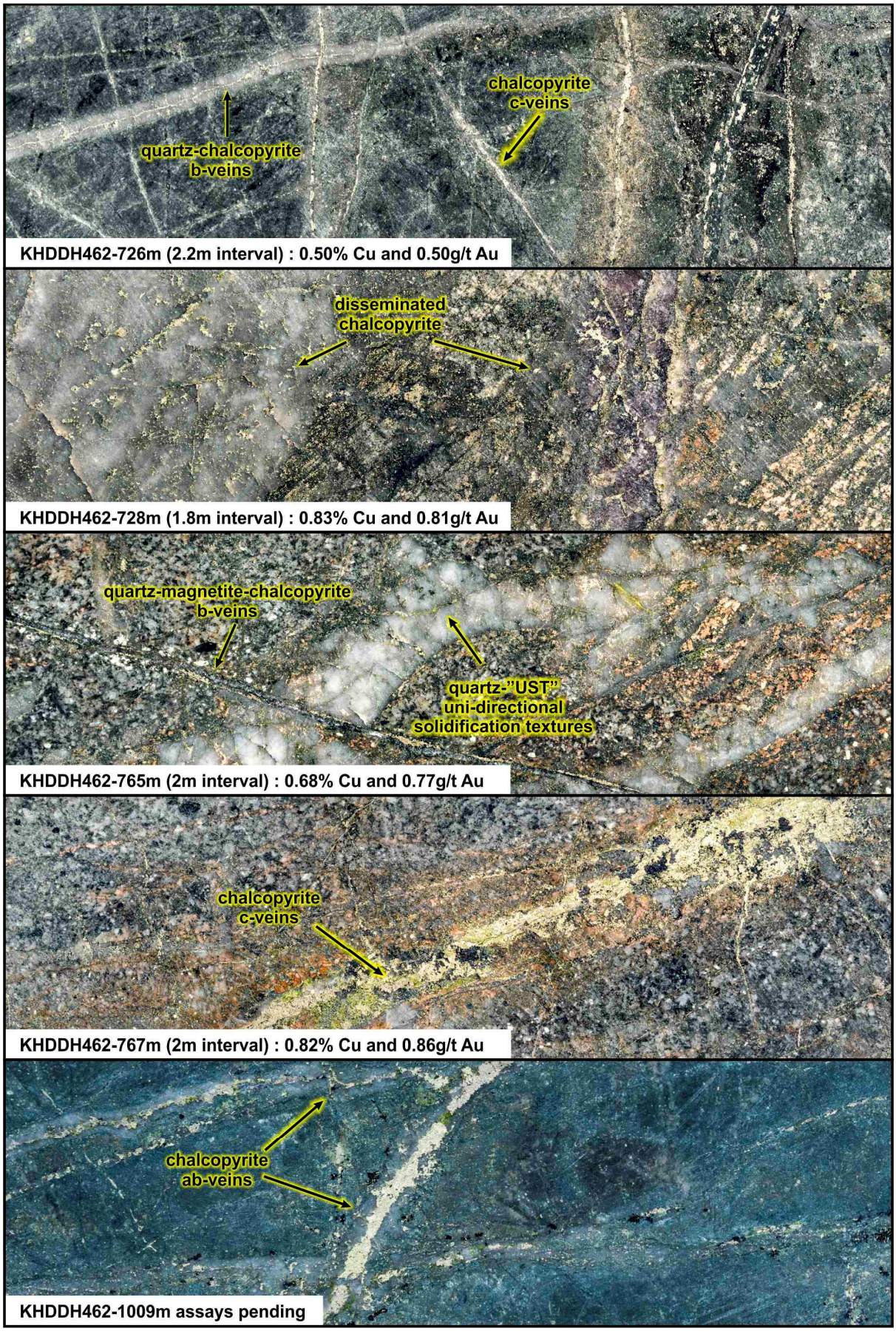

FIGURE 4: Mineralised slab images from Zaraa**.** Halved HQ core, the height of each image is 6.35cm.

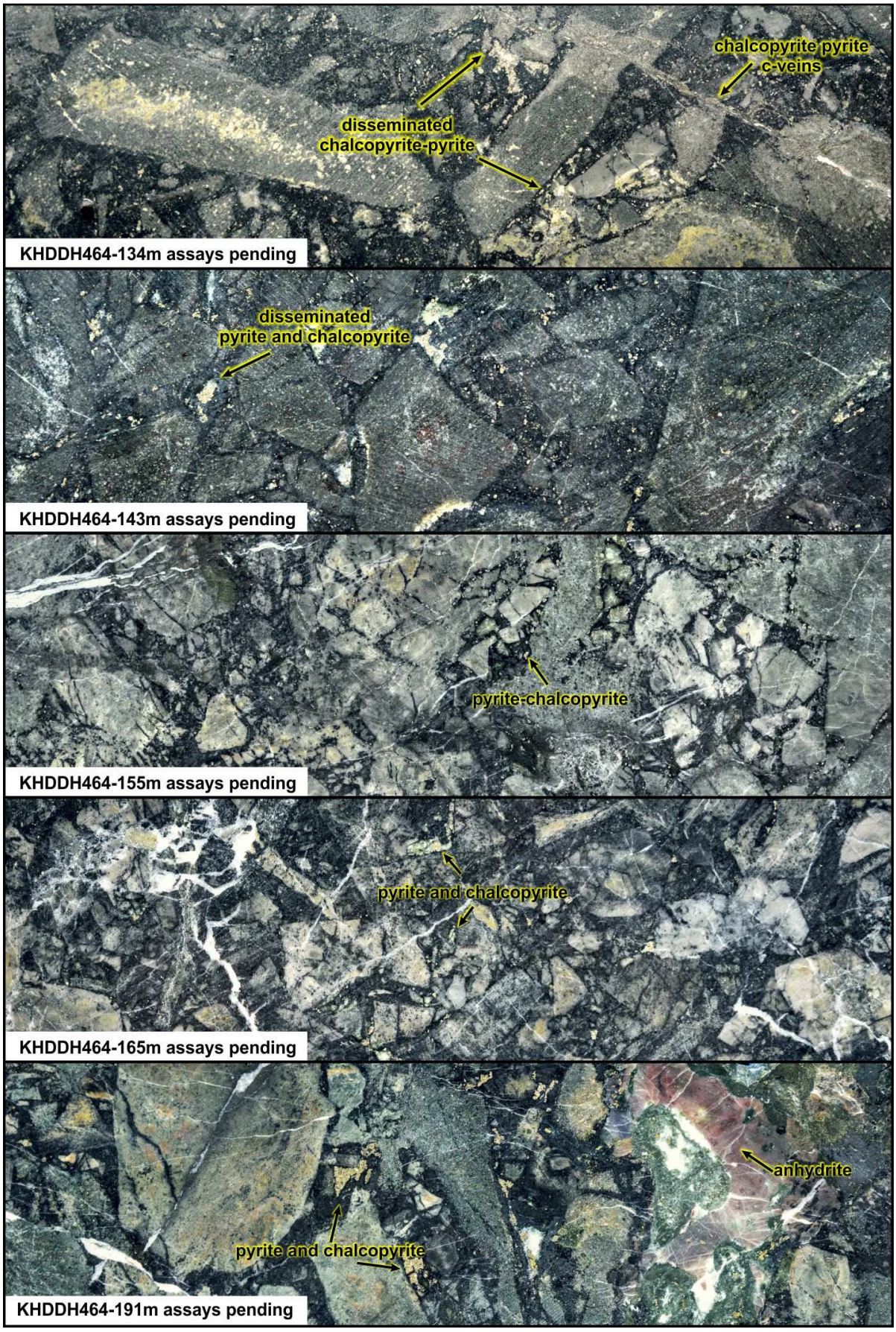

FIGURE 5: Mineralised slab images from Sandstorm**.** Halved HQ core, the height of each image is 6.35cm.

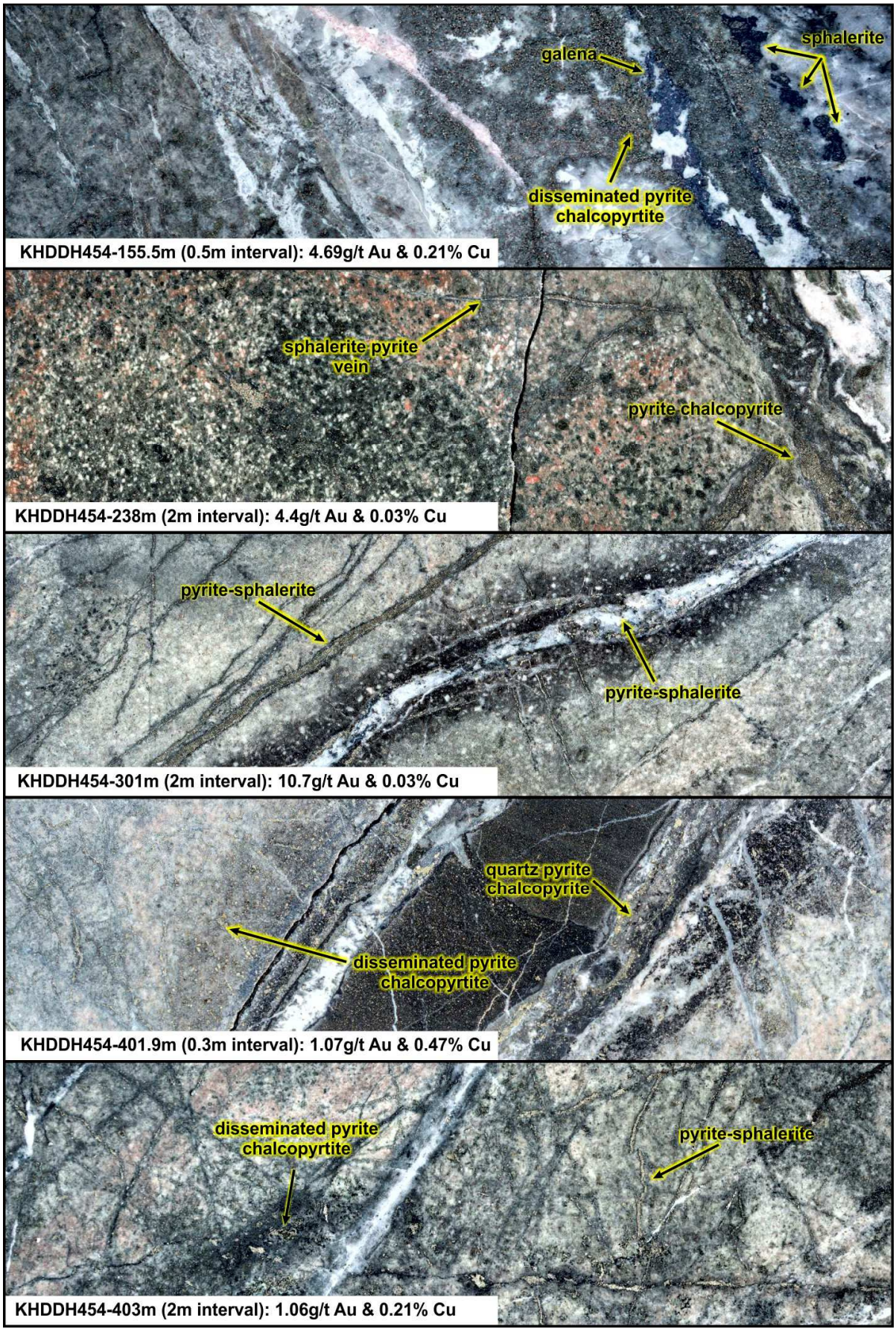

FIGURE 6: Mineralised slab images from Zephyr**.** Halved HQ core, the height of each image is 6.35cm.

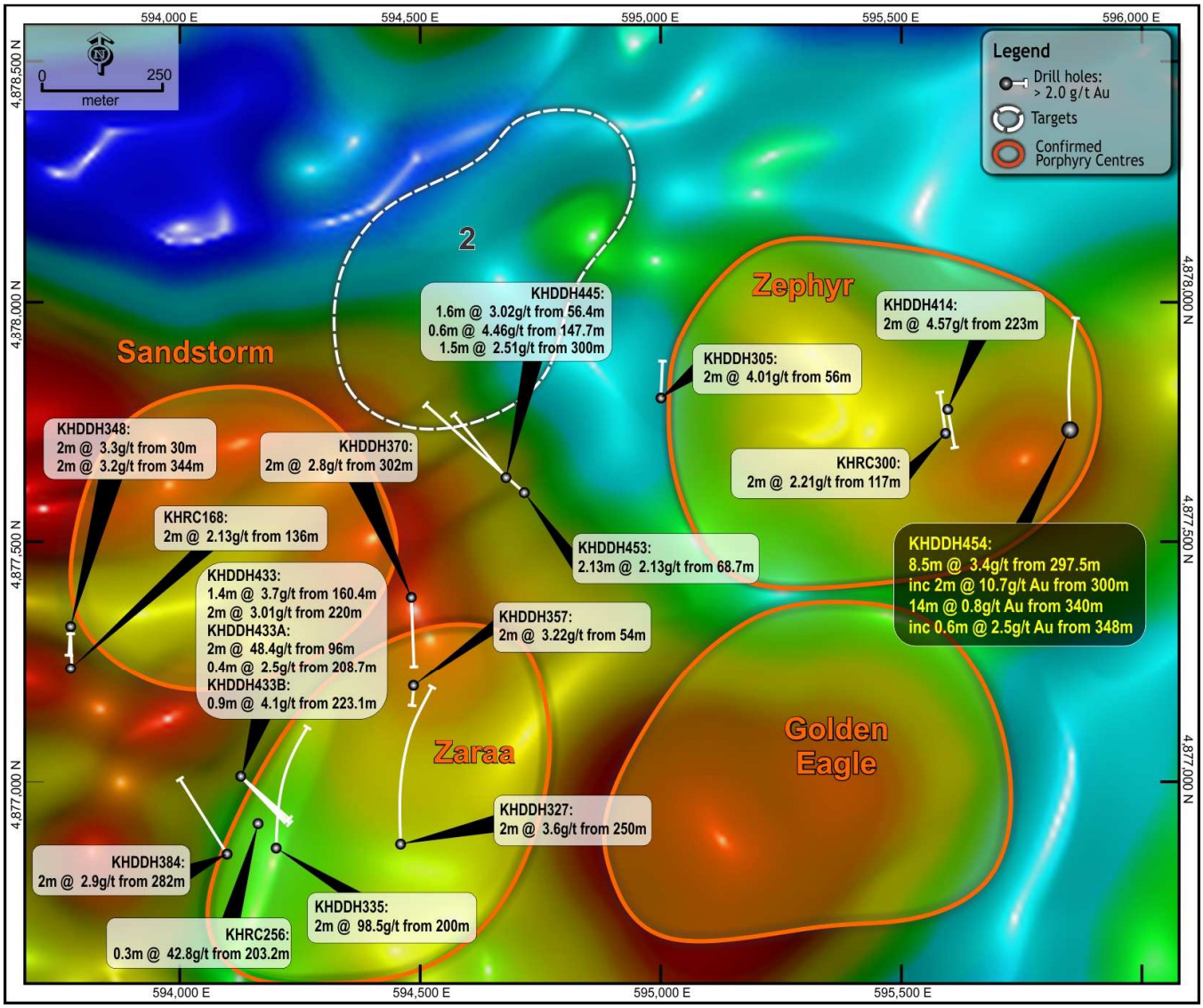

FIGURE 7: Plan showing the location of KHDDH454, intercepts and historic epithermal intersections over 2g/t Au.

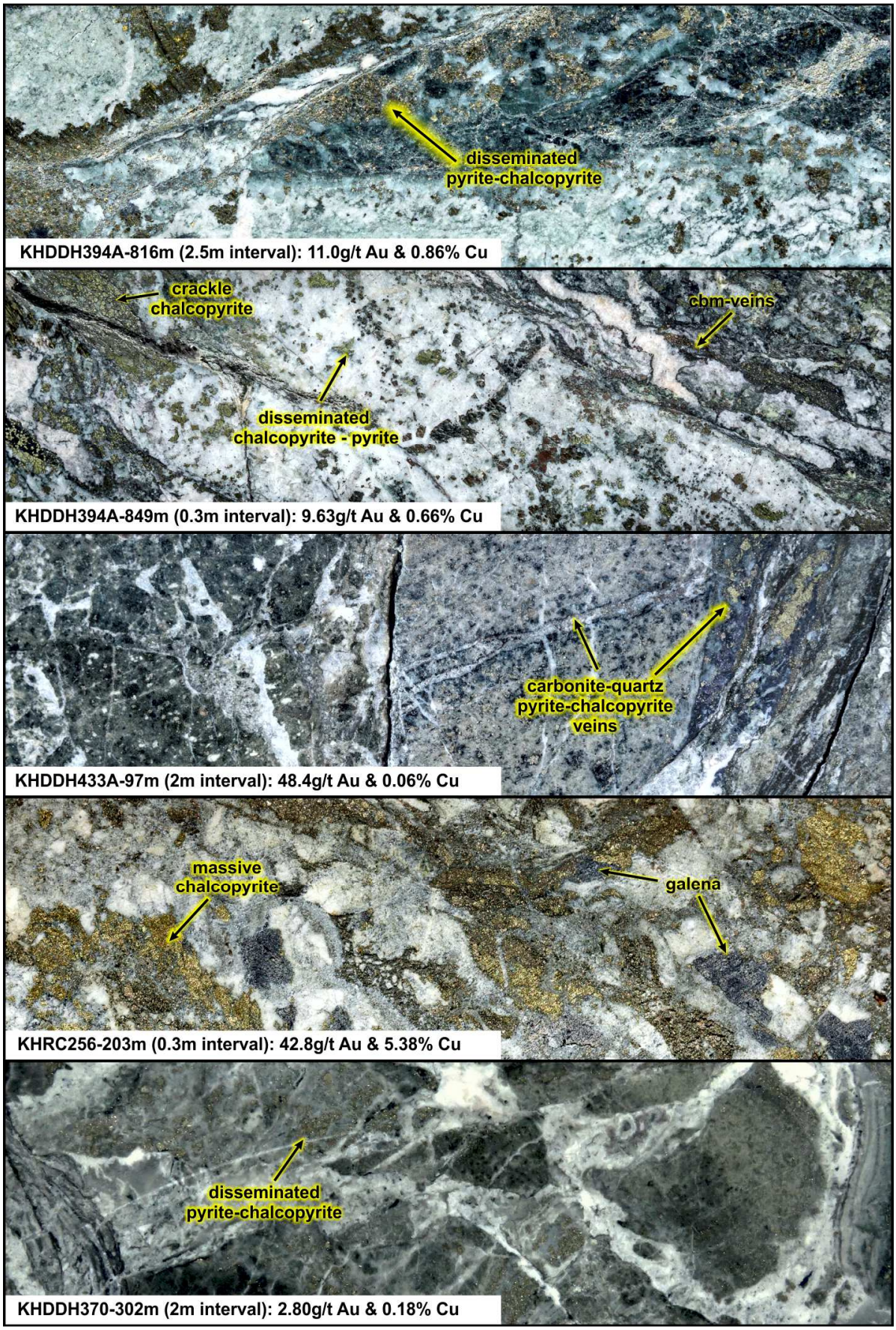

FIGURE 8: A selection of historic epithermal gold intercepts from Kharmagtai**.** Halved HQ core, the height of each image is 6.35cm.

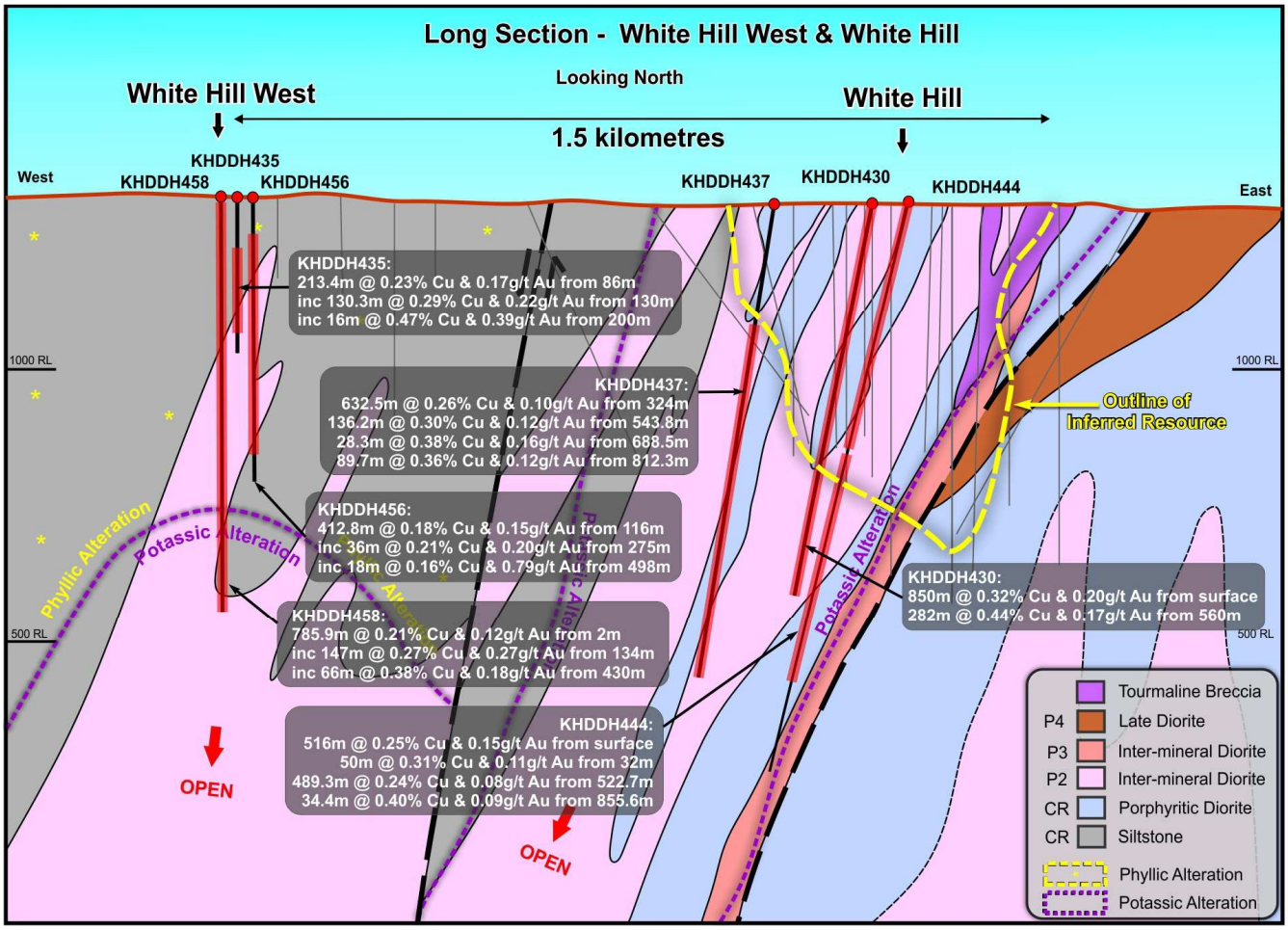

FIGURE 9: Long section through White Hill West showing drill hole hole KHDDH458.

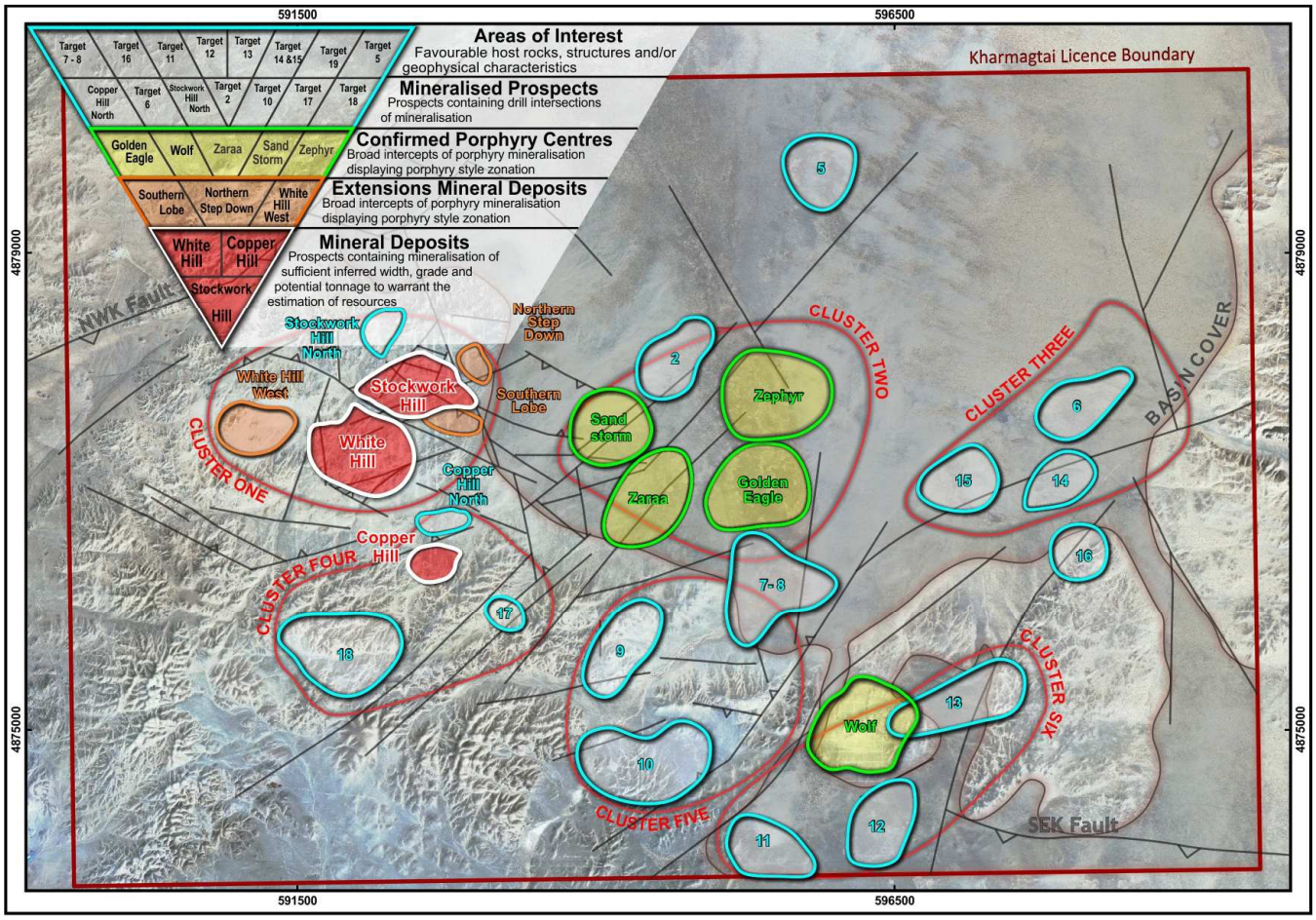

FIGURE 10: The Kharmagtai Mining Licence showing exploration ranking, ground magnetic data and location of the Kharmagtai Deposit (Stockwork Hill, White Hill, Copper Hill), porphyry centres, targets and recent drill holes.

COMPETENT-QUALIFIED PERSON STATEMENT

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 Australasian 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 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.

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 $1,300/oz.

Table 1: Recent significant epithermal gold intercepts at Zephyr

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
KHDDH454	155.4	155.9	0.5	**4.7**	12.1	0.21	0.63	0.28
and	238	240	2	**4.4**	1.2	0.02	0.01	0.01
and	297.5	304	6.5	4.3	2.6	0.01	0.04	0.1
including	300	302	2	**10.7**	3.4	0.03	0.06	0.1
and	340	354	14	**0.8**	0.2	0.01	0.01	0.04
Including	340	342	2	**1.8**	0.6	0.02	0.01	0.03
including	348	348.6	0.6	**2.5**	0.8	0.01	0.01	0.03
and	400.9	404	3.1	**1.0**	4.6	0.22	0.05	0.2

Intercepts are weighted averages to ensure different sample lengths do not skew the resulting intercepts. There is insufficient information to understand true widths at this stage.

Table 2: Historic significant epithermal gold intercepts at Kharmagtai and a 2g/t cut-off. NA = No assay.

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
KHDDH265	358	360	2	**8.8**	NA	0.17	NA	NA
KHDDH305	56	60	4	**5.6**	NA	0.82	NA	NA
KHDDH327	250	252	2	**3.6**	0.0	0.07	0.00	0.00
KHDDH335	200	202	2	**98.5**	42	1.68	0.12	0.53
KHDDH348	30	32	2	**3.3**	0.0	0.04	0.00	0.03
KHDDH348	344	346	2	**3.2**	0.0	0.02	0.00	0.01
KHDDH357	54	58	4	**2.7**	42.5	2.84	0.01	0.02
KHDDH370	302	304	2	**2.8**	4	0.18	0.02	0.01
KHDDH378	289.4	291.4	2	**2.1**	0.0	0.36	0.00	0.00
KHDDH381	202	204	2	**4.5**	0.0	0.05	0.00	0.00
KHDDH384	282	284	2	**2.9**	33	0.29	0.55	0.17
KHDDH414	223	225	2	**4.6**	3	0.12	0.01	0.04
KHDDH433	160.4	161.8	1.4	**3.7**	3.3	1.12	0.00	0.05
KHDDH433	220	220	2	**3.0**	0.0	0.03	0.00	0.01
KHDDH433a	96	98	2	**3.0**	3.4	0.06	0.07	0.16
KHDDH433a	208.7	209.1	0.4	**2.5**	36.9	4.57	0.12	0.15
KHDDH433b	223.1	224	0.9	**4.1**	3.7	0.08	0.10	0.10
KHDDH445	300	302.7	2.7	**2.9**	6.4	0.11	0.17	0.37
KHDDH445	147.7	148.3	0.6	**4.46**	22.7	0.06	0.09	0.37
KHDDH445	56.4	58	1.6	**3.02**	23.6	0.36	0.01	0.03
KHDDH453	68.7	69.5	0.8	**2.13**	32.5	0.73	0.07	0.08
KHRC168	136	138	2	**2.13**	NA	0.26	NA	NA
KHRC256	203.2	203.5	0.3	**42.8**	47	5.38	0.43	1.00
KHRC300	117	119	2	**2.21**	3.6	0.15	0.03	0.11

Table 3: Summary and ranking of the exploration targets, porphyry centres and resource extensions at Kharmagtai

Target	Target type	Depth of cover/ to top (m)	Length (m)	Width (m)	Peak Cu %	Peak Au (g/t)	Lithology	Alteration	Vein Types *	B vein surface expression	Hole ID	From	To	Interval	Cu (%)	Au (g/t)	eCu (%)	Meters x eCu (m)	Avg Drill Spacing (m)	Proposed Work
Stockwork Hill	Stockwork-Tourmaline Breccia	0	950	400	0.058	63.5	Quartz monzodiorite and monzodiorite, tourmaline breccia dykes	biotite-magnetite-hornblende-quartz sericite-epidote-chlorite	A-B-C-D-M-T-CBM-UST	200m x 50m	KHDDH394	6	662	656	0.5	0.9	1	686.54	75	Infill as required for studies
White Hill	Stockwork	0	1000	500	0.029	19.9	Quartz monzodiorite and monzodiorite, diorite porphyry	biotite-magnetite-hornblende-quartz sericite-epidote-chlorite	A-B-C-D-M-T-CBM	400m x 200m	KHDDH430	0	850	850	0.3	0.2	0.5	383.75	150	infill as required for studies
Copper Hill	Stockwork	10	400	200	0.062	199.5	Quartz monzodiorite and monzodiorite, siltstone host	quartz sericite-epidote-chlorite	A-B-C-D-M-T-CBM	None	KHDDH421	0	412	411.6	0.5	0.8	1	430	50	no Infill required, extentional work underway
Southern Lobe Target (Stockwork Hill)	Stockwork-Tourmaline Breccia	440	320	Unknown	0.0294	9.1	Quartz monzodiorite and monzodiorite, diorite porphyry	biotite-magnetite-k feldspar	A-B-C-D-M-T	None	KHDDH419	466	760	294	0.5	0.9	1	298	75	3000m of DDH planned to extend the high grade
Northern Step Down Target (Stockwork Hill)	Stockwork-Tourmaline Breccia	500	230	Unknown	0.008	1.14	Quartz monzodiorite and monzodiorite, diorite porphyry	biotite-magnetite-hornblende-quartz sericite-epidote-chlorite	A-B-C-D-M-T	None	KHDDH418	333	545	212	0.4	0.4	0.6	128.58	200	Scheduled for drilling after Southern Lobe target has been defined
White Hill West (Formerly Target 19)	Stockwork	0	800	400	0.0016	0.45	Siltstone, monzodiorite and quartz monzodiorite	biotite-magnetite-hornblende	A-B-D-M	None	KHDDH458	2	788	785.9	0.2	0.1	0.3	224.85	>150	Eleven x 300m RC holes as three lines to bring T19 towards White Hill
Zaraa	Stockwork	360	unknown	unknown	0.0083	2.29	Siltstone, monzodiorite and quartz monzodiorite	biotite-magnetite-hornblende-quartz sericite-epidote-chlorite	A-B-C-D-M-T-CBM-UST	None	KHDDH462 (incomplete assay)	458	774 (open)	316	0.3	0.3	0.5	155.1 (open)	One Hole	
Golden Eagle	Stockwork	27	800	650	0.003	3.39	Quartz monzodiorite and monzodiorite	quartz-k-spar/biotite-chlorite	UST-A-B-D	500m x 500m	KHDDH395	42	262	220	0.2	0.6	0.6	122.72	75	Detailed Geological relog and 3D modelling is required
Zephyr (Formerly Target 4)	Stockwork	30	800	750	0.0041	0.76	Quartz monzodiorite and monzodiorite, tourmaline breccia dykes	quartz-sericite-pyrite; chlorite-epidote	A-B-D-M	700m x 200m	KHDDH449	28	250	222	0.1	0.2	0.3	59.53	>250	2000m of DDH is planned to test the full width and strike of the P2 intrusive
Sandstorm (Formerly Target 3)	Stockwork	23	650	550	0.0059	0.52	Monzodiorite and siltstone, andesite and tourmaline breccia dykes	quartz-sericite-pyrite	A-B-D-M	300m x 350m	KHDDH445	**10.7**	230	219.3	0.1	0.2	0.3	56.43	>250	1000m of DDH is planned to test the full width of mineralised P2 on section line 594000mE

Target	Target type	Depth of cover/ to top (m)	Length (m)	Width (m)	Peak Cu %	Peak Au (g/t)	Lithology	Alteration	Vein Types *	B vein surface expression	Hole ID	From	To	Interval	Cu (%)	Au (g/t)	eCu (%)	Meters x eCu (m)	Avg Drill Spacing (m)	Proposed Work
Copper Hill North	Stockwork	0	600	400	0.81	0.69	Hornblende Diorite porphyry	pyrite, sericite, epidote	B-D	None	KHDDH420	5	313	308	0.2	0.1	0.2	64.78	100	Six x 300m RC holes to infill around previous copper anomalism
Target 6	Tourmaline Breccia / Stockwork	45	1000	400	0.001	0.19	Tourmaline breccia's in Quartz monzodiorite and monzodiorite	chlorite	A-B-D-M-T-CBM	300m x 100m	KHDDH449	39	225	186	0.1	0.3	0.3	57.58	>500	2000m of DDH drilling is planned at Target 6 to follow up on previous results
Stockwork Hill North	Stockwork/Gold	2-Jan	600	300	0.001	5.6	Hornblende diorite porphyry	pyrite, sericite, quartz, tourmaline	C-D-CBM	None	Assays Pending									Single DDH to test core of anomaly and two 300m RC drill holes to test edges.
Target 2	Epithermal	30-60	400	250	0.0008	1.27	Monzodiorite and siltstone	quartz-pyrite-sericite; silicification	B, C, D	single point	KHRC298	81	87	6	0.1	0.2	0.1	0.83	>350	Detailed Geological relog and 3D modelling is required. Several along strike DDH holes are planned where target 2 and Target 3 join
Target 10	Stockwork	0	1100	500	0.001	0.23	Sandstones intruded by quartz monzodiorite	chlorite-magnetite-epidote	A-B	50m x 50m	Trench CHTR021	475	680	205	0.1	0.1	0.2	36.37	Single Trench	Mapping and trenching followed by RC
Target 17	Tourmaline Breccia / Stockwork	0	250	250	0.0005	1.45	Siltstones and monzodiorite, quartz-tourmaline breccia	Silica	T	None	None									Mapping and trenching followed by RC
Target 18	Stockwork	0	800	400	0.0014	1.04	Siltstone, hornblend diorite and quartz monzodiorite, tourmaline breccia dyke	Chlorite-magnetite	A-D	25m x 50m	None									Mapping and trenching followed by RC
Target 7-8	Stockwork	35	1000	800	0.001	0.47	Monzodiorite and siltstone, tourmaline breccia	quartz-sericite-pyrite	A-D	None	None									400m of DDH following up on previous RC drill results
Target 16	Stockwork	0	5000	400	0.0026	0.11	Sandstones and quartz-tourmaline dyke	silica	T	None	None									Mapping and trenching followed by RC
Target 11	Tourmaline Breccia	0	300	300	0.0023	0.1	Tourmaline breccia float,		T	None	None									Mapping and trenching followed by RC
Target 12	Stockwork	54	7000	400	0.0013	0.1	Monzodiorite and quartz monzodiorite dykes	Chlorite	A	None	KHRC3110	154	224	70	0.1	0	0.1	8.37	Single RC hole	
Target 13	Stockwork	0-6	1100	300	0.0006	0.1	Sandstone and monzodiorite	Chlorite	D	None	None									Mapping followed by RC or Trenching

Target	Target type	Depth of cover/ to top (m)	Length (m)	Width (m)	Peak Cu %	Peak Au (g/t)	Lithology	Alteration	Vein Types *	B vein surface expression	Hole ID	From	To	Interval	Cu (%)	Au (g/t)	eCu (%)	Meters x eCu (m)	Avg Drill Spacing (m)	Proposed Work
Target 15	Stockwork	25	600	400	0.0006	0.06	Siltstones and monzodiorite	chlorite-magnetite	D	None	None									Await target 6 RC drilling results
Target 9	Stockwork	0	800	400	0.0005	0.01	Siltstones and monzodiorite	Silica		None	None									Mapping followed by RC or Trenching
Target 5	Epithermal	54	125	125	0.0008	0.17	Basalts		D	None	None									None

TABLE 4: Drill hole collar location

Hole ID	Prospect	East	North	RL	Azimuth (°)	Inc (°)	Depth (m)
KHDDH454	Zephyr	595851	4877732	1270	0	-60	428.1
KHDDH458	Target 19	590902	4877539	1308	180	-60	787.9
KHDDH462	Zaraa	594233	4877416	1260	145	-60	ongoing
KHDDH464	Sandstorm	593999	4877400	1261	0	-60	366.3

TABLE 5: Significant intercepts

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)
KHDDH454	Zephyr	58	102	44	0.05	0.15	0.18
and		118	155.4	37.4	0.11	0.12	0.20
and		238	246	8	1.21	0.02	0.79
and		296.4	314	17.6	1.72	0.01	1.11
including		297.5	306	8.5	3.39	0.01	2.17
including		297.5	304	6.5	4.25	0.01	2.73
and		330	358	28	0.50	0.01	0.33
including		340	354	14	3.39	0.01	2.17
including		340	348.6	8.6	4.25	0.01	2.73
and		366	377	11	0.20	0.03	0.16
and		398	428.1	30.1	0.19	0.16	0.28
KHDDH458	Target 19	2	787.9	785.9	0.12	0.21	0.29
including		12.8	22.3	9.5	0.11	0.24	0.31
including		88	124	36	0.19	0.27	0.39
including		134	281	147	0.27	0.27	0.44
including		254	266	12	0.57	0.44	0.80
including		302	312	10	0.17	0.25	0.35
including		406	421	15	0.11	0.27	0.34
including		430	496	66	0.18	0.38	0.49
including		458	470	12	0.36	0.66	0.89
including		737.5	768	30.5	0.09	0.33	0.39
KHDDH462	Zaraa	44	54	10	0.05	0.08	0.11
and		62	91	29	0.06	0.05	0.09
and		127	149	22	0.16	0.04	0.15
including		143	149	6	0.44	0.06	0.34
and		203	215	12	0.05	0.08	0.11
and		235	275	40	0.07	0.13	0.18
and		366	410	44	0.09	0.12	0.18
and		418	446	28	0.05	0.10	0.13
and		458	774	316	0.27	0.32	0.49
including		528.1	550	21.9	0.23	0.22	0.36
including		557	774	217	0.33	0.40	0.61
including		713	721	8	0.65	0.63	1.05
including		727.2	749	21.8	0.61	0.58	0.97

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)
including		645	753	108	0.42	0.47	0.73
including		760.2	774	13.8	0.65	0.64	1.06
including		762	772	10	0.73	0.70	1.16
				Assay pending			
KHDDH464	Sandstorm			Assay pending			

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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 18 September 2017.

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. • Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report.	• Representative 2 metre samples were taken from ½ HQ diamond core. • Only assay result results from recognised, independent assay laboratories were used after QAQC was verified.
Drilling techniques	• Drill type and details.	• DDH drilling has been the primary drilling method. Some RC (reverse circulation) is conducted. RC holes are denoted by the KHRC prefix. Diamond Drill holes are denoted by the KHDDH prefix.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • 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 95% 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. • Recovery measurements were collected during all DDH and RC programs. The methodology used for measuring recovery is standard industry practice. • 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. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • 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. • Drill core was photographed after being logged by a geologist. • 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. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and	• 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. • Sample intervals are generally a constant 2m interval down-hole in length unless

Criteria	JORC Code (Section 1) Explanation	Commentary
	appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	subdivided at geological contacts. • Routine sample preparation and analyses of DDH samples were carried out by ALS Mongolia LLC (ALS Mongolia), who operates an independent sample preparation and analytical laboratory in Ulaanbaatar. • 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. • Certified reference materials (CRMs), blanks and pulp duplicate were randomly inserted to manage the quality of data. • 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. • 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. • 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 ALS Mongolia for gold • Au is determined using a 25g 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. • All samples were submitted to ALS Mongolia for the package ME-ICP61 using a four acid digest. 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. • Quality assurance was provided by introduction of known certified standards, blanks and duplicate samples on a routine basis. • Assay results outside the optimal range for methods were re-analysed by appropriate methods. • 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. • QAQC monitoring is an active and ongoing processes on batch by batch basis by which unacceptable results are re-assayed as soon as practicable.

Criteria	JORC Code (Section 1) Explanation	Commentary
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• All assay data QAQC is checked prior to loading into the Geobank data base. • The data is managed by XAM geologists. • The database 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. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Diamond drill holes have been surveyed with a differential global positioning system (DGPS) to within 10cm accuracy. • 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. • UTM WGS84 48N grid. • The DTM is based on 1m contours with an accuracy of ±0.01m.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • 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. • Whether sample compositing has been applied.	• Holes spacings range from 50m spacings within the core of mineralization to +500m spacings for exploration drilling. Hole spacings can be determined using the sections and drill plans provided • Holes range from vertical to an inclination of -60 degrees depending on the attitude of the target and the drilling method. • The data spacing and distribution is sufficient to establish anomalism and targeting for both porphyry, tourmaline breccia and epithermal target types.
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. • 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 is conducted in a predominantly regular grid to allow unbiased interpretation and targeting.
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. • Samples are signed for at the Laboratory with confirmation of receipt emailed through. • Samples are then stored at the lab and returned to a locked storage site.

Criteria	JORC Code (Section 1) Explanation	Commentary
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.

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. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.	• The Project comprises 1 Mining Licence (MV 17387A). • 100% owned by Oyut Ulaan LLC. • 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. • The Mongolian Minerals Law (2006) and Mongolian Land Law (2002) govern exploration, mining and land use rights for the project.
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.
Geology	• Deposit type, geological setting and style of mineralisation.	• The mineralisation is characterised as porphyry copper-gold type. • 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.

Criteria	JORC Code (Section 2) Explanation	Commentary
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: • easting and northing of the drill hole collar. • elevation or RL Reduced Level – elevation above sea level in metres) of the drill hole collar. • dip and azimuth of the hole • down hole length and interception depth • hole length. • 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. • 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. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• A nominal cut-off of 0.1% eCu is used in copper dominant systems for identification of potentially significant intercepts for reporting purposes. Higher grade cut-offs are 0.3%, 0.6% and 1% eCu. • A nominal cut-off of 0.1g/t eAu is used in gold dominant systems like Altan Burged for identification of potentially significant intercepts for reporting purposes. Higher grade cut-offs are 0.3g/t, 0.6g/t and 1g/t eAu. • Maximum contiguous dilution within each intercept is 6m for 0.1% and 0.3% eCu, 4m dilution for 0.6% eCu and 2m dilution for 1% eCu. • 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. • 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). • Metal equivalents used the following formula: • CuEq = Cu% + (Au g/t x 0.6378) • AuEq = Au g/t + (Cu% / 0.6378) • 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.

Criteria	JORC Code (Section 2) Explanation	Commentary
Relationship between mineralisation on widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • 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. • 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.
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.
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • 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. • 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. • 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. • Data validation procedures used.	• The database is a Geobank data base system. • Data is logged directly into an Excel spread sheet logging system with drop down field lists. • Validation checks are written into the importing program ensures all data is of high quality. • Digital assay data is obtained from the Laboratory, QAQC checked and imported • Geobank exported to Access, and connected directly to the GemcomSurpac Software. • 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. • 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. • 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. • Nature of the data used and of any assumptions made. • The effect, if any, of alternative interpretations on Mineral Resource estimation. • The use of geology in guiding and controlling Mineral Resource estimation. • 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. • 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. • 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 diorite intrusive stocks and/or dykes rocks. These vein arrays can be described as stockwork, but the veins have strong developed preferred orientations. • Sulphide mineralisation is zoned from a bornite-rich core that zone outwards to chalcopyrite-rich and then outer pyritic

Criteria	JORC Code (Section 3) Explanation	Commentary
		haloes, with gold closely associated with bornite. • 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 (SH-N and SH-S) which are approximately 100 metres apart and hosted in diorite and quartz diorite porphyries. • The SH-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. • The SH-N consists of a broad halo of quartz that is 250 metres long, 150 metres wide long and at least 350 metres deep. • WH 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. • CH 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. • The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. • The assumptions made regarding recovery	• The estimate Estimation Performed using Ordinary Kriging. • Variograms are reasonable along strike. • Minimum & Maximum Informing samples is 5 and 20 (1st pass), Second pass is 3 and 20. • Copper and Gold Interpreted separately on NS sections and estimated as separate domains. • Halo mineralisation defined as 0.12% Cu and 0.12g/t Au Grade. • The mineralised domains were manually digitised on cross sections defining mineralisation. Three dimensional grade

Criteria	JORC Code (Section 3) Explanation	Commentary
	of by-products. • Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation). • In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. • Any assumptions behind modelling of selective mining units. • Any assumptions about correlation between variables. • Description of how the geological interpretation was used to control the resource estimates. • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	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. • 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. • 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. • 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. • 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. • 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. • 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

Criteria	JORC Code (Section 3) Explanation	Commentary
		pass would be resubmitted in a subsequent and larger search pass. • 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; • CuEq = Cu% x(Aug/t x 0.6378 • 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. • The deposit is amenable to large scale bulk mining. • 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	• No metallurgical factors have been applied to the in situ grade estimates.

Criteria	JORC Code (Section 3) Explanation	Commentary
	of the basis of the metallurgical assumptions made.	
Environmental factors or assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of 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.	• An environmental baseline study was completed in 2003 by Eco Trade Co. Ltd. of Mongolia in cooperation with Sustainability 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. • 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. • 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. • 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. • 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. • 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). • 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. • The Mineral Resource statement relates to global estimates of in situ tonnes and grade • 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.

Criteria	JORC Code (Section 3) Explanation	Commentary
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. • Good correlation of geological and grade boundaries were observed • 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.
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. • 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. • 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. • Resource categories were constrained by geological understanding, data density and quality, and estimation parameters. It is expected that further work will extend this considerably. • Resources estimates have been made on a global basis and relates to in situ grades. • 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. • The deposits are not currently being mined. • There is surface evidence of historic artisanal workings. • 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.