30 April 2018

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QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 31 MARCH 2018

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 March quarter 2018.

HIGHLIGHTS

Drilling continues to expand the Kharmagtai Project

- **Stockwork Hill** copper-gold deposit growing rapidly below current resource with KHDDH448 returning:
  - 230m at 0.5% Cu & 0.91g/t Au (1.09% eCu) from of 574m:
  - *including* 117.5m @ 0.76% Cu & 1.63g/t Au (1.8% eCu) from 624.5m
  - *including* 71.2m @ 0.92% Cu & 2.33g/t Au (2.41% eCu) from 656m.
- **White Hill West** exploration drilling returns significant results:
  - KHDDH435 returned 213.4m @ 0.23% Cu & 0.17g/t Au (0.34% eCu) from 86m
  - KHDDH458 returned 785.9m @ 0.21% Cu & 0.12g/t Au (0.29% eCu) from 2m.

New porphyry centre discovered undercover

- New porphyry centre **"Zaraa"** discovered under shallow cover with partial results from KHDDH462 returning:
  - 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
  - Further upside as intercepts are open with final assays expected second week of May
  - Drilling continues with visible mineralisation extending to over 1300m.

Drilling for porphyry mineralisation returns significant gold intercepts

- Drilling at **Zephyr** (formerly Target 4) returns multiple high-grade gold intersections:
  - KHDDH454 returned 2m @ 4.4 g/t Au from 238m:

    and 6.5m @ 4.3g/t Au from 297.5m

    including 2m @ 10.7g/t Au from 300m
- Significant ramp-up of drilling at Kharmagtai with four drill rigs currently active.

Corporate activities

- Well-funded with cash balance $5.1 million at 31 March 2018.

EXPLORATION ACTIVITIES

Commenting on the quarter's activities, MD/CEO Dr Andrew Stewart, said: *"Xanadu has made a very positive start to 2018 on the exploration front. We have identified significant high-grade extensions around existing resources at Kharmagtai, as well as making several new porphyry discoveries under cover. 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 is the latest target tested and appears to have the hallmarks of a significant new discovery. We are moving ahead aggressively with our exploration strategy, which is focused around adding tonnes and grade to existing resources by discovering additional high-grade deposits with the Kharmagtai Licence Area."*

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).

Activities during the March quarter 2018 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 20 diamond drill holes (10,244.2m) were completed during the quarter (Tables 1 and 2).

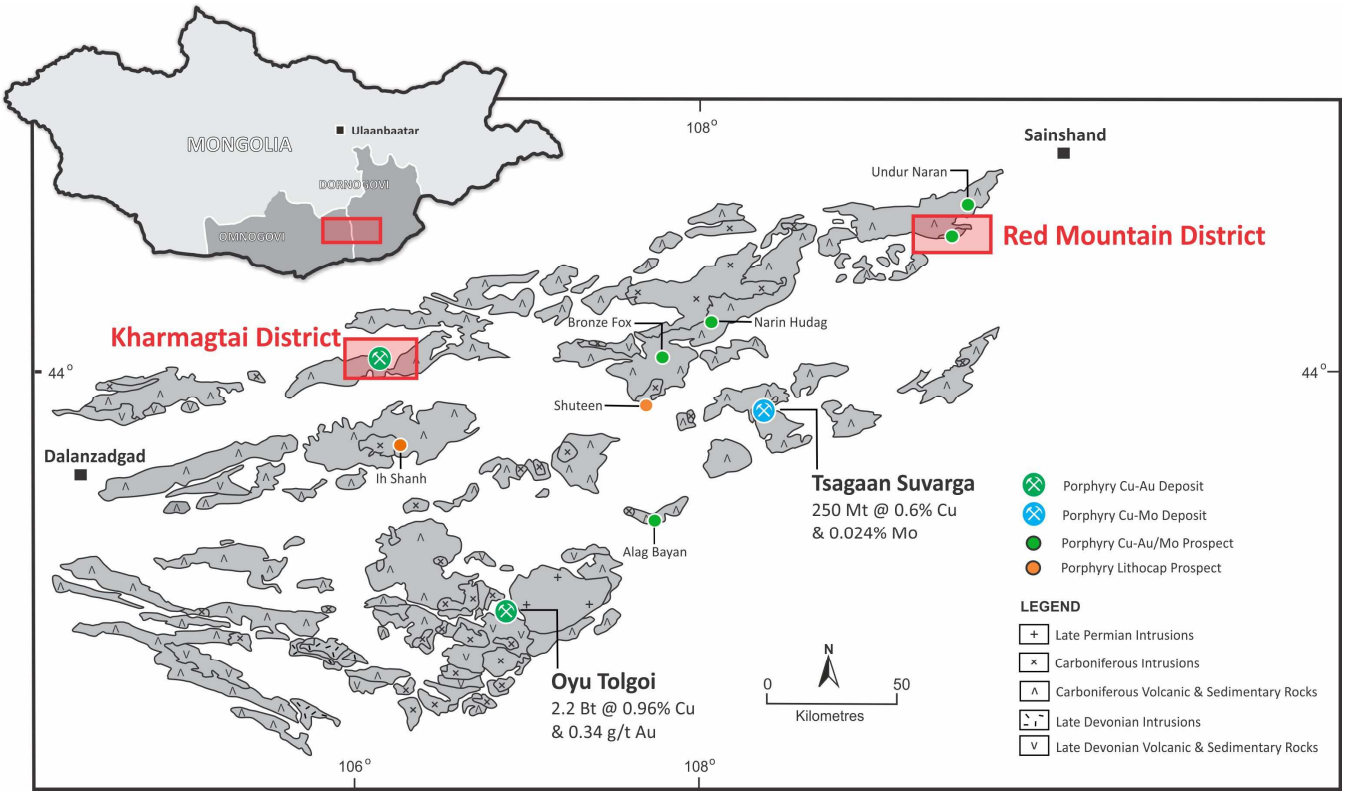


FIGURE 1: Location of Xanadu's copper-gold projects within Mongolia's South Gobi Copper Belt (Gurvansaikhan Belt).

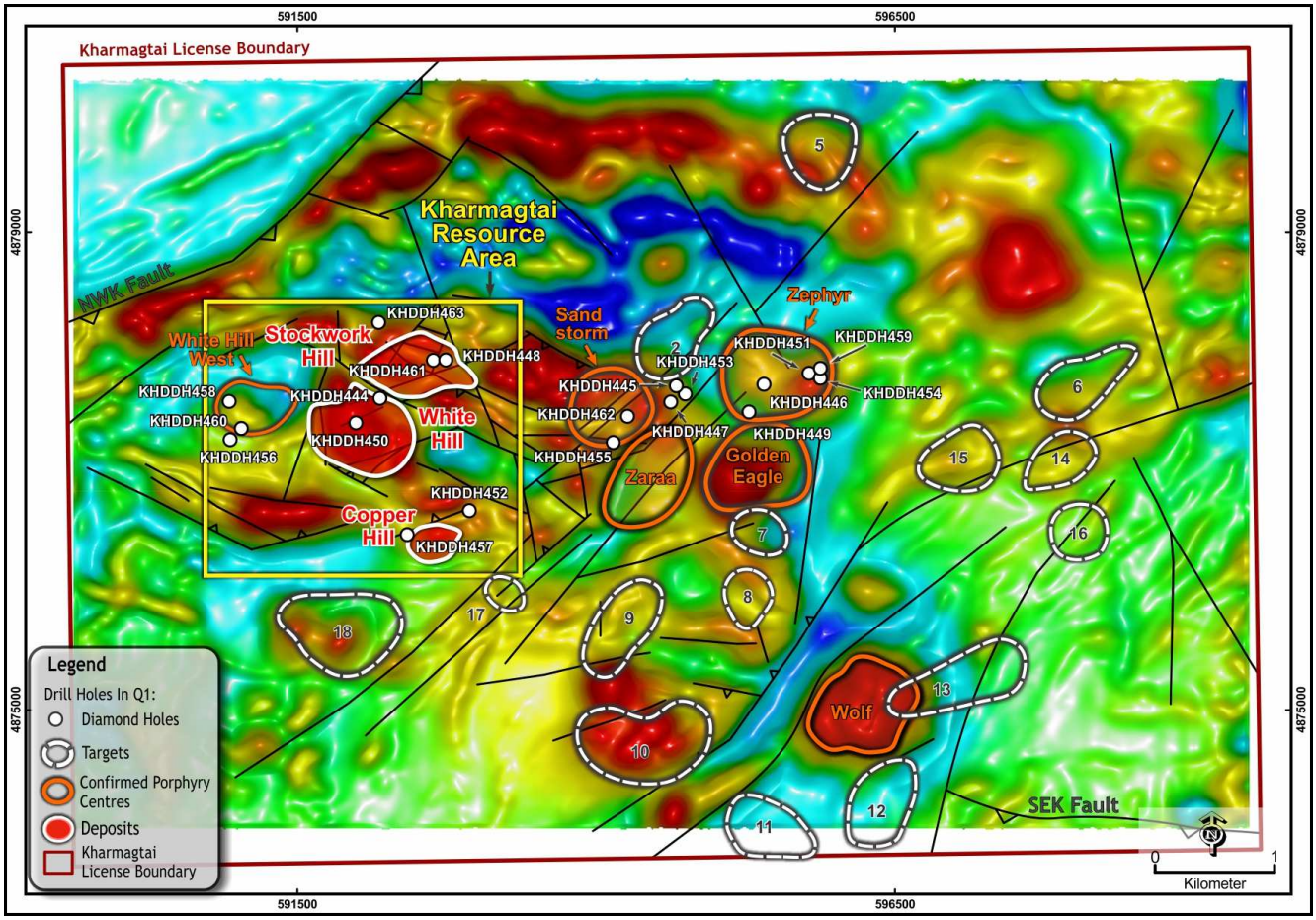


FIGURE 2: Kharmagtai mining licence ground magnetic data and known porphyry deposits with newly confirmed porphyry systems and the location of holes drilled during the quarter.

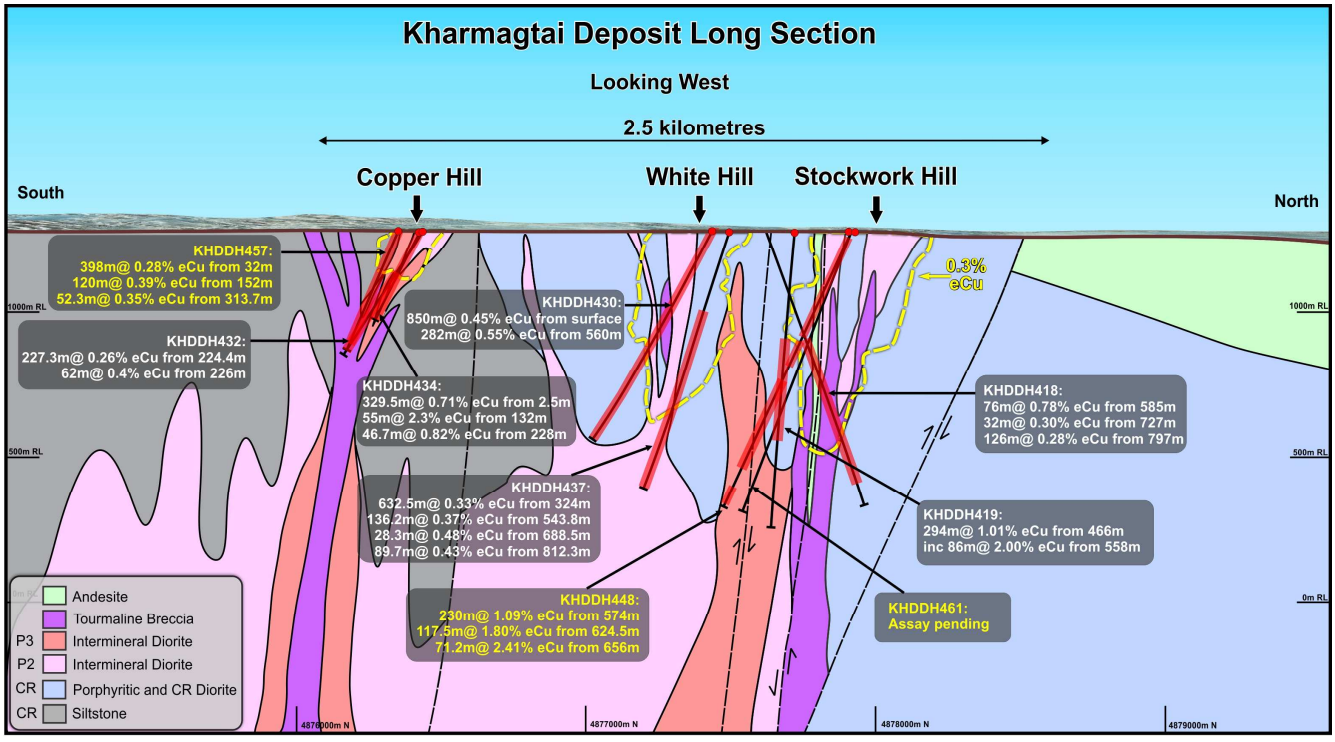


FIGURE 3: Schematic geological cross section through Stockwork Hill, White Hill and Copper Hill showing extensional drilling and projected target extensions.

High-grade extensions to Stockwork Hill continue to grow

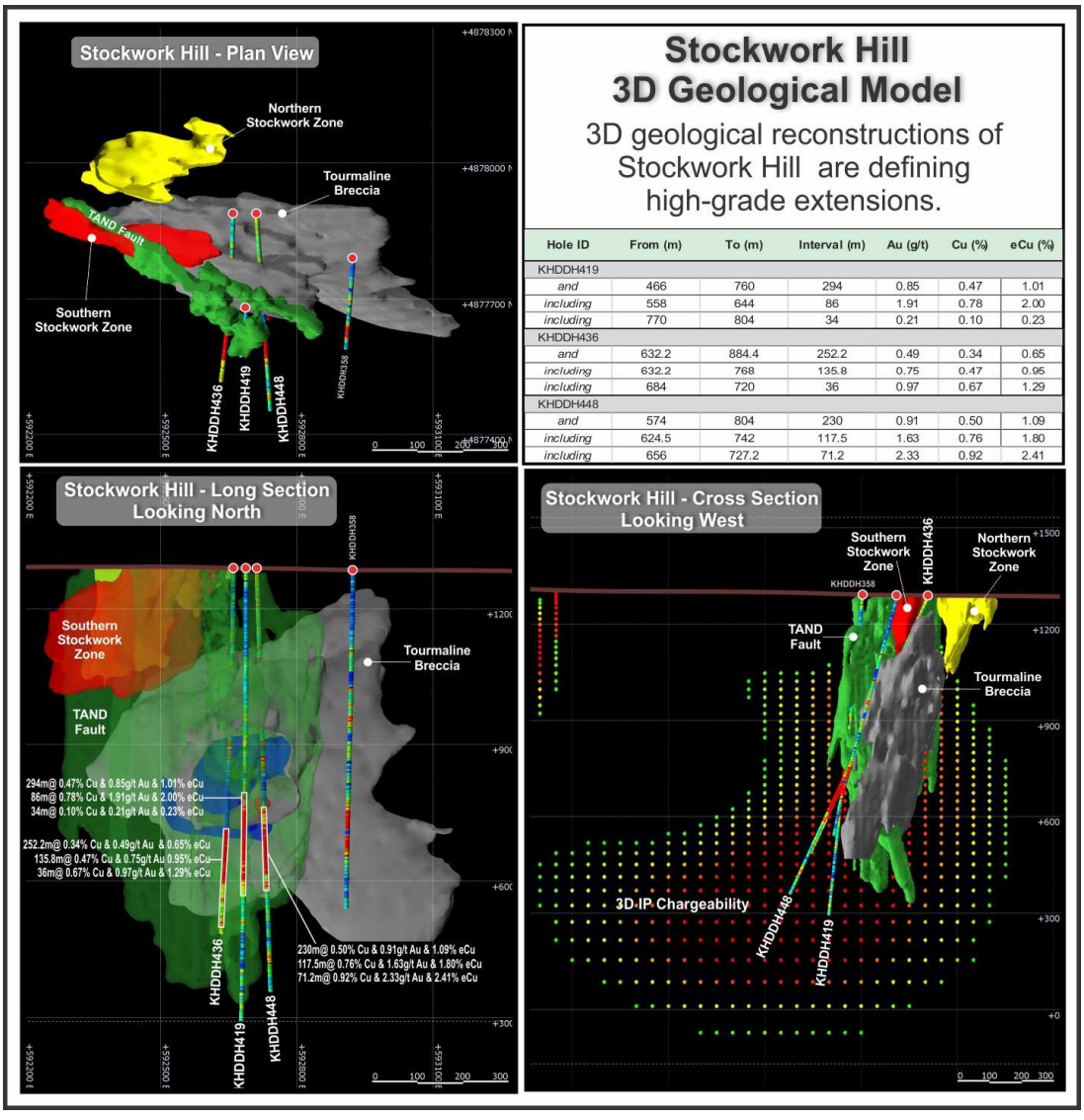
Exploration diamond core drilling at the Stockwork Hill deposit (Figure 2) returned broad zones of high-grade mineralisation. Two diamond drill holes for a total of 2,107.7m metres were drilled at Stockwork Hill to test interpreted high-grade depth extensions and faulted offsets. The drill hole details are set out in Table 2 and assay results in Table 3.

Assays have been returned from KHDDH448, designed to follow-up significant extensions to mineralisation identified at Stockwork Hill (ASX announcement 30 October 2017). KHDDH448 was designed to push this new zone of mineralisation to the east and to depth returning **230m @ 0.5% Cu and 0.91g/t Au (1.09% eCu) from 574m including 71.2m @ 0.92% Cu and 2.33g/t Au (2.41 % eCu) from 656m** (Figure 4 & 5).

Assays are yet to be returned for KHDDH461, designed to push the intercept from KHDDH436 50m to the west. KHDDH461 encountered 380m of sulphide mineralisation, results are expected early May.

Mineralisation has now been extended 360m below and to the south of Stockwork Hill (Figures 3 and 4). 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 and push this zone eastwards (Figures 3 and 4).



Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)
KHDDH419						
and	466	760	294	0.85	0.47	1.01
including	558	644	86	1.91	0.78	2.00
including	770	804	34	0.21	0.10	0.23
KHDDH436						
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	684	720	36	0.97	0.67	1.29
KHDDH448						
and	574	804	230	0.91	0.50	1.09
including	624.5	742	117.5	1.63	0.76	1.80
including	656	727.2	71.2	2.33	0.92	2.41

FIGURE 4: 3D model of the Stockwork Hill deposit showing the recent high-grade extensional drilling.

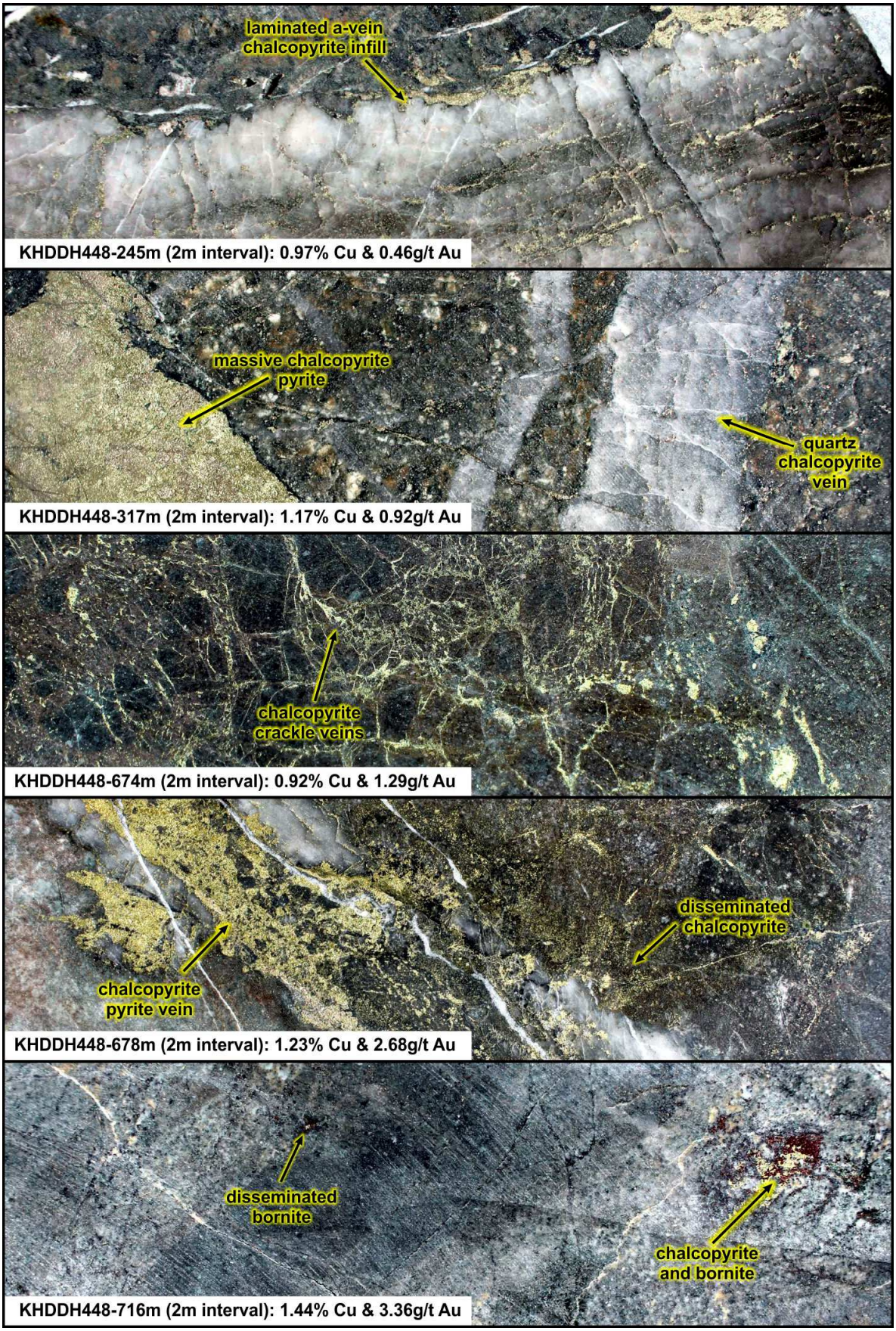


FIGURE 5: Core photos from drill hole KHDDH448 at Stockwork Hill All images halved HQ core and therefore 6.35cm tall.

White Hill West drilling returns broad zones of mineralisation

Two kilometres west of White Hill is a large area of phyllic alteration and surface copper anomalism known as White Hill West (formerly Target 19), currently believed to be a fault offset block of White Hill. Drill hole KHDDH435 was drilled after a review of a historical drill hole indicated potential for White Hill-style mineralisation (ASX announcement 28 February 2018). KHDDH435 returned **213.4m @ 0.23% Cu and 0.17g/t Au (0.34% eCu) from 86m** including **130.3m @ 0.29% Cu and 0.22g/t Au from 130m**. Two additional holes have been drilled on the same section at White Hill West with KHDDH458 returning **785.9m @ 0.21% Cu and 0.12g/t Au (0.29% eCu) from 2m** and KHDDH456 returning **412.8m @ 0.18%Cu and 0.15g/t Au from 116m**. (Figure 6).

An aggressive reverse circulation (RC) program has been planned for the June quarter with the objective of joining White Hill West to White Hill.

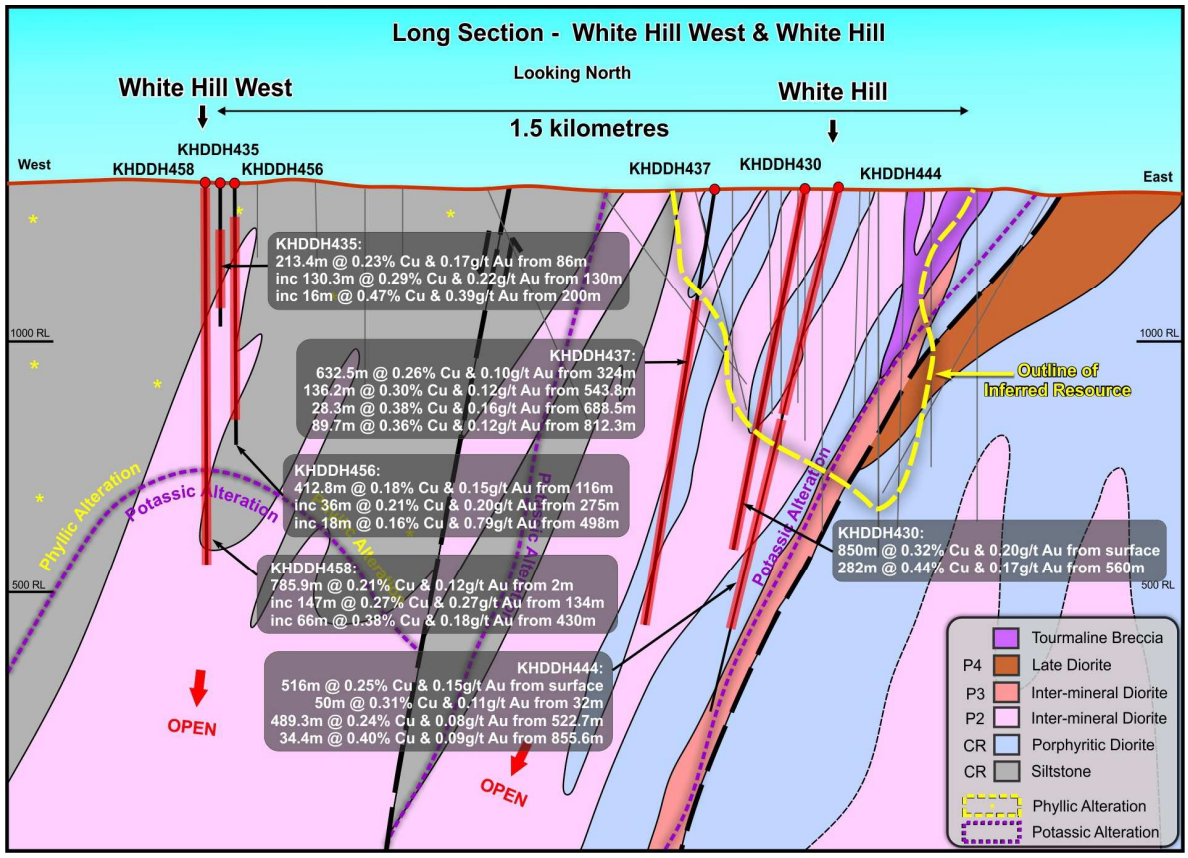


FIGURE 6: Long section showing White Hill West and White Hill drilling.

Copper Hill deposit showing growth potential at depth

Exploration drilling at the Copper Hill deposit (Figure 2) returned broad zones of mineralisation. A single diamond drill hole was drilled at Copper Hill targeting high-grade extensions. KHDDH457 returned **398m @ 0.22% Cu and 0.09g/t Au from 32m including 120m @ 0.3% Cu and 0.13g/t Au from 152m**. This intercept represents a near miss to the high-grade zone. Detailed geological reconstructions of Copper Hill are planned for May to aid targeting during the second quarter.

New porphyry centre discovered under cover

A new porphyry centre named **Zaraa** has been discovered 0.5km south of Sandstorm (formerly Target 3) and 1km west of Golden Eagle (Figure 2). Diamond drill hole KHDDH462 targeting a buried porphyry system has encountered some 600m of porphyry style mineralisation (Figures 7 & 8). The hole is currently at a depth of 1200m and remains in mineralisation with visible copper bearing sulphides. The top 770m of the hole returned:

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 second 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 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 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 9). 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 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 intervals of high-grade gold 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 2, Figures 10 and 11). KHDDH454 returned **2m @ 4.4g/t Au from 238m** and **6.5m @ 4.3g/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 3; Figure 12). 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.

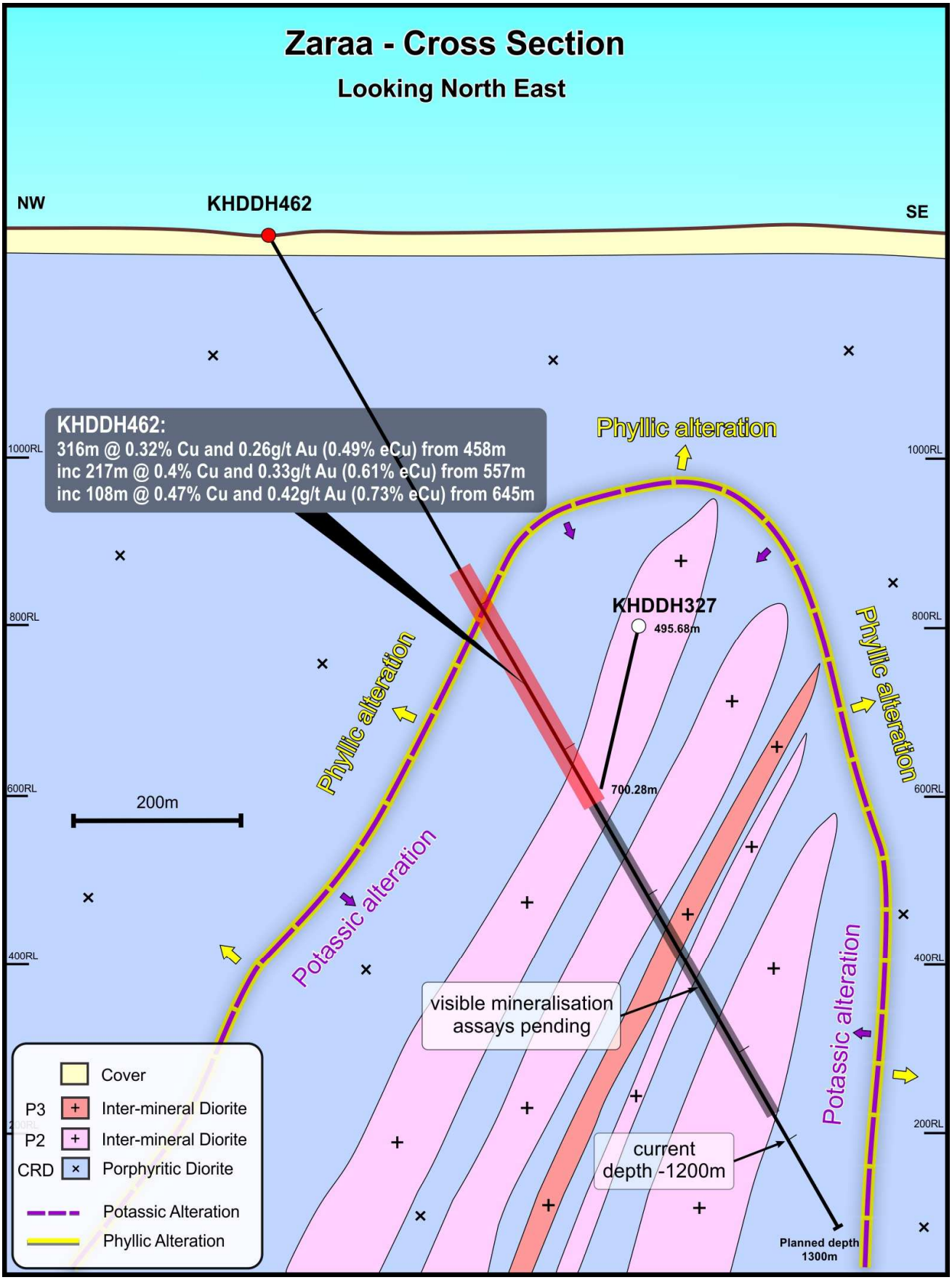


FIGURE 7: Cross Section through Zaraa, showing returned assays and current hole depth.

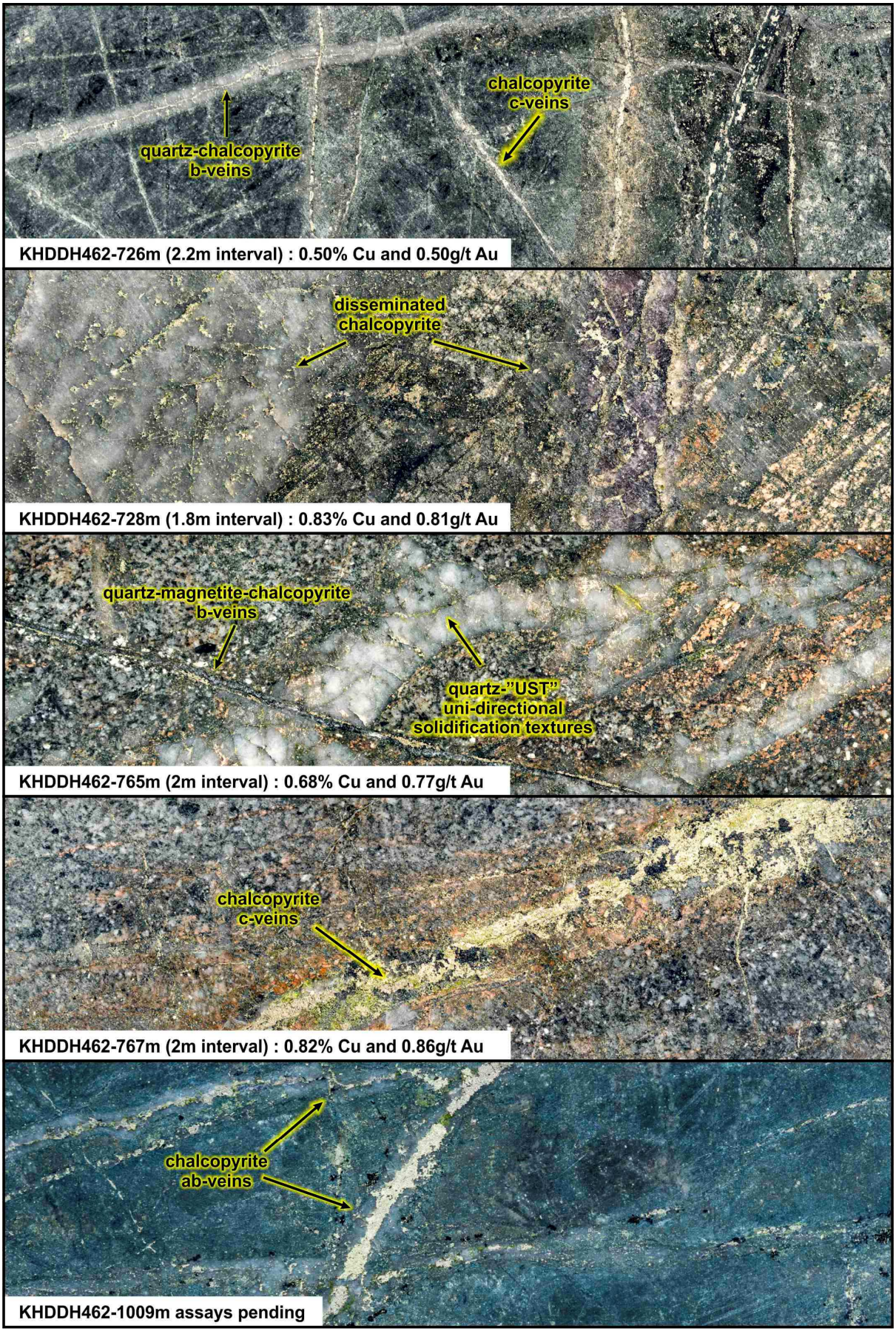


FIGURE 8: Mineralised slab images from Zaraa**.** Halved HQ core, the height of each image is 6.35cm.

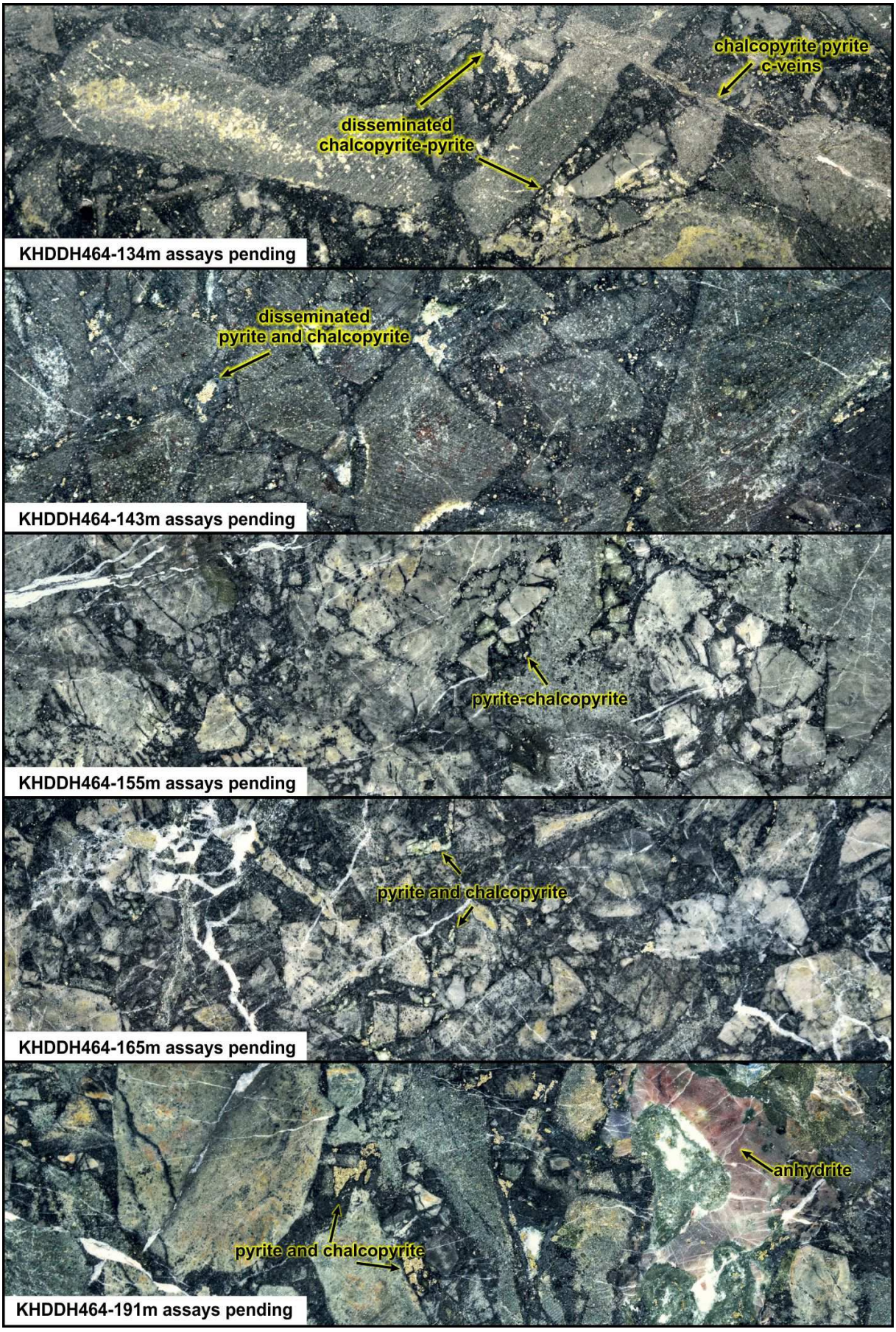


FIGURE 9: Mineralised slab images from Sandstorm**.** Halved HQ core, the height of each image is 6.35cm.

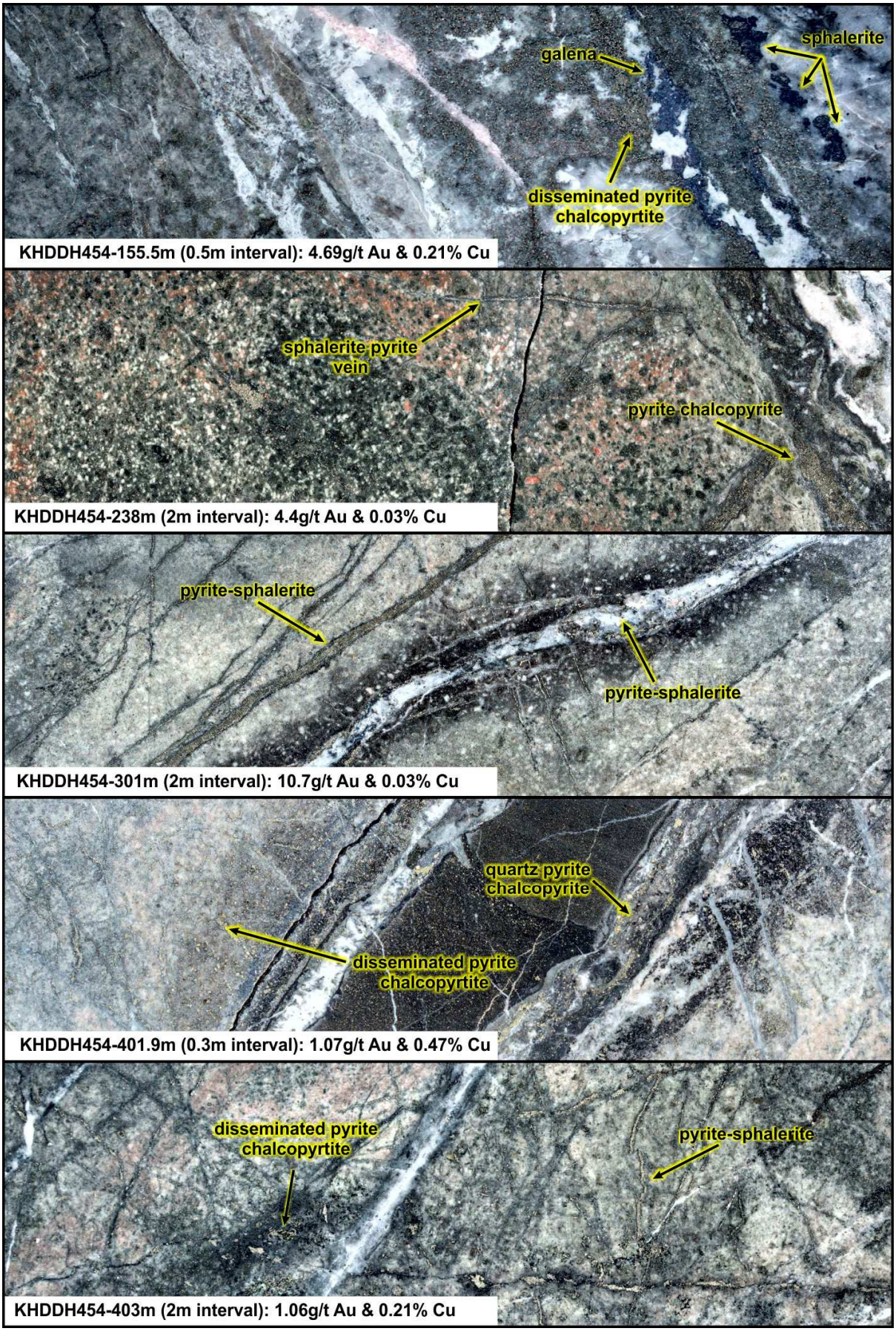


FIGURE 10: Mineralised slab images from Zephyr**.** Halved HQ core, the height of each image is 6.35cm.

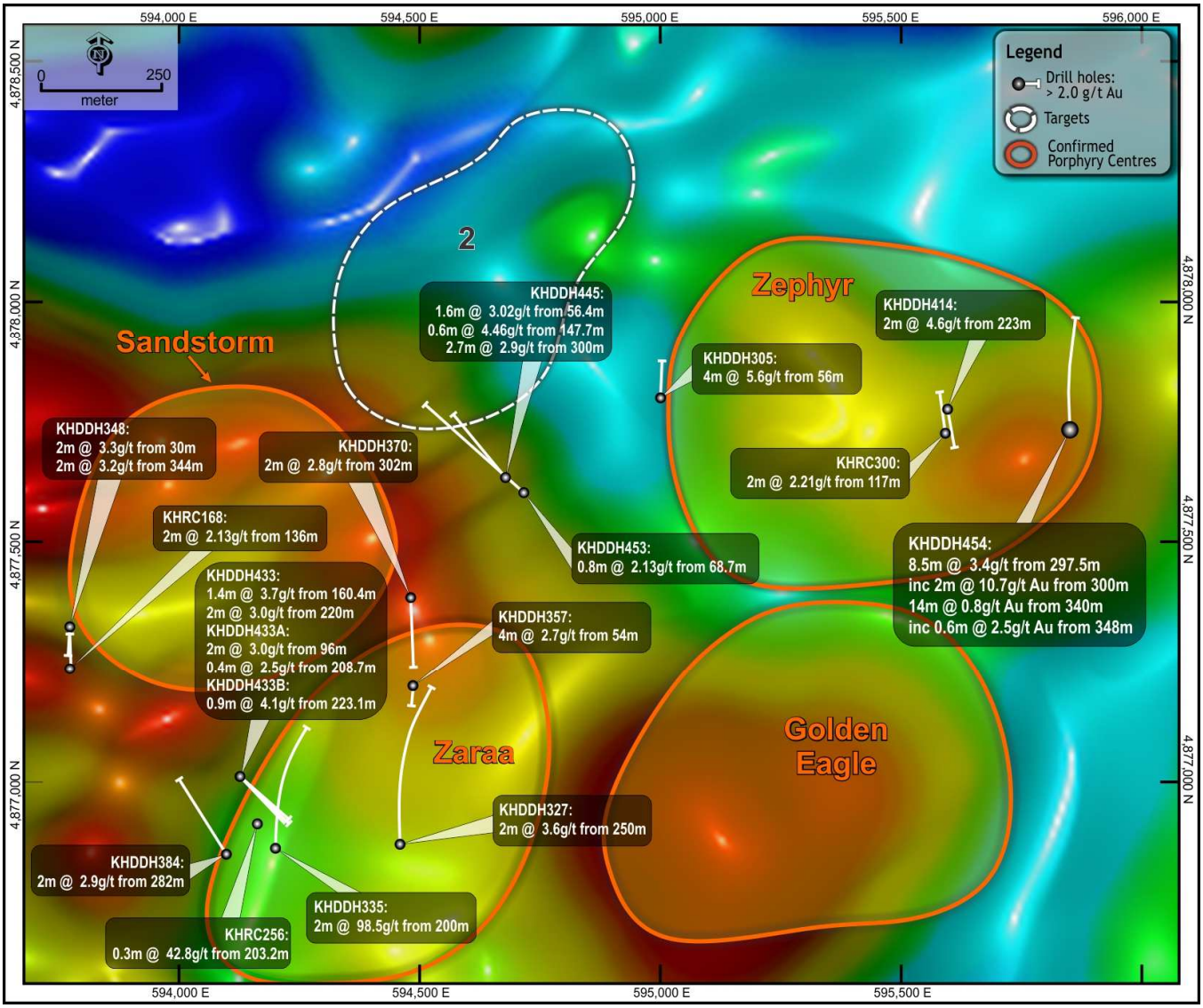


FIGURE 11: Plan showing the location of KHDDH454, intercepts and historic epithermal intersections over 2g/t Au.

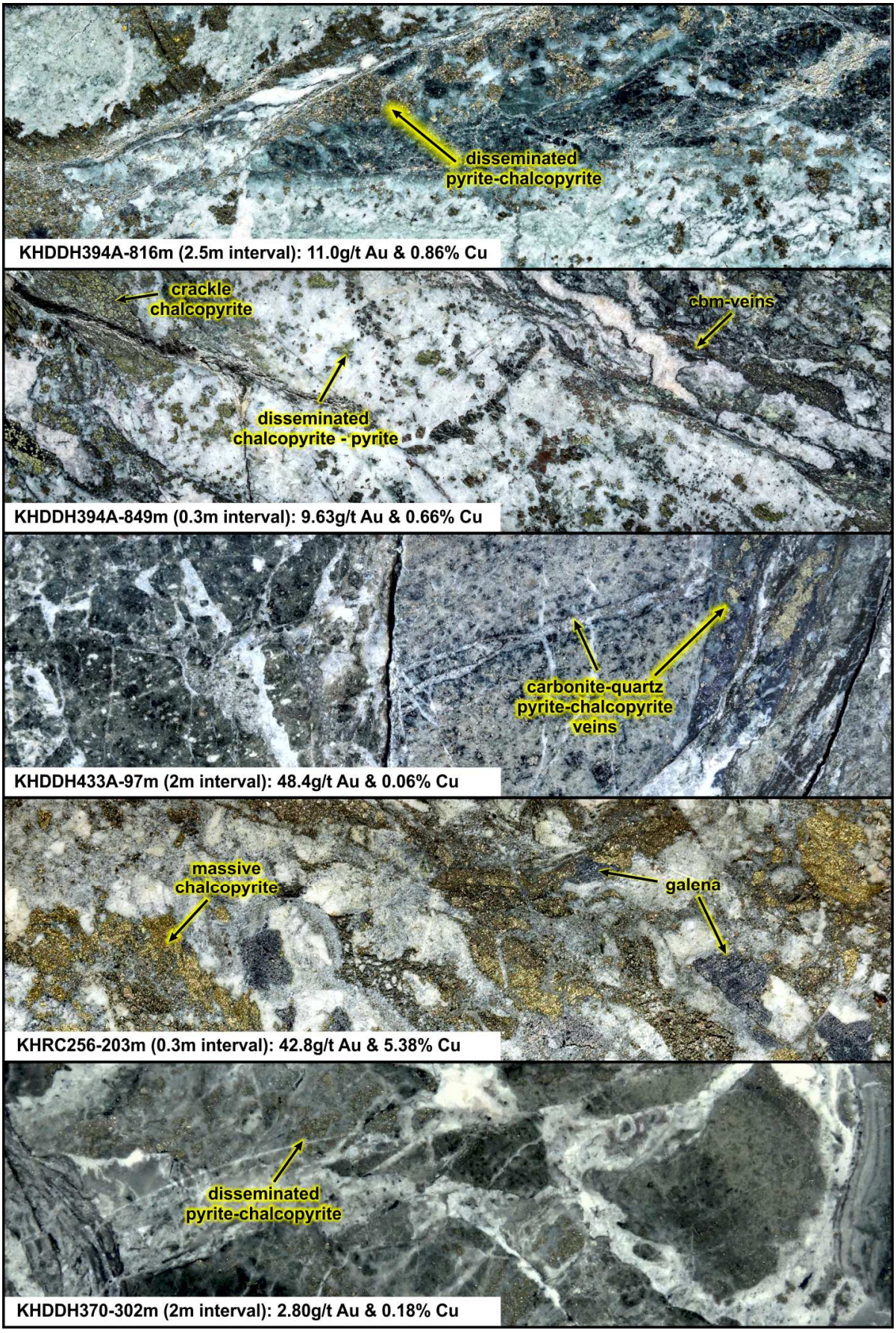


FIGURE 12: A selection of historic epithermal gold intercepts from Kharmagtai. Halved HQ core, the height of each image is 6.35cm.

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 13). 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 1.

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.

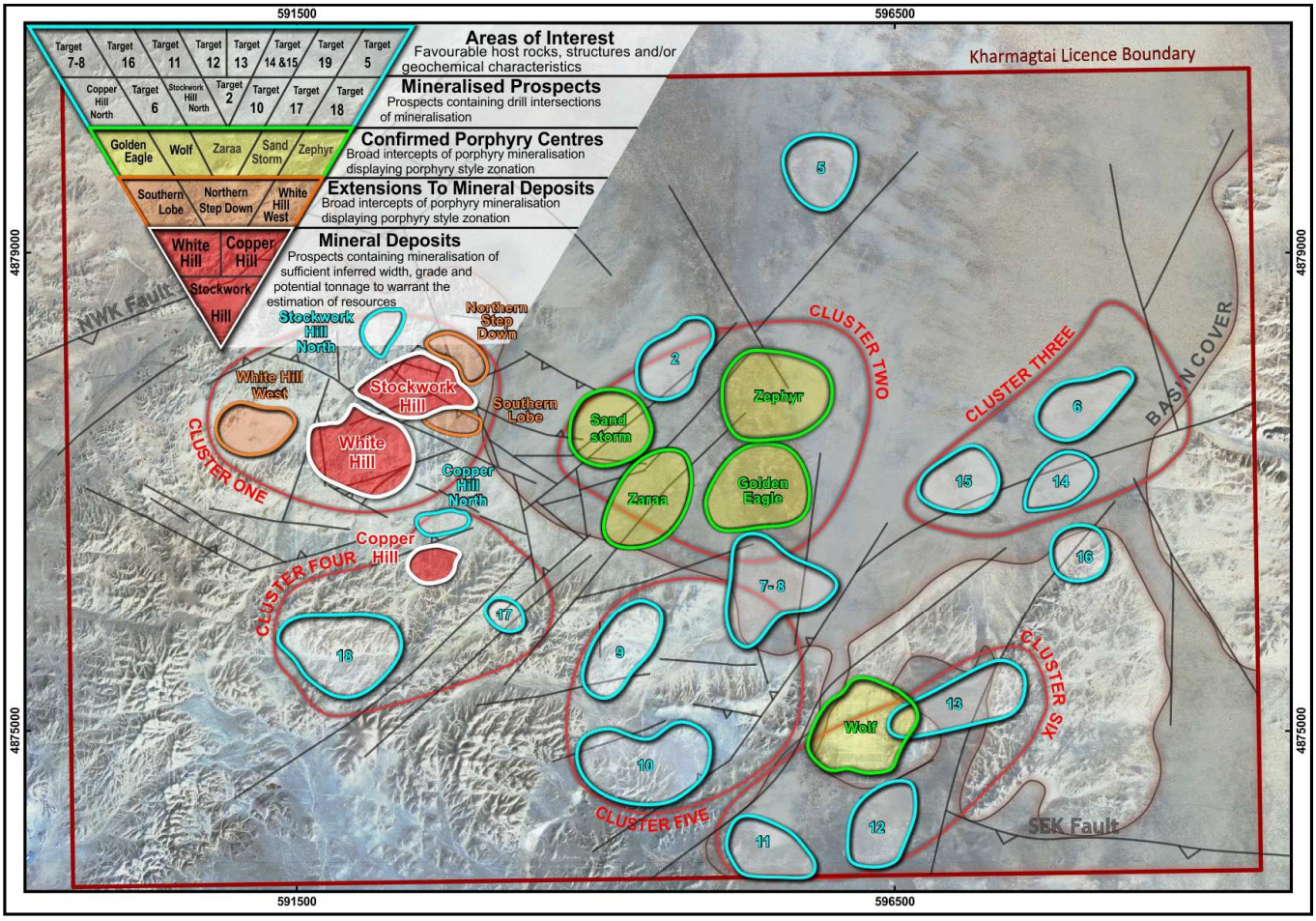


FIGURE 13: The Kharmagtai Mining Licence showing exploration ranking, ground magnetic data and location of the Kharmagtai Deposit (Stockwork Hill, White Hill, Copper Hill), porphyry centres, targets and recent drill holes.

TABLE 1: 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
Deposits with existing resources																				
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, extensional work underway
Extensions to existing resources																				
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
Confirmed porphyry centers																				
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
Mineralised Targets																				
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	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 13	Stockwork	0-6	1100	300	0.0006	0.1	Sandstone and monzodiorite	Chlorite	D	None	None									Mapping followed by RC or Trenching
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

Excellent gold deportment results support previous metallurgical work

Twelve samples from Kharmagtai have been sent for detailed petrological and scanning electron microprobe analysis. The objective of this work was to determine the location of gold across all three zones of the Kharmagtai Deposit (Copper Hill, White Hill and Stockwork Hill). Petrological and scanning electron microprobe work showed most of the gold to occur as separate grains included within the copper bearing sulphides (chalcopyrite and bornite) and pyrite rather than as a solid solution within the sulphides (Figures 14 to 16). These grains range up to 100 microns in size and include native gold and electrum. Some minor gold grains also occur in silicate minerals and magnetite.

The copper sulphides analysed showed no trace metal within them as solid solution, indicating the sulphides from these samples should produce concentrates free of significant deleterious elements.

Initial metallurgical work was reported on the Stockwork Hill zone of the Kharmagtai deposit in September 2016 (ASX announcement 1 September 2016). This work investigated copper and gold recoveries, grinding test work and an optical microscopy from the tourmaline breccia mineralisation at Stockwork Hill. These studies returned above average results from moderate grind sizes within a standard crush-grind-flotation process using low collector addition and from uncleaned rougher concentrate. The results of this work are summarised below with more detail found in the ASX announcement from 1 September 2016.

- Copper recoveries into a rougher concentrate ranging between 93.6-95.3% Cu
- Gold recoveries into the rougher concentrate ranging between 93.4-95.4% Au
- Silver recoveries into the rougher concentrate ranging between 86.7-89.9% Ag
- Exceptional recoveries from simple flotation testing using low collector addition
- Simple ore mineralogy with vast majority of copper as chalcopyrite
- Indicative grinding power requirements (Bwi 18.9 kWh/t) average for this rock type; and
- Grind sizes tested ranged from 120 microns to 180 microns.

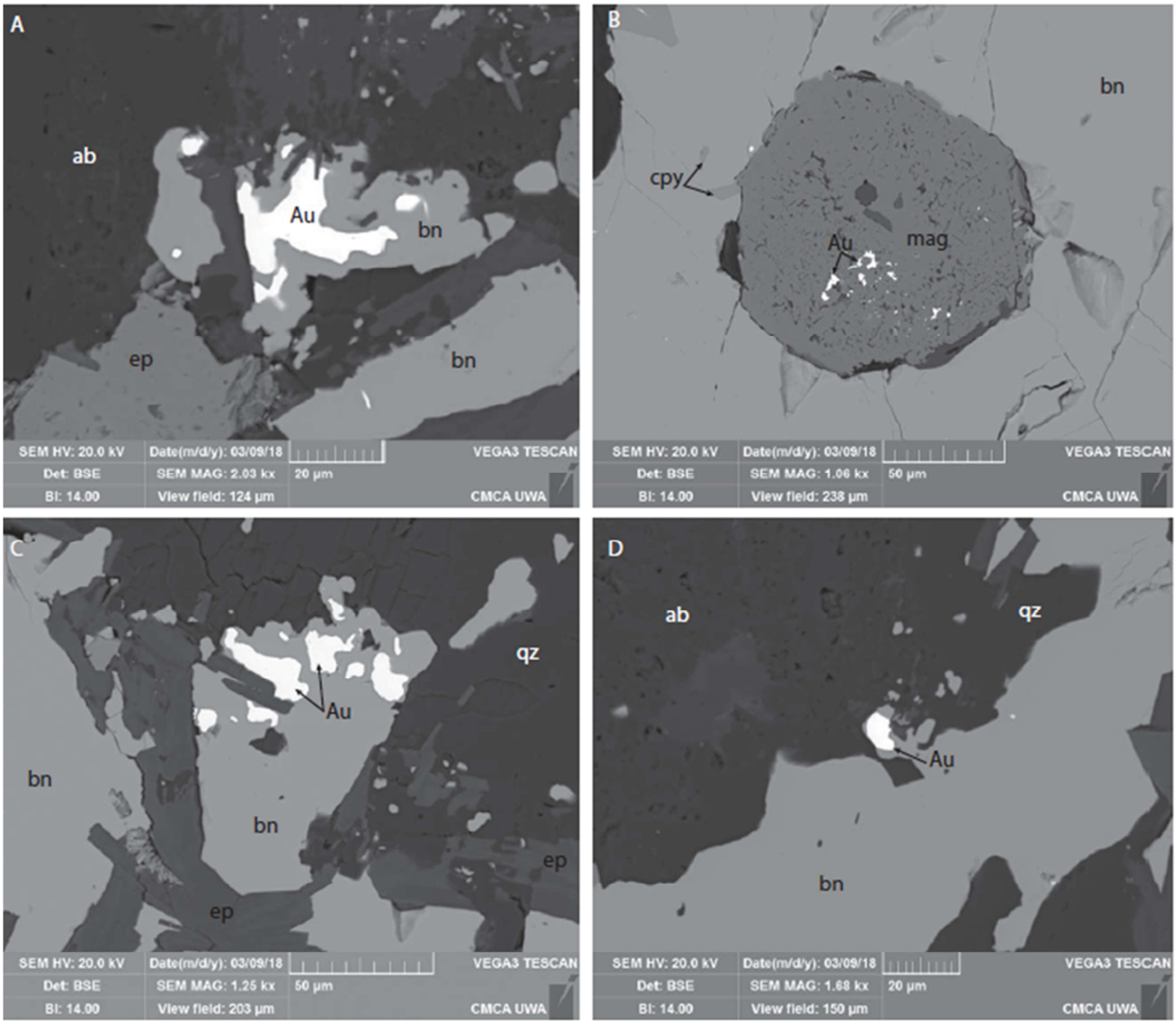


FIGURE 14: Backscatter images from the scanning electron microprobe. Sample from the newly discovered high-grade extension to Stockwork Hill. Drill hole KHDDH419 at 622.5m. A – irregular 40micron sized grains of gold (Au) within bornite (bn). B – Gold (Au) in magnetite (mag), bornite (bn) and chalcopyrite (cpy). C – Gold (Au) grains in bornite (bn).D - Gold (Au) grains in bornite (bn) near quartz (qz).

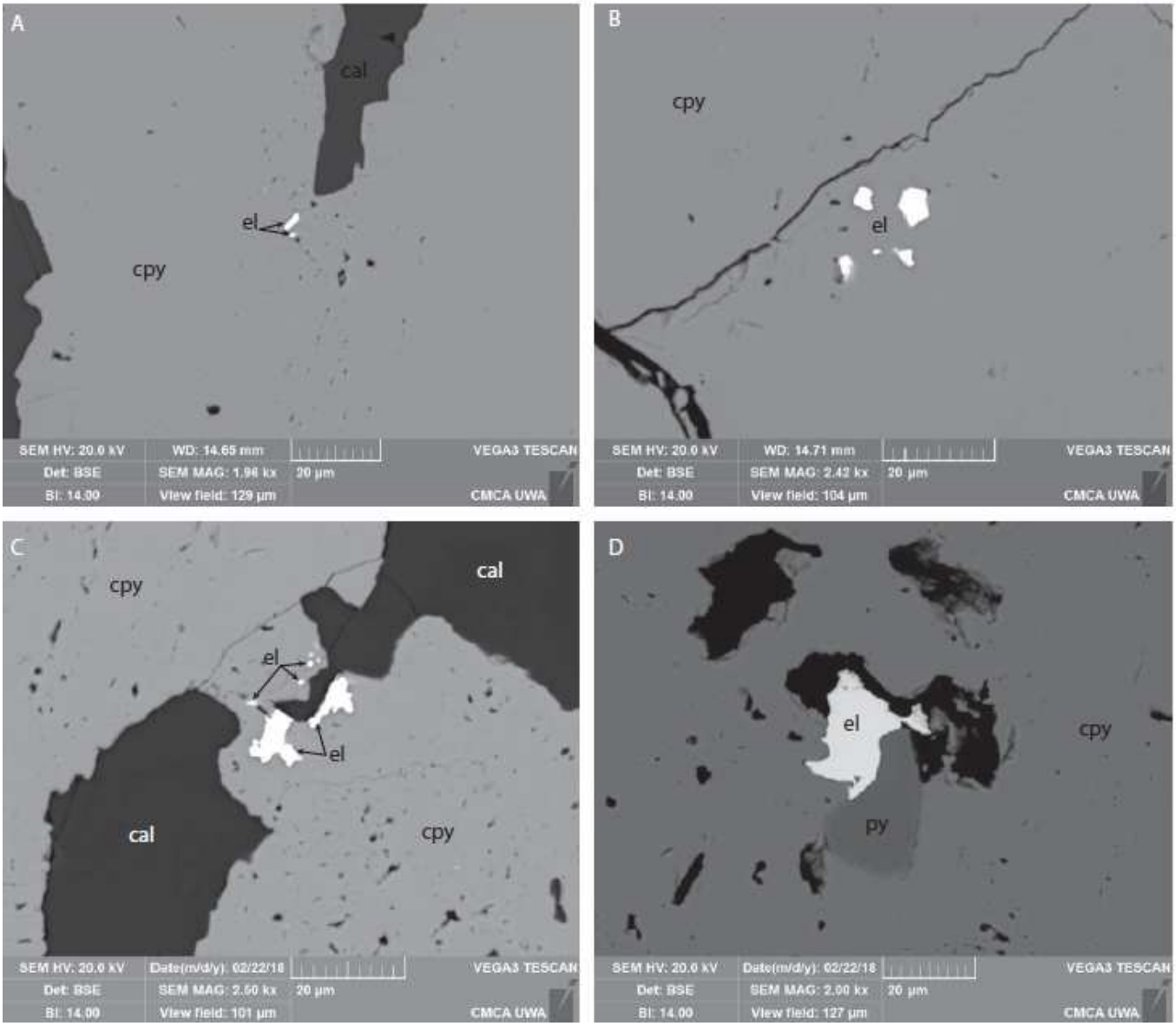


FIGURE 15: Backscatter images from the scanning electron microprobe. Sample from White Hill, drill hole KHDDH340 at 219.65m. A – Electrum (el) in chalcopyrite (cpy). B – Electrum (el) in chalcopyrite (cpy). C – Electrum (el) in chalcopyrite (cpy). D - Electrum (el) in chalcopyrite (cpy) near pyrite (py).

FIGURE 16: Photomicroscopic image of gold grain (~ 100 microns long) within chalcopyrite from Stockwork Hill, KHDDH346 at 413.5m.

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 40km^2) 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).

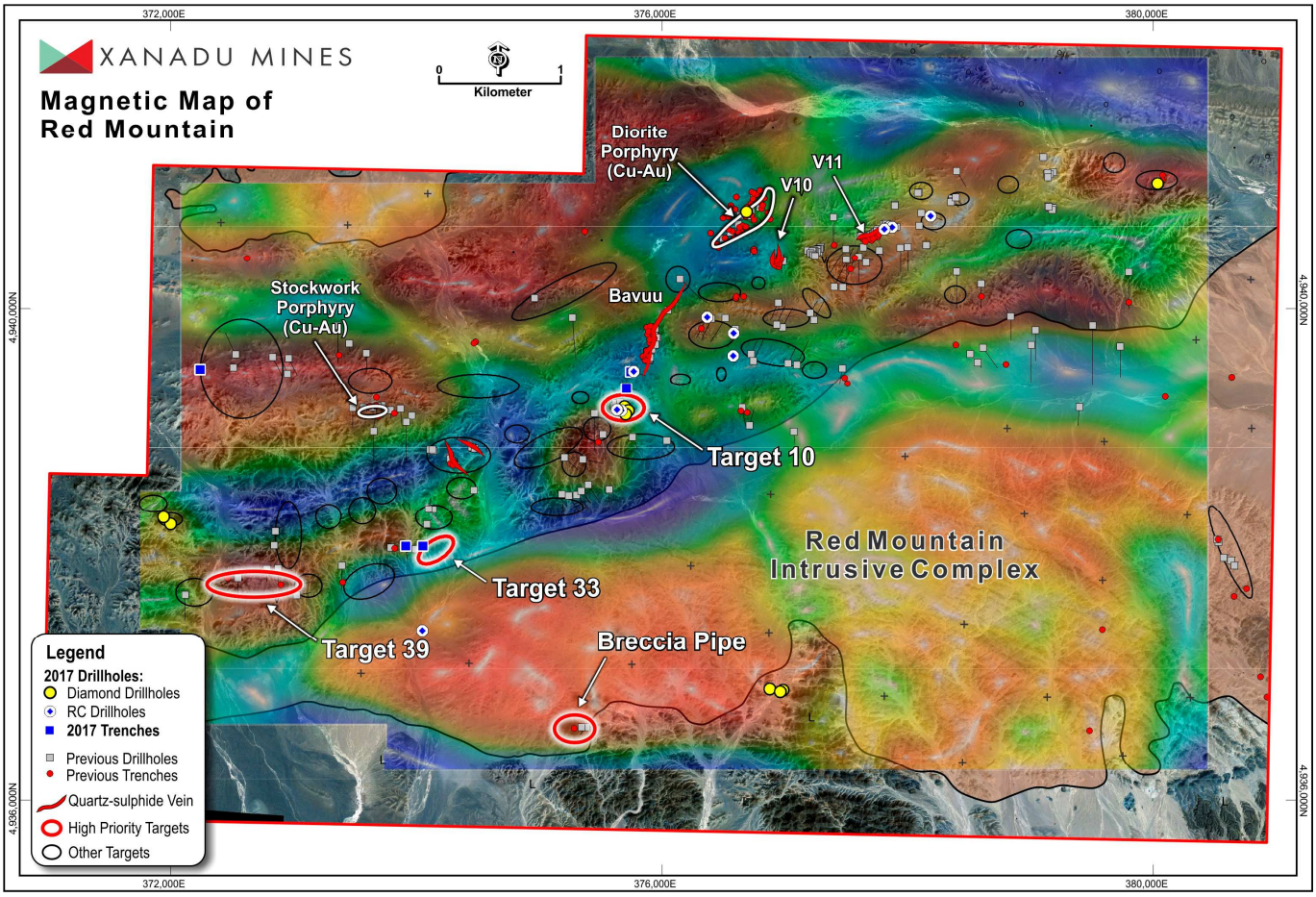


FIGURE 17: The Red Mountain Mining Licence showing location of known porphyry deposits and targets are shown.

No ground work was conducted at Red Mountain during the quarter. An exploration is being prepared to target large-scale porphyry and high-grade epithermal gold at Red Mountain. Drilling is planned to begin in early May.

CORPORATE ACTIVITIES

Share Capital

As at 31 March 2018, 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 March 2018, the Company had A$5.1 million cash.

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COMPETENT 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.

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 $1,300/oz.

Table 2: Kharmagtai drill hole details from the third quarter

Hole ID	Prospect	East	North	RL	Azimuth (°)	Inc (°)	Depth (m)
KHDDH444	White Hill	592161	4877565	1296	205	-60	1225.5
KHDDH445	Sandstorm	594681	4877631	1271	310	-60	405.8
KHDDH446	Zephyr	595374	4877683	1266	0	-60	279.6
KHDDH447	Sandstorm	594595	4877536	1270	310	-60	333.8
KHDDH448	Stockwork Hill	592712	4877887	1287	178	-65	1024.7
KHDDH449	Zephyr	595249	4877451	1267	0	-60	387.7
KHDDH450	White Hill	591961	4877360	1301	115	-60	1469.3
KHDDH451	Zephyr	595756	4877775	1268	180	-60	330.7
KHDDH452	Copper Hill	592911	4876628	1302	310	-65	360.7
KHDDH453	Sandstorm	594717	4877602	1270	300	-60	402.8
KHDDH454	Zephyr	595851	4877732	1270	0	-60	428.1
KHDDH455	Sandstorm	594113	4877196	1250	0	-70	300.8
KHDDH456	White Hill West	590908	4877219	1314	0	-70	528.8
KHDDH457	Copper Hill	592389	4876428	1308	180	-65	454.9
KHDDH458	White Hill West	590902	4877539	1308	180	-60	787.9
KHDDH459	Zephyr	595848	4877809	1269	0	-60	363.9
KHDDH460	White Hill West	591003	4877313	1305	0	-60	353.9
KHDDH461	Stockwork Hill	592607	4877884	1288	180	-68	1085.5
KHDDH462	Zaraa	594233	4877416	1260	145	-60	ongoing
KHDDH463	Stockwork Hill	592150	4878199	1284	0	-60	477.7

Table 3: Kharmagtai significant drill results from the third quarter

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)
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		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		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
and		522.7	1012	489.3	0.08	0.24	0.29
including		538	640	102	0.11	0.31	0.38
including		655.4	672	16.6	0.11	0.28	0.35

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)
including		738	752	14	0.17	0.45	0.56
including		742	748.2	6.2	0.18	0.53	0.65
including		764	770	6	0.14	0.22	0.31
including		776.7	796.4	19.7	0.09	0.37	0.43
including		855.6	890	34.4	0.09	0.40	0.46
including		868	876	8	0.18	0.89	1.01
including		870	876	6	0.20	0.93	1.05
including		896.4	922	25.6	0.10	0.26	0.32
including		944	972	28	0.08	0.31	0.36
and		1024	1062	38	0.13	0.14	0.23
and		1080	1222	142	0.04	0.15	0.18
including		1146	1154	8	0.09	0.41	0.46
including		1192	1198	6	0.09	0.41	0.47
KHDDH445	Sandstorm	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	Zephyr	23	184	161	0.09	0.13	0.19
including		30	54	24	0.27	0.22	0.39
KHDDH447	Sandstorm	118	132	14	0.07	0.06	0.11
and		143.2	206	62.8	0.08	0.10	0.15
including		169.7	177.5	7.8	0.17	0.09	0.20
and		224	232	8	0.04	0.07	0.10
and		240	330	90	0.05	0.09	0.12
KHDDH448	Stockwork Hill	3.7	440	436.3	0.28	0.28	0.45
including		3.7	38	34.3	0.18	0.24	0.35
including		51.5	56.45	4.95	0.29	0.49	0.68
including		82	98.2	16.2	0.10	0.24	0.30
including		140.1	146	5.9	0.15	0.30	0.40
including		186	193.1	7.1	0.20	0.25	0.38
including		214	220	6	0.35	0.27	0.50
including		240.1	390	149.9	0.57	0.47	0.83
including		244	272	28	0.51	0.46	0.78
including		266	272	6	1.11	0.61	1.32
including		286	388	102	0.67	0.51	0.93
including		316	331.2	15.2	0.81	0.61	1.13

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)
including		342.1	388	45.9	0.90	0.54	1.11
including		418	438	20	0.59	0.45	0.83
including		422	438	16	0.67	0.50	0.92
including		424	432	8	0.72	0.61	1.07
and		450	492	42	0.43	0.23	0.51
including		456	492	36	0.49	0.25	0.56
including		456	470	14	0.84	0.31	0.85
and		574	804	230	0.91	0.50	1.09
including		582	746	164	1.21	0.64	1.41
including		624.5	742	117.5	1.63	0.76	1.80
including		634	648	14	0.66	0.78	1.21
including		656	727.2	71.2	2.33	0.92	2.41
and		816.7	862	45.3	0.07	0.10	0.15
and		878	894	16	0.10	0.07	0.13
and		918	990	72	0.17	0.14	0.25
including		926	960	34	0.26	0.21	0.37
KHDDH449	Zephyr	28	250	222	0.20	0.14	0.27
including		34	48	14	0.14	0.27	0.36
including		74	114	40	0.29	0.20	0.38
including		178	184	6	0.21	0.15	0.29
and		262	386	124	0.09	0.18	0.24
including		264	300	36	0.12	0.21	0.29
including		308	324	16	0.09	0.26	0.32
including		340	350	10	0.07	0.33	0.37
KHDDH450	White Hill	0	9.7	9.7	0.08	0.11	0.16
and		30	68	38	0.27	0.26	0.43
including		32.2	62.3	30.1	0.31	0.29	0.49
including		34	48	14	0.41	0.35	0.61
and		75	882	807	0.19	0.31	0.44
including		79.5	101.4	21.9	0.23	0.25	0.40
including		108	128	20	0.20	0.25	0.38
including		158.5	200	41.5	0.16	0.21	0.31
including		210	727.1	517.1	0.24	0.36	0.51
including		246	254	8	0.52	0.59	0.92
including		264	334.5	70.5	0.44	0.45	0.74
including		316	322	6	0.71	0.62	1.07
including		474	484	10	0.32	0.37	0.57
including		492	508	16	0.30	0.41	0.60
including		524	536	12	0.56	0.42	0.78
including		604	627.3	23.3	0.31	0.47	0.67

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)
including		648	678	30	0.19	0.51	0.63
including		716.2	726	9.8	0.17	0.53	0.63
including		758	832	74	0.12	0.34	0.41
including		804	810	6	0.12	0.48	0.56
including		846	878	32	0.08	0.27	0.32
and		895	908.5	13.5	0.05	0.23	0.26
including		896	904	8	0.06	0.27	0.31
and		1048	1054	6	0.91	0.01	0.59
and		1104	1130	26	0.04	0.09	0.11
and		1138	1146	8	0.06	0.08	0.12
KHDDH451	Zephyr	38	130	92	0.09	0.19	0.25
including		64	78	14	0.15	0.27	0.36
including		84	90	6	0.13	0.29	0.37
and		138	148	10	0.05	0.15	0.18
and		158	270	112	0.07	0.15	0.20
and		282	294	12	0.04	0.13	0.15
and		316	330	14	0.13	0.06	0.14
KHDDH452	Copper Hill	96	116	20	0.06	0.12	0.15
and		132	182	50	0.08	0.27	0.33
including		142	176	34	0.10	0.33	0.39
and		194.2	292	97.8	0.05	0.17	0.20
including		267	282	15	0.06	0.21	0.25
and		306	321	15	0.07	0.29	0.34
including		306.6	313.5	6.9	0.10	0.45	0.51
KHDDH453	Sandstorm	40.6	50	9.4	0.10	0.05	0.11
and		58	265	207	0.13	0.13	0.21
including		150	157	7	0.18	0.16	0.27
including		218	239	21	0.21	0.20	0.33
and		272	300	28	0.07	0.09	0.13
and		326	338	12	0.08	0.08	0.13
and		358	368	10	0.05	0.07	0.11
and		384	400	16	0.06	0.06	0.10
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	0.76	0.01	0.50

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)
including		340	348.6	8.6	0.91	0.01	0.60
and		366	377	11	0.20	0.03	0.16
and		398	428.1	30.1	0.19	0.16	0.28
including		398	404	6	0.67	0.16	0.58
KHDDH455	Sandstorm	20	50	30	0.08	0.10	0.15
and		58	68	10	0.04	0.07	0.10
and		93.5	100	6.5	0.21	0.07	0.20
and		140	172	32	0.04	0.10	0.12
and		186	194	8	0.36	0.06	0.29
and		252	260	8	0.14	0.06	0.15
and		276	286	10	0.11	0.03	0.10
KHDDH456	White Hill West	116	528.8	412.8	0.15	0.18	0.28
including		172	208	36	0.14	0.27	0.36
including		216	232	16	0.13	0.22	0.30
including		241.9	254	12.1	0.15	0.26	0.36
including		262	268	6	0.22	0.26	0.40
including		275	311	36	0.20	0.21	0.34
including		325.3	387	61.7	0.19	0.21	0.33
including		415	433	18	0.11	0.21	0.28
including		482	488	6	0.32	0.17	0.37
including		498	516	18	0.79	0.16	0.66
including		510	516	6	1.03	0.16	0.82
KHDDH457	Copper Hill	32	430	398	0.09	0.22	0.28
including		94	111.8	17.8	0.12	0.68	0.76
including		102	110	8	0.19	1.17	1.29
including		152	272	120	0.13	0.30	0.39
including		184	190	6	0.16	0.43	0.53
including		254	262	8	0.17	0.43	0.54
including		313.7	366	52.3	0.14	0.26	0.35
including		392	398	6	0.09	0.24	0.29
and		446	454.9	8.9	0.06	0.12	0.16
KHDDH458	White Hill West	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		274	280	6	0.34	0.49	0.70
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

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)
including		458	470	12	0.36	0.66	0.89
including		737.5	768	30.5	0.09	0.33	0.39
KHDDH459	Zephyr	45.1	55	9.9	0.06	0.19	0.22
and		268	278.9	10.9	0.13	0.09	0.17
KHDDH460	White Hill West	58	66	8	0.05	0.07	0.10
and		74	322	248	0.08	0.14	0.19
including		156	162	6	0.19	0.39	0.51
including		228	242	14	0.13	0.26	0.35
and		330	353.9	23.9	0.04	0.08	0.11
KHDDH461	Stockwork Hill	3.4	22	18.6	0.19	0.30	0.42
and		30	136	106	0.14	0.12	0.20
including		30	40	10	0.36	0.10	0.32
including		126	136	10	0.18	0.32	0.43
and		144	174	30	0.07	0.13	0.17
including		152	158	6	0.10	0.20	0.27
and		192	456	264	0.41	0.36	0.62
including		220	228	8	0.30	0.41	0.60
including		254	278	24	0.44	0.47	0.74
including		256	274	18	0.50	0.53	0.84
including		288	410	122	0.70	0.60	1.04
including		290	362	72	0.64	0.41	0.82
including		306	318	12	0.76	0.45	0.94
including		352	362	10	1.08	0.72	1.41
including		370	440	70	0.50	0.58	0.90
including		381.6	402	20.4	0.72	0.83	1.29
and		504	510	6	0.08	0.07	0.12
and		540	556	16	0.02	0.11	0.13
and		601	666.5	65.5	0.07	0.13	0.18
including		618.2	624	5.8	0.25	0.16	0.32
including		654	662	8	0.11	0.23	0.30
and		693.1	988	294.9	0.24	0.22	0.37
including		702	712	10	0.11	0.50	0.58
including		702	708	6	0.13	0.59	0.68
including		720	816.5	96.5	0.39	0.25	0.50
including		730	736	6	0.41	0.43	0.70
including		749.5	786	36.5	0.62	0.31	0.70
including		838	891	53	0.31	0.33	0.53
including		852	884	32	0.40	0.39	0.64
including		964	978	14	0.59	0.18	0.56
including		966	972	6	1.04	0.24	0.90

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)
				Assay pending			
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
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			
KHDDH463	Stockwork Hill	36	50	14	0.18	0.04	0.16
and		174	180	6	0.22	0.00	0.15
and		194	206	12	0.52	0.01	0.34

Table 4: Tenements held as at 31 March 2018

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 March
MV17387A1	Kharmagtai	Umnugovi Province	-	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 March 2018 (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. • 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.	• The resource estimate is based on drill samples only. • Representative 2 metre samples were taken from ½ NQ or HQ diamond core and chip channel samples from trenches. • 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. • 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 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. • Recovery measurements were collected during all DDH 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 appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximiserepresentivity of samples. • 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. • Sample intervals are a constant 2m interval down-hole in length. • Trench chip channel samples taken close to the base of the trench wall (about 10cm above the floor). Samples are about 3kg. • Trench Sample collected with a plastic sheet or tray. • 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. • 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. • 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 SGS Mongolia for gold, copper, silver, lead, zinc, arsenic and molybdenum. • 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. • 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. • 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 XAM geologists. • 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. • Specification of the grid system used. • 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. • 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.	• Drilling and trenching has been completed on nominal north-south sections, commencing at 120m spacing and then closing to 40m for resource estimation. • Vertical spacing of intercepts on the mineralised zones similarly commences at 100m spacing and then closing to 50m for resource estimation. • 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. • Holes have been drilled to 1,000m vertical depth • 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. • 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. • Limited trenching has been completed along strike (subparallel) orientations to mineralisation - no conclusion regarding width and grade can be drawn from this data; • Vertical to South dipping ore bodies were predominantly drilled to the north. • Scissor drilling, (drilling from both north and

Criteria	JORC Code (Section 1) Explanation	Commentary
		south), as well as vertical drilling, has been 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. • 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.
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. • External review and audit have been conducted by the following groups: 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. 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. • 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). • 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.

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. • 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: – 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	• 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. • 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. • 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). • Metal equivalents used the following formula: 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.
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. • Limited trenching has been completed along strike (subparallel) orientations to mineralisation - no conclusion regarding width and grade can be drawn from this data; • 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). • 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

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. • 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. • 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. 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. • 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. • 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. • 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. • The availability of check estimates, previous estimates and/or mine production	• 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.

Criteria	JORC Code (Section 3) Explanation	Commentary
	records and whether the Mineral Resource estimate takes appropriate account of such data. • The assumptions made regarding recovery 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.	• 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. • 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 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; 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 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. • 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.
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

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. • 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.

+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 March 2018

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(2,710)	(2,710)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(765)	(765)
	(e) administration and corporate costs	(421)	(421)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	-	-
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**	**(3,894)**	**(3,894)**
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 (3 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	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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**	**-**	**-**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,065	9,065
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,894)	(3,894)
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)	-	-
4.5	Effect of movement in exchange rates on cash held	(68)	(68)
4.6	**Cash and cash equivalents at end of period**	**5,103**	**5,103**

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	5,103	9,064
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)**	**5,103**	**9,064**

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	392
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** *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	1,400
9.2	Development	-
9.3	Production	-
9.4	Staff costs	550
9.5	Administration and corporate costs	420
9.6	Other (loan repayment)	-
9.7	**Total estimated cash outflows**	**2,370**

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	N/A			

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: 30 April 2018
(Director/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.