XANADU MINES

27 November 2019

Mr. Alex Sutton
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ASX Limited
Level 4, Exchange Centre
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By email only: Alex.Sutton@asx.com.au

Dear Alex

Xanadu Mines Ltd (ASX Code: XAM TSX Code: XAM)
Updated ASX Announcement

Further to Xanadu Mines Ltd's announcement tilted *Significant increase in Exploration Target at Kharmagtai*, lodged with the ASX on 6 November 2019, attached is a revised announcement, as requested by the ASX, that now excludes all references to the independent valuation ("VALMIN") prepared by SRK Consulting (Australasia) Pty Ltd, for the Kharmagtai Mining Lease, that were included in, and attached a copy of the VALMIN, in the 6 November 2019 announcement, which the ASX found objectionable, and the Company advises investors not to make any investment decisions based on the VALMIN.

Yours sincerely

Phil Mackey
Company Secretary

27 November 2019

AMENDED ANNOUNCEMENT
SIGNIFICANT INCREASE IN EXPLORATION TARGET AT KHARMAGTAI

Xanadu Mines Ltd (**ASX: XAM, TSX: XAM**) (**"Xanadu"** or **"the Company"**) is pleased to announce it has upgraded the global copper and gold Exploration Target at its flagship Kharmagtai project, which is located in the south Gobi region of Mongolia (**Figures 1 and 2**). A new global Exploration Target has been developed to highlight the large-scale copper-gold potential of the Kharmagtai project.

HIGHLIGHTS

- **Large-scale global copper-gold exploration target upgraded for Kharmagtai Project above and beyond 2018 Mineral Resource Estimate**

- **The Exploration Target is based on 190 diamond drill and 73 reverse circulation drill holes completed since 2002 at Kharmagtai at five separate porphyry centres with over 77,808 metres of new diamond drilling completed by Xanadu**

- **Additional sulphide metallurgical work in final stages of completion**

- **Compelling vectors to a very large-scale system below the surface deposits uncovered**

- **Further drilling is planned to:**

  – **Convert mineralisation within the Exploration Target into resources;**

  – **Extend current high-grade mineralisation; and**

  – **Test seven targets outside of the Exploration Target**

Xanadu's Chief Executive Officer, Dr Andrew Stewart, said *"We have always had a strong belief in the large-scale copper-gold potential of Kharmagtai. This Global Exploration Target outlines the areas we are aiming to convert to resources in the near to mid-term. Additionally, our geologists have highlighted a series of compelling geochemical and geophysical vectors which suggest mineralisaiton within this Exploration Target is just the tip of a much larger porphyry system. We know these systems exist in Mongolia as the giant Oyu Tolgoi is currently being mined some 120km to the south of Kharmagtai and we believe that Kharmagtai is a similar type of system. Additionally, we are in the final stages of completing metallurgical work for the three existing sulphide deposits, which is aimed at increasing the already good recovery assumptions made in the 2018 mineral resource upgrade.*

Our long running objective is to develop Mongolia's next large-scale copper gold deposit. Our current strategy of seeking high-return options via an oxide gold project is focused on providing the capital needed to advance that larger scale copper and gold project".

GLOBAL COPPER-GOLD EXPLORATION TARGET FOR KHARMAGTAI

An exploration target has been developed for the Kharmagtai lease with the aim of highlighting the large-scale copper-gold potential of the project. The recently released Mineral Resource Upgrade and Scoping Study (*please see press releases dated 31st October 2018 and 11th April 2019*) have demonstrated a robust and viable copper-gold project, but this work only included a small portion of the known mineralisation at Kharmagtai. This Exploration

Target has been developed to demonstrate the upside potential of the Kharmagtai Mining Lease and show the areas which could potentially be added to the resource inventory in the near to mid-term.

Five targets have been reviewed across the lease ranging from extensions to existing resources at Stockwork Hill, White Hill and Copper Hill to the recently discovered Zaraa and Golden Eagle deposits.

The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (**JORC 2004**). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve and the areas of mineralisation that have been reported in the 2018 Mineral Resource Upgrade have been removed from the exploration target area.

Additionally, two styles of exploration target have been defined. **Table 1** shows the exploration targets as a range define based on drill results and extensions of the 2018 Mineral Resource Upgrade only.

Table 2 shows exploration targets as a range where corroborating geophysical and geological data at Zaraa highlight potential extensions to that target.

Table 1: Kharmagtai copper-gold exploration targets – drill result and block model extension data only

Target Name	Length[*1] (m)	Width[*2] (m)	Height[*3] (m)	Density[*4] (t/m3)	Tonnage Range[*4]	Grade Range[*6] (eCu)	Comments
White Hill	1200 to 1800	400 to 500	250 to 500	2.76	331Mt to 1.24Bt	0.3% to 0.5% eCu	See Figure 3 for dimension details
Stockwork Hill	800 to 900	200 to 400	150 to 250	2.76	66Mt to 248Mt	0.3% to 0.5% eCu	See Figure 4 for dimension details
Copper Hill	200 to 300	100 to 200	200 to 300	2.76	11 to 50Mt	0.3% to 0.5% eCu	See Figure 5 for dimension details
Golden Eagle	300 to 350	200 to 250	200 to 250m	2.76	33 to 60Mt	0.3% to 0.5% eCu	See Figure 8 for dimension details
Target Name	Length[*1] (m)	Width[*2] (m)	Height[*3] (m)	Density[*4] (t/m3)	Tonnage Range[*4]	Grade Range[*6] (eCu)	Comments
Stockwork Hill	300-450	150-200	150-250	2.78	19Mt - 63Mt	0.5% to 1% eCu	See Figure 4 for dimension details
Zaraa	600-700	100-150	200-250	2.78	33Mt - 73Mt	0.5% to 1% eCu	See Figure 6 for dimension details

1*   Length of the exploration target is defined as a conservative maximum and minimum length estimation based off the distances over which drill intercepts are observed
2*   Width of the exploration targets is defined as a conservative maximum and minimum width estimation based off the distances over which drill intercepts are observed
3*   Height information is defined as a conservative maximum and minimum height estimation based off the distances over which drill intercepts are observed
4*   Density data is taken from drilling data and assumed to be the average rock density in the Kharmagtai dataset at grade ranges above 0.3% eCu (2.76 t/m³) and 0.5% eCu (2.78 t/m³)
5*   Tonnage range is estimated as a calculation of the maximum and minimum length, width and depth multiplied by the density.
6*   Grade range is taken directly from drill results
7*   Numbers are rounded to avoid the false impression of a level of accuracy which may have led to the misrepresentation that this Exploration Target is akin to a Resource Estimation.
8*   Metallurgical recovery information is built into the eCu calculation and therefore should not be applied in addition to the tonnages reported here
9*   A floor of 600m from surface has been applied to the 0.3% eCu cut-off target to represent a realistic maximum depth for a potential open cut
10*   Cut off grades of 0.3%eCu have been used to represent potential open cut material and 0.5% eCu for underground material to match that used in the 2018 MRE

Table 2: Kharmagtai copper-gold exploration target – drill result with geophysical extensions

Target Name	Length[*1] (m)	Width[*2] (m)	Height[*3] (m)	Density[*4] (t/m3)	Bulk Tonnage Range[*5]	Minus Table 1 (above) tonnage range[*6]	Geophysical Extension Tonnage Range[*7]	Grade Range[*6] (eCu)	Comments
Zaraa	800 to 1300	150 to 200	500 to 600	2.78	167Mt – 434Mt	33Mt - 73Mt	134Mt – 361Mt	0.5% to 1% eCu	See Figure 7 for dimension details

1*   Length of the exploration target is defined as a conservative maximum and minimum length estimation based off the distances over which drill intercepts are observed and geological or geophysical characteristics associated with the mineralisation are observed
2*   Width of the exploration targets is defined as a conservative maximum and minimum width estimation based off the distances over which drill intercepts are observed and geological or geophysical characteristics associated with the mineralisation are observed
3*   Height information is defined as a conservative maximum and minimum height estimation based off the distances over which drill intercepts are observed and geological or geophysical characteristics associated with the mineralisation are observed.
4*   Density data is taken from drilling data and assumed to be the average rock density in the Kharmagtai dataset at grade ranges above 0.3 eCu (2.76 t/m³) and 0.5% eCu (2.78 t/m³)
5*   Tonnage range is estimated as a calculation of the maximum and minimum length, width and depth multiplied by the density.
6*   Grade range is taken directly from drill results and shown in Table 1
7*   The Exploration target from Table one is subtracted to give an extension to the Table one result
8*   Numbers are rounded to avoid the false impression of a level of accuracy which may have led to the misrepresentation that this Exploration Target is akin to a Resource Estimation.
9*   Metallurgical recovery information is built into the eCu calculation and therefore should not be applied in addition to the tonnages reported here
10*   Cut off grades of 0.3% eCu have been used to represent potential open cut material and 0.5% eCu for underground material to match that used in the 2018 MRE

ABOUT WHITE HILL

White Hill represents the largest outcropping body of mineralisaiton at Kharmagtai. Mineralisaiton consists of disseminated copper sulphides associated with high-density quartz veining typical of a large porphyry system. The dimensions for the Exploration Target at White Hill are based off diamond drill holes with drill results over 0.3% eCu (**Figure 3**). Geological and structural analysis of the White Hill deposit over the past year has shown that the higher-grade mineralisaiton is associated with a combination of a dyke of monzodiorite (**P2**) and series of west-northwest dipping faults. It is believed these faults have helped channel mineralisaiton upwards where it has interacted with magnetite bearing quartz stockworks in and around the monzodiorite dyke resulting in the precipitation of copper and gold. This model significantly expands the area over which mineralisation could occur and suggests the White Hill system is significantly larger than previously thought. Geophysical data suggests that the White Hill deposit will join at depth with the Stockwork Hill Deposit.

ABOUT STOCKWORK HILL

Stockwork Hill is the second largest zone of outcropping mineralisaiton at Kharmagtai. Mineralisaiton consists of a combination of high-grade stockworks and tourmaline breccias. Recently, the high-grade extensions to the deposit were discovered when an offset zone of gold-rich bornite mineralisaiton was drilled south of the main tourmaline breccia body. This work has shown that Stockwork Hill is linked at depth to a potentially much larger and higher grade bornite zone. Due to the variation in the style of mineralisation the geophysical signature of the deposit is not fully understood. The high-density stockwork zones respond in magnetics surveys but the tourmaline breccia appears to be magnetically destructive. Induced polarisation appears not to see the mineralisaiton as the sulphides are massive breccia infill and vein hosted rather than disseminated. The Exploration Target at Stockwork Hill was therefore only based on diamond drill results only (**Figure 4**). There is a strong magnetic anomaly that sits below Stockwork Hill to the southwest, suggesting the potential for a large high-density stockwork zone that may also link to White Hill.

ABOUT COPPER HILL

Copper Hill is the highest-grade zone of mineralisation at Kharmagtai and was discovered when a small but intense magnetic high was drilled early in Kharmagtai's history. Mineralisation consists of very high-grade chalcopyrite veins overprinting an existing stockwork of quartz magnetite veins. In a scenario very similar to White Hill, mineralisaiton is associated with the confluence of a P2 monzodiorite dyke and west-northwest dipping faults (**Figure 5**). Beneath Copper Hill sits a large zone of high intensity magnetics which may represent the extensions to Copper Hill.

ABOUT ZARAA

Zaraa was discovered in 2018 as a part of the undercover initiative. Mineralisation at Zaraa consists of chalcopyrite bearing quartz veins and chalcopyrite only veining associated with a series of P2 monzodiorite dykes. The Zaraa system has a very large 3DIP chargeability anomaly which sits above and surrounding the mineralisation (**Figure 6**). Due to the size of Zaraa and the limited amount of drilling a conservative approach has been taken to developing an Exploration Target with only drilling data having been used. However, should the zone of known mineralisation be extended using geophysical corroboration seen in the IP data a significantly larger Exploration Target would be appropriate (see **Table 2** and **Figure 7**).

ABOUT GOLDEN EAGLE

Golden Eagle was discovered in 2017 as a part of the undercover initiative. Mineralisaiton at Golden Eagle consists of chalcopyrite bearing quartz-magnetite veins and disseminated chalcopyrite with free gold. Mineralisation at Golden Eagle broadly coincides with a large magnetic high relating to the magnetite content of the porphyry quartz veining. The Exploration Target at Golden Eagle has been based solely on drilling data (**Figure 8**).

LARGE SCALE POTENTIAL OF THE KHARMAGTAI LEASE

The undercover initiative implemented in 2016 is still being followed up upon. There are large parts of the Kharmagtai Mining Lease which exhibit significant copper and gold geochemical anomalism (**Figure 9**) that require follow up drilling to test. The shallow open pit potential of the lease is still significant. Additionally, porphyry mineral systems form as copper and gold are concentrated through a series of vertically staged magma chambers. It is this characteristic that makes these systems so large. At Oyu Tolgoi, 120km south of Kharmagtai the main mineral deposit does not start until >600m vertically from surface and extends to some 2400m below surface to where drilling stopped.

At Kharmagtai there are a set of compelling vectors that suggest the mineralisation seen at surface is just the top of a much larger system. The first of these vectors is the gravity data. When the low frequency gravity data is reviewed a very large, higher density body is seen below the surface mineralisaiton (**Figure 10**). This body could represent another, larger staging chamber, from which the currently drilled mineralisation may have evacuated. Another compelling feature are the zones of high magnetics below Stockwork Hill, White Hill and Copper Hill. These may represent zones of high-density quartz-magnetite-chalcopyrite-bornite veining (**Figures 11, 12 and 13**). Additionally, porphyry systems are usually zoned chemically. Molybdenum often forms a halo above and around the tops of copper gold porphyry systems. At Kharmagtai this zonation is seen, most clearly at White Hill, however, another halo of molybdenum enrichment can be cross cutting the base of White Hill and Zaraa, strongly suggesting a larger copper gold system lies beneath the surface mineralisaiton (**Figure 14**). When combined, these vectors paint the picture of a giant porphyry system below the existing mineralisation.

PROGRAM REQUIRED TO CONVERT EXPLORATION TARGETS TO RESOURCES AND DISCOVER LARGE-SCALE POTENTIAL

A geophysical and drill program has been designed and costed to convert the above Exploration Targets into inferred Mineral Resources and discover the hypothesised very large-scale copper gold porphyry system beneath the existing resources.

The first phase of exploration would consist of a tenement wide seismic survey conducted in parallel with a similar spaced deep seeing magnetotellurics (MT) program. Seismic would be used to define the fault architecture of the entire mining lease to ensure the drill targeting is as accurate as possible. A magnetotellurics program would be conducted to identify large zones of sulphide mineralisation located beneath the structures highlighted by the seismic survey. This program has been costed at between $300 to $600K depending on the geophysical contractor used and would form the basis of the drill targeting for the Oyu Tolgoi sized system at Kharmagtai.

Drill holes have been planned for Stockwork Hill, Copper Hill, Zaraa and elsewhere within the tenement to convert the above exploration target into an inferred mineral resources. Costing for this program is summarised in **Table 3** below).

Table 3: Indicative drill costs

Target	Target Type	Target Res Cat	# Drill Holes	DDH (m)	RC (m)	Assays		Total Cost	
Copper Hill	Open Pit/UG	Indicated	13	13000		$	6,500	$	2,184,040
Stockwork Hill Bornite	Underground	Indicated	25	35000		$	15,000	$	5,840,040
White Hill West	Open Pit/UG	Indicated	48	0	13000	$	7,500	$	1,095,040
Zaraa	Underground	Inferred	20	22862		$	11,000	$	3,833,960
Porphyry Cluster One	Open Pit/UG	Discover	18	2600	2600	$	2,600	$	652,640
Porphyry Cluster Two	Open Pit/UG	Discover	28	4200	4200	$	4,200	$	1,054,240
Porphyry Cluster Three	Open Pit/UG	Discover	17	2650	2650	$	2,650	$	665,190
Porphyry Cluster Four	Open Pit/UG	Discover	8	1200	1200	$	1,200	$	301,240
Porphyry Cluster Five	Open Pit/UG	Discover	17	2550	2550	$	2,550	$	640,090
Porphyry Cluster Six	Open Pit/UG	Discover	12	1800	1800	$	1,800	$	451,840
Large scale Cu-Au system	Underground	Discover	20	36000		$	18,000	$	6,048,040
						Total			$22,766,360
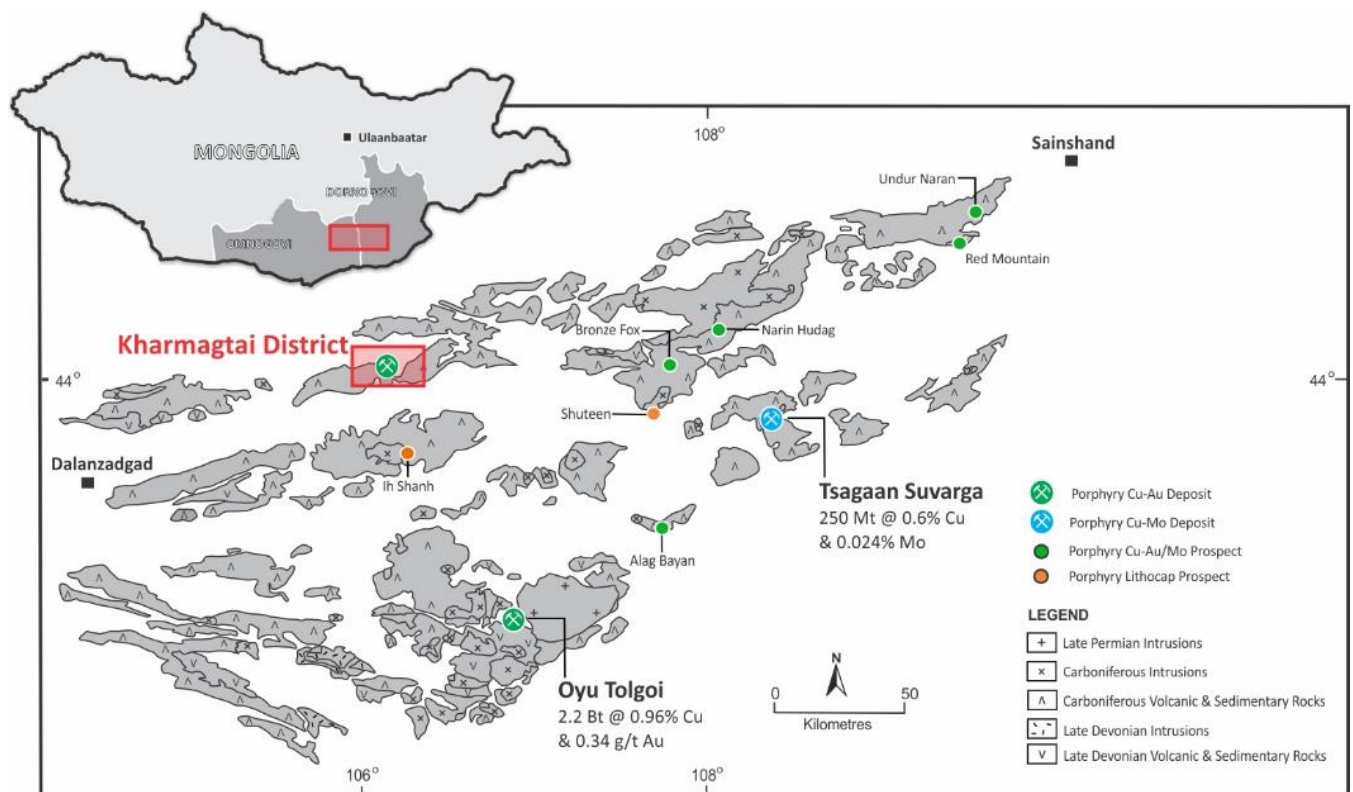
FIGURE 1: Location of the Kharmagtai Project in the South Gobi porphyry copper belt.
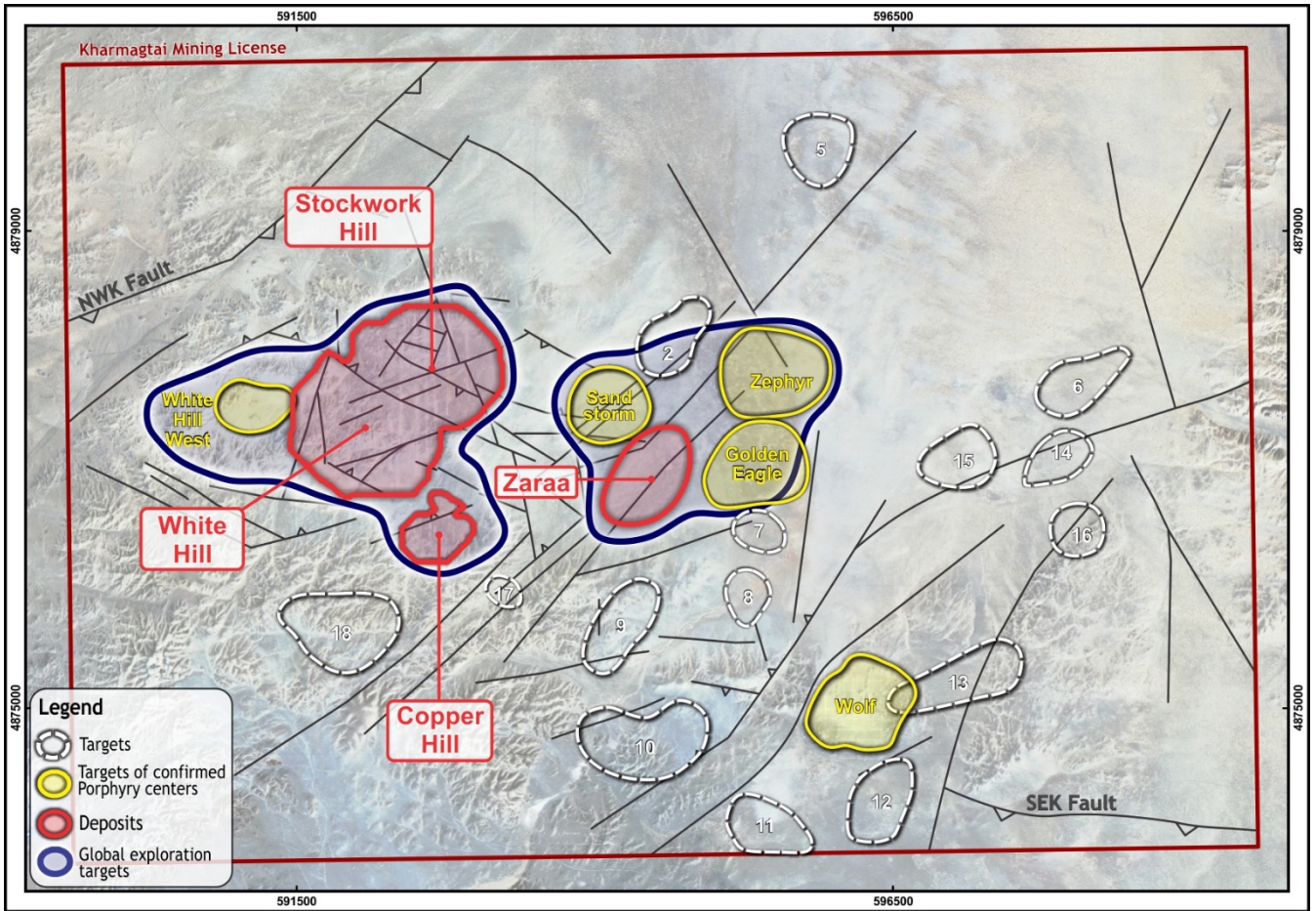
FIGURE 2: The Kharmagtai Mining Licence showing location of the Kharmagtai Deposits (Stockwork Hill, White Hill, Copper Hill) and areas covered within the Global Exploration Target.
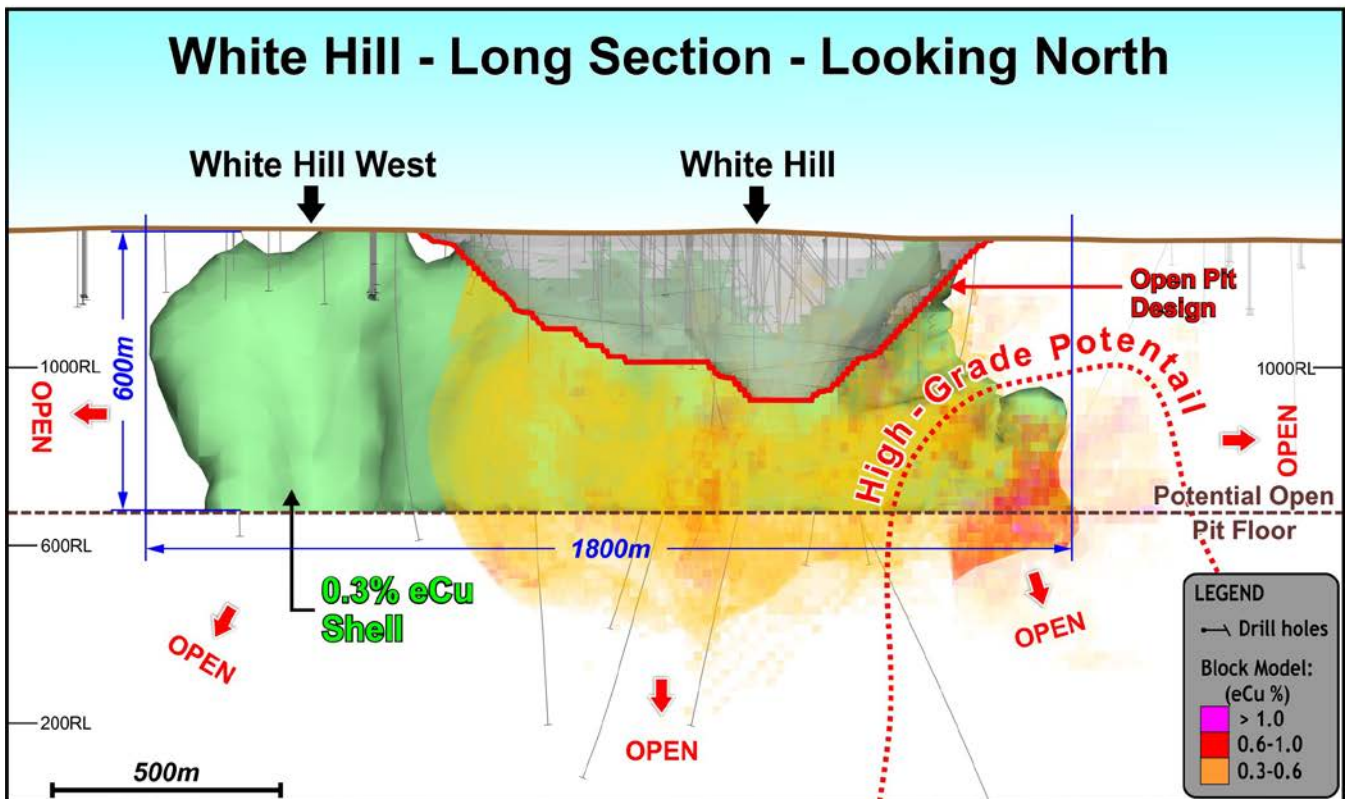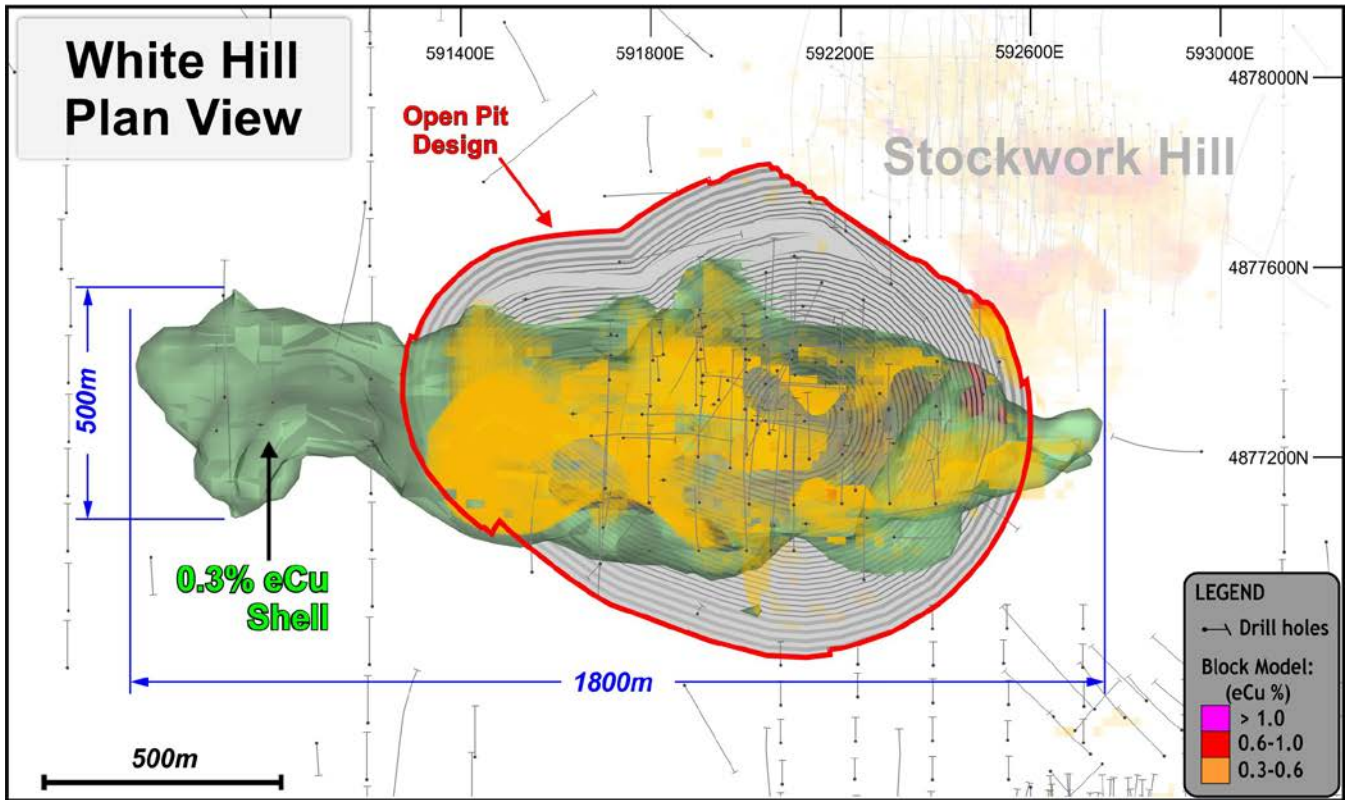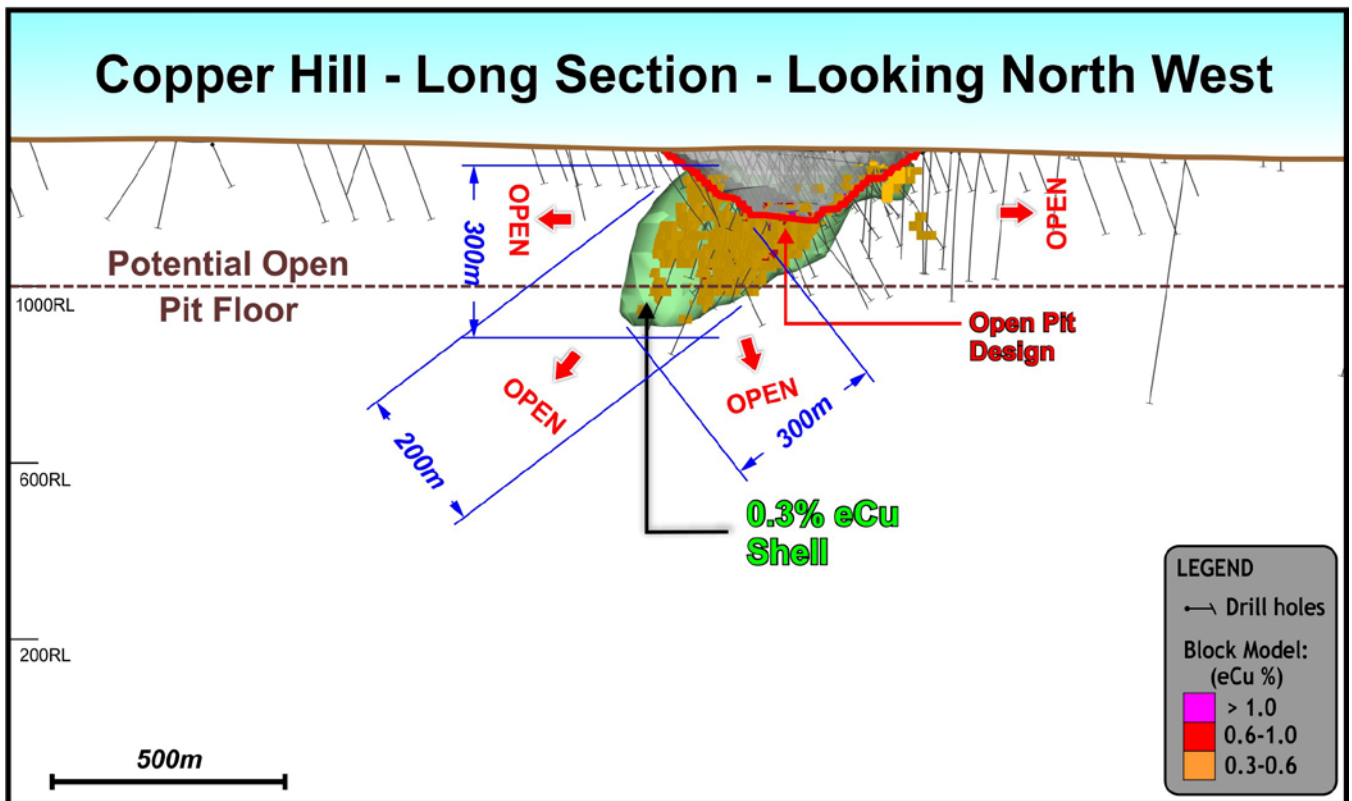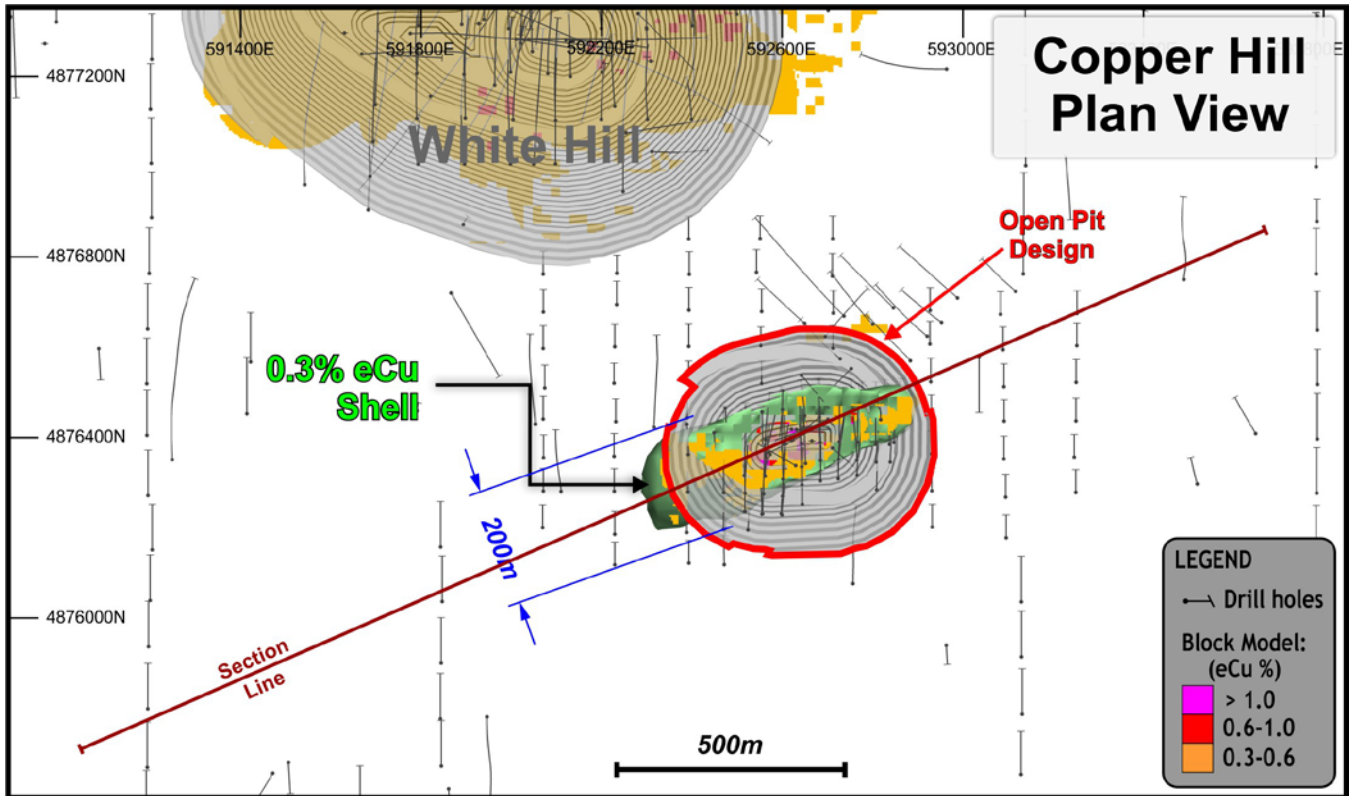
FIGURE 3: Plan and long section of White Hill showing drilling, 2018 Mineral Resource Upgrade ultimate pit and block model outside what has been reported. Dimensions showing the exploration target for 0.3%eCu, Table one only uses a 500m height dimension (rather than the depicted 600m) to compensate for and remove the mineralisation reported within the current 2018 MRE.

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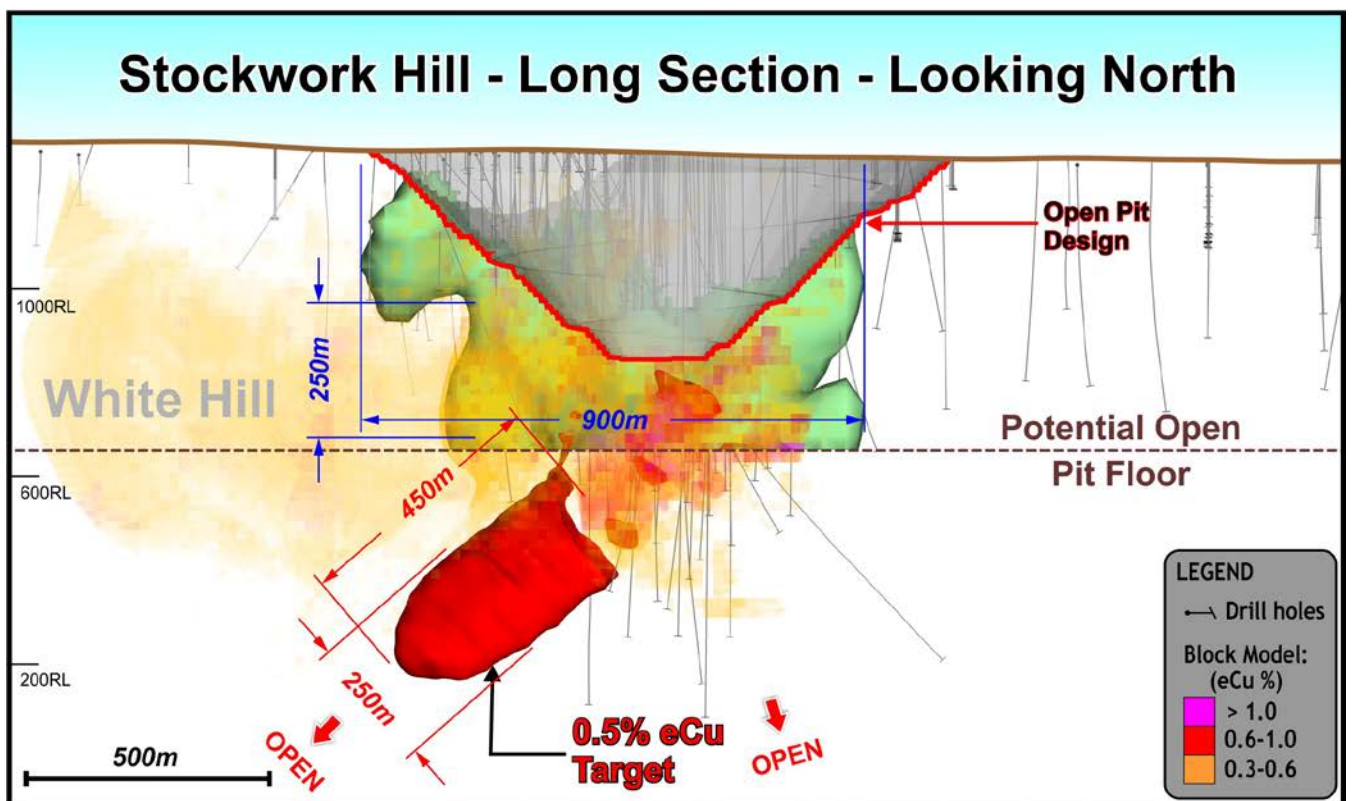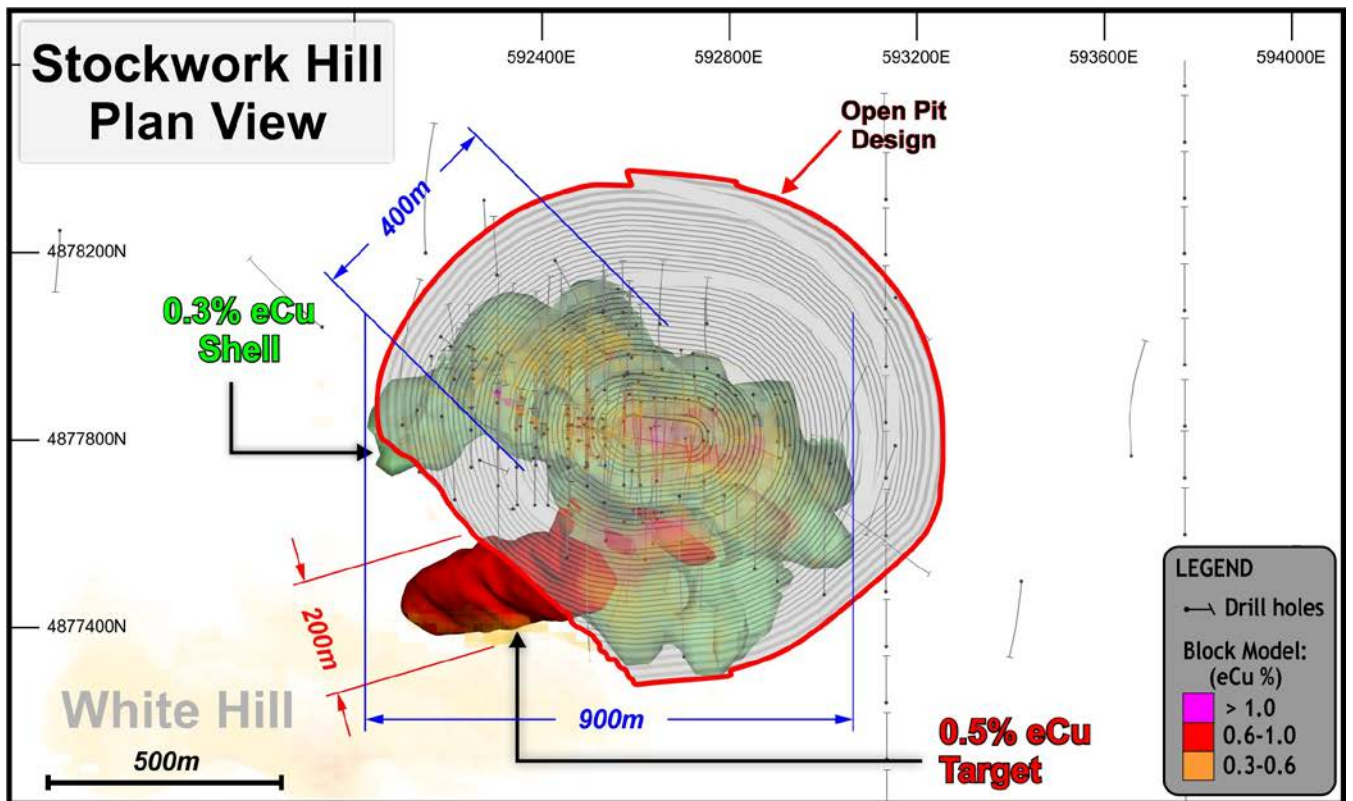
FIGURE 4: Long Section of Stockwork Hill showing 2018 Mineral Resource Upgrade ultimate pit and block model outside what was reported in the 2018 MRE. Dimensions showing the exploration target for 0.3%eCu and 0.5%eCu are shown with a floor at 600m to symbolise the potential depth of an open pit.

FIGURE 5: Plan and long section of Copper Hill showing 2018 Mineral Resource Upgrade ultimate pit and block model outside what was reported in the 2018 MRE. Dimensions showing the exploration target for 0.3%eCu are shown with a floor at 300m to symbolise the potential depth of an open pit. There is significant potential for repeated high-grade zones at depth down plunge of Copper Hill and drilling for this is included in the exploration plan.

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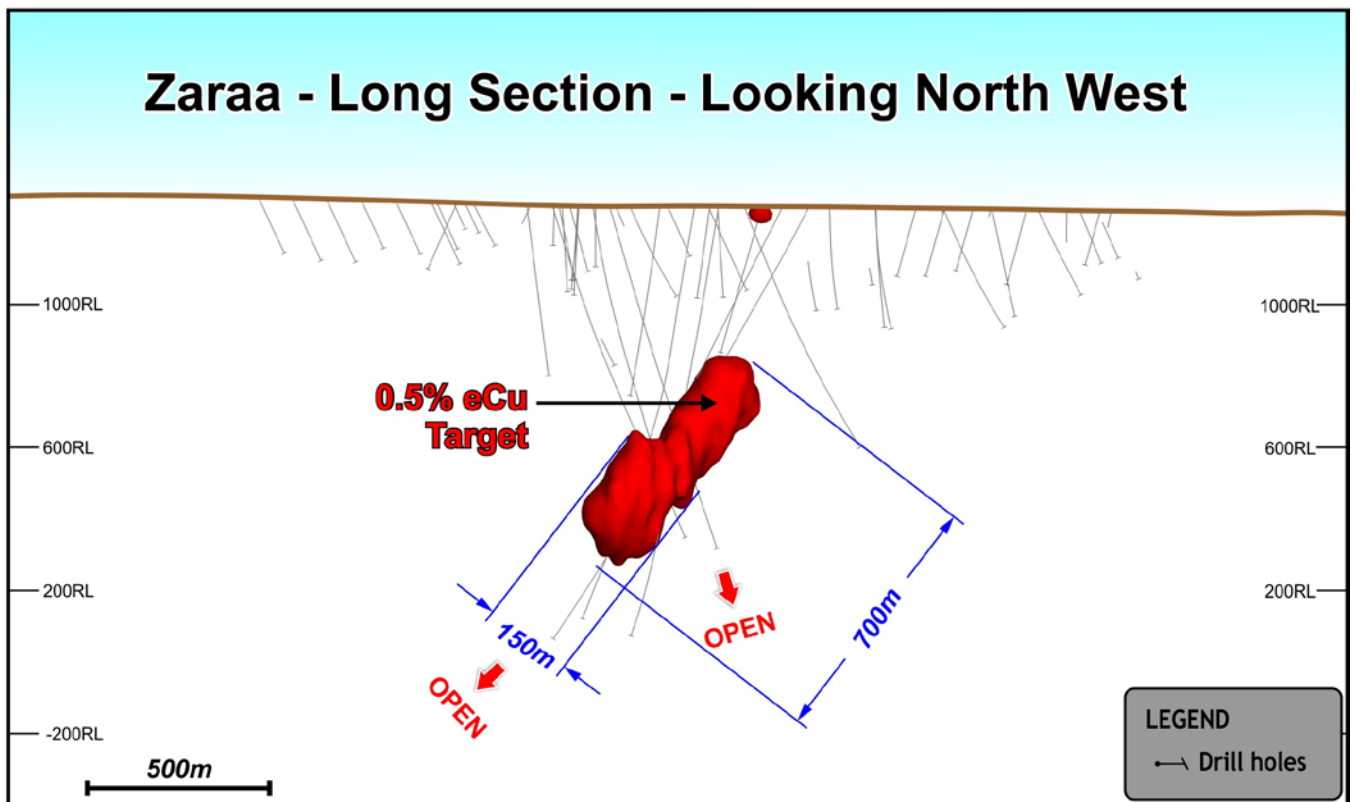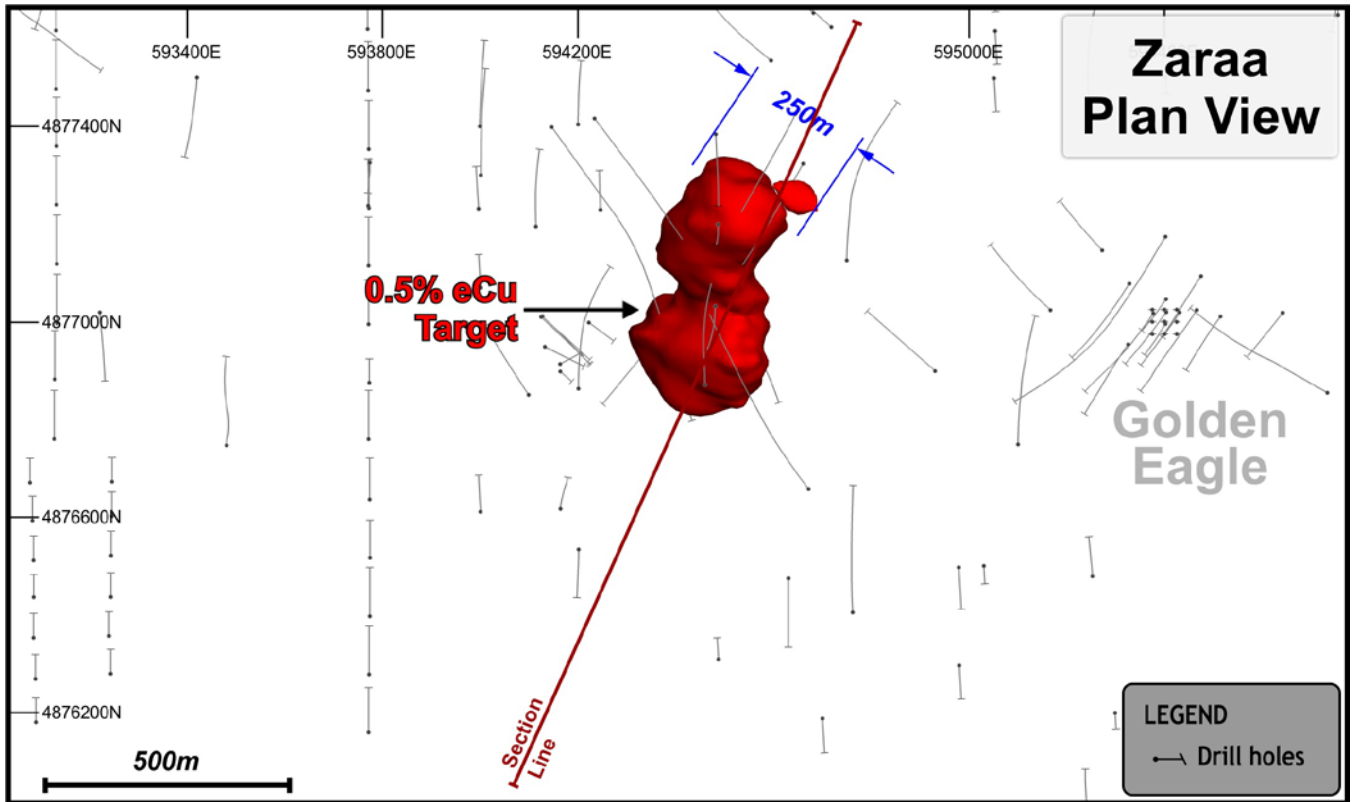
FIGURE 6: Plan and long section of Zaraa showing drilling and dimensions of Exploration Target.
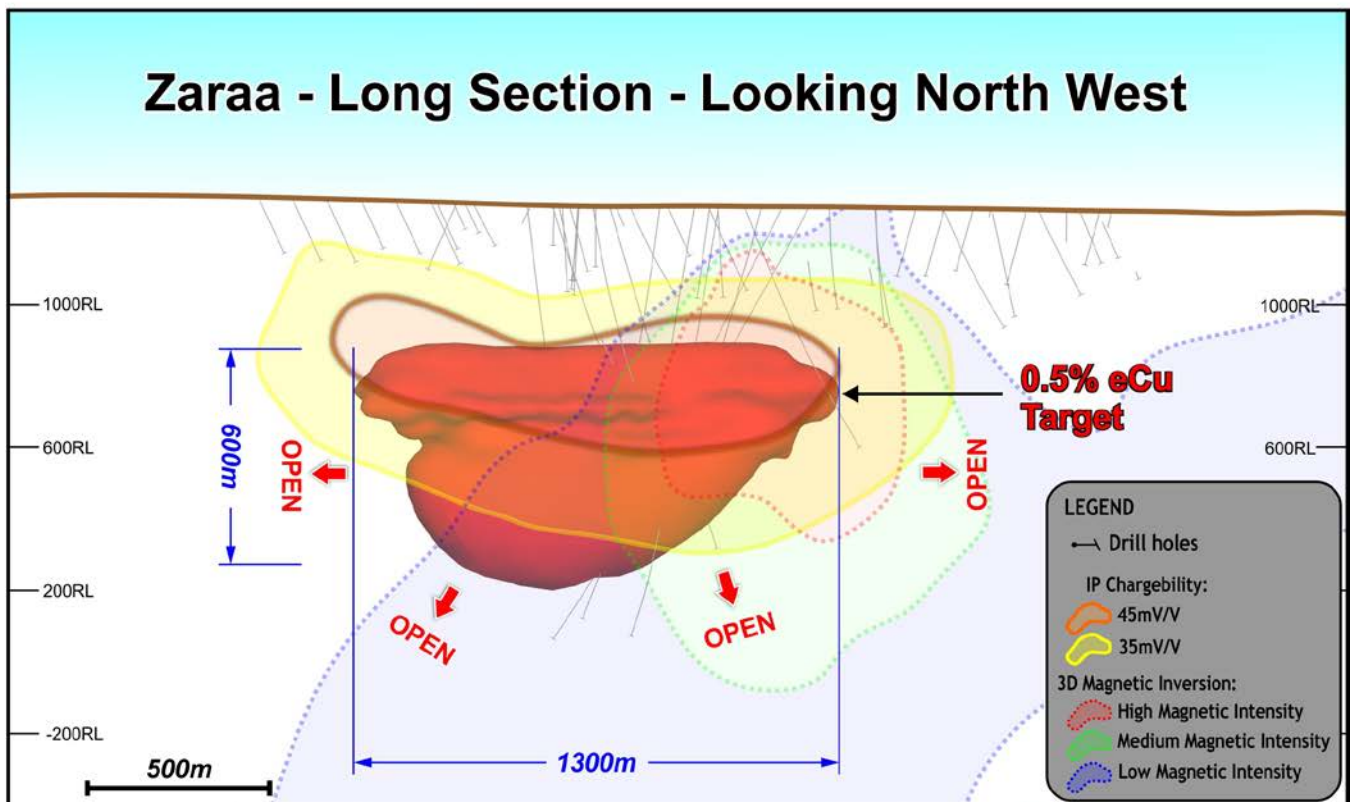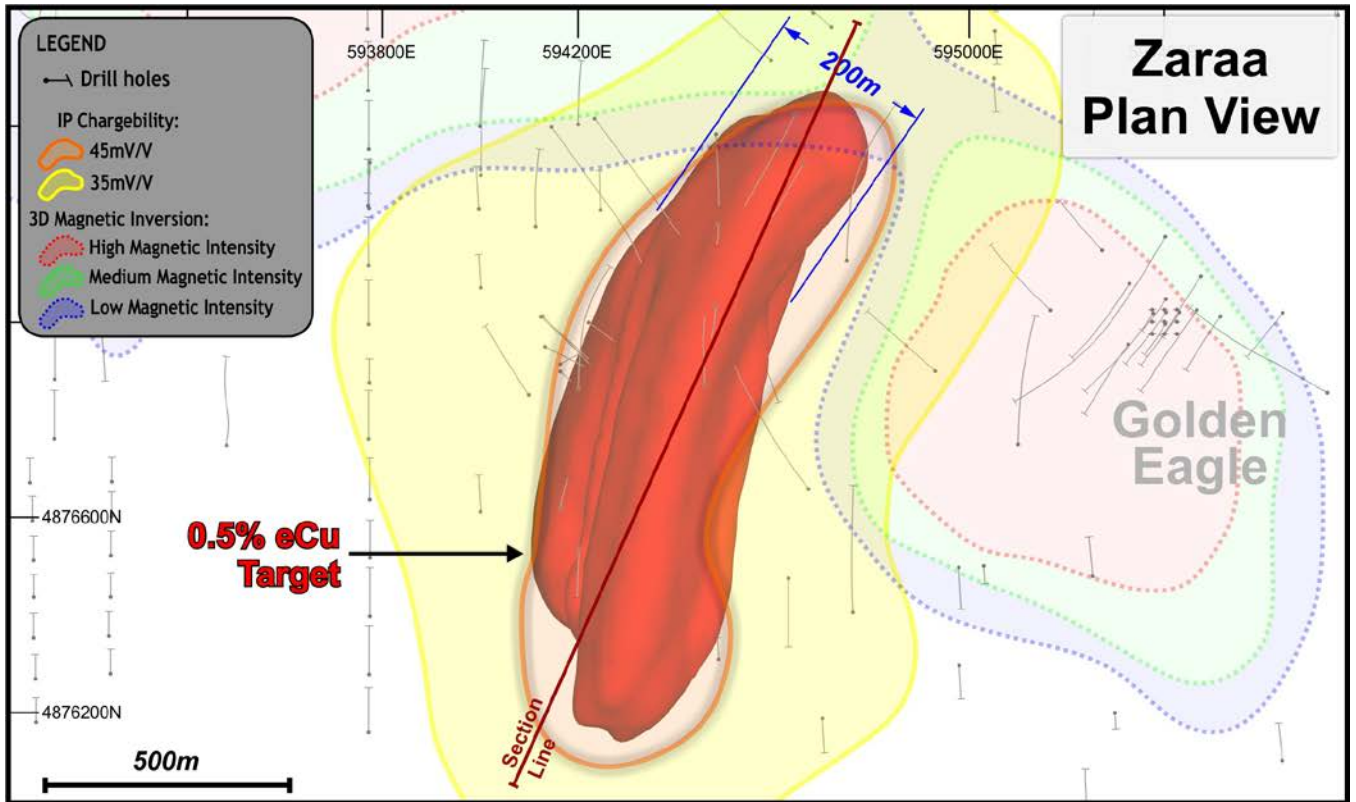
Figure 7: Plan and section of Zaraa showing extended Exploration Target based off drilling and geophysics
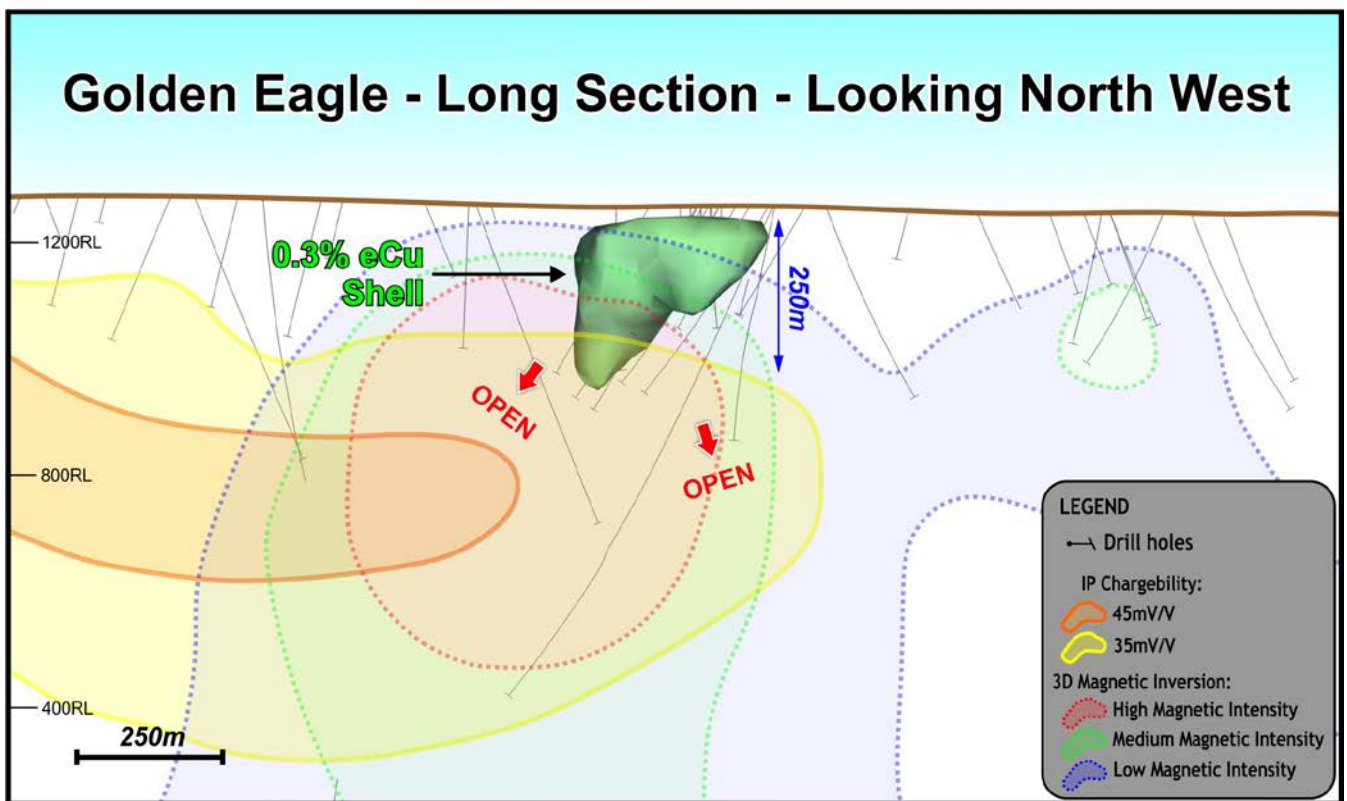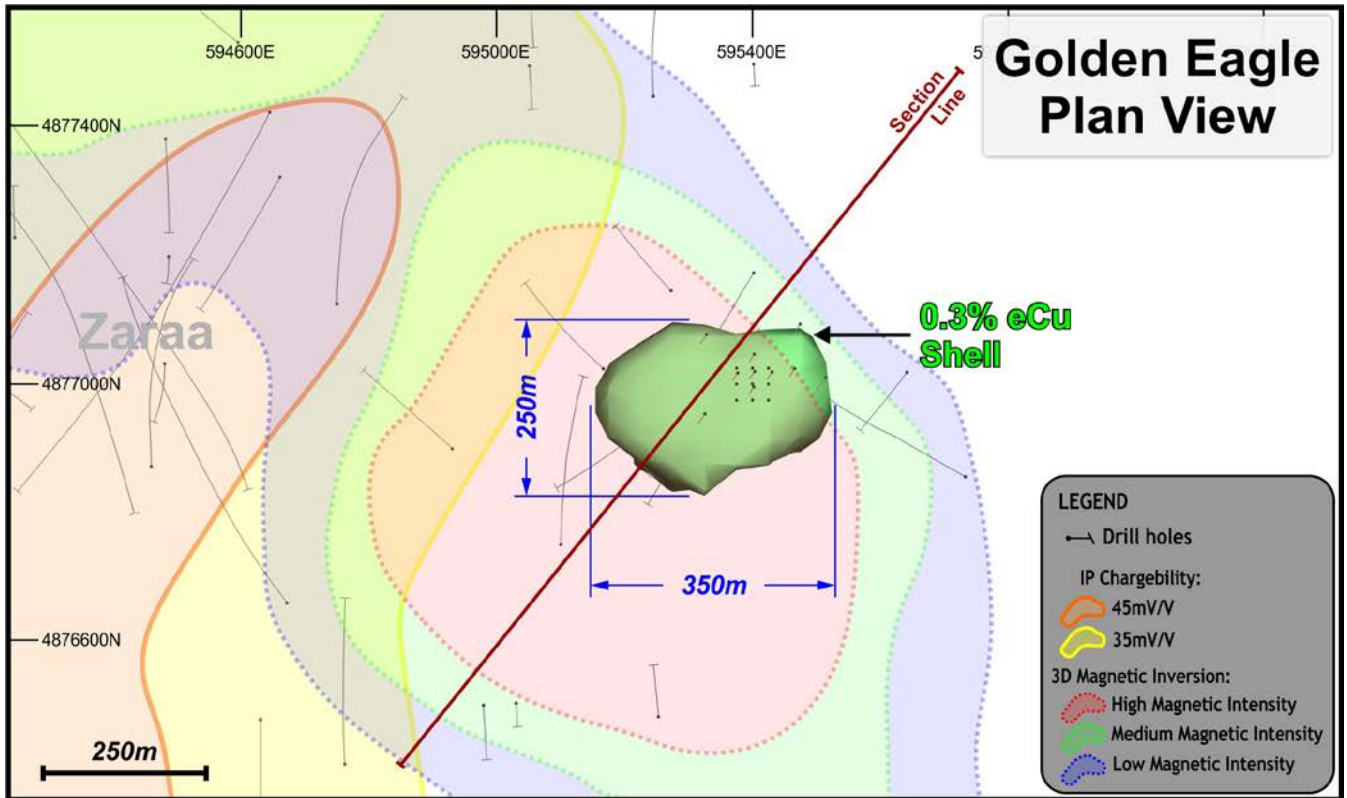
FIGURE 8: Plan and long section of Golden Eagle showing drilling, exploration target, inverted 3DIP and VRMI data and 0.3eCu boundary based off drilling.
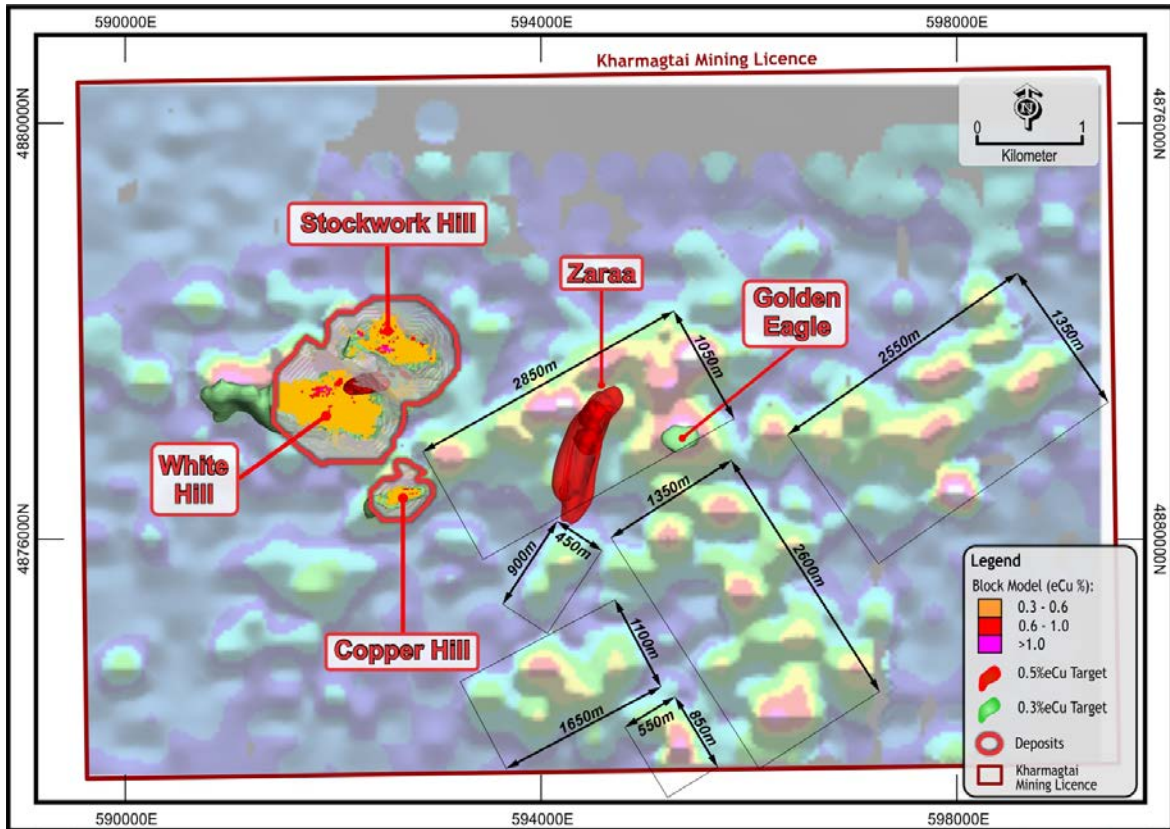
FIGURE 9: Geochemical anomalism (eCu) across the Kharmagtai Lease. The undercover initiative geochemistry program initiated in 2016 is still being followed up on. There remains a significant surface area of geochemical anomalism that required additional exploration for shallower resources within the Kharmagtai Lease.
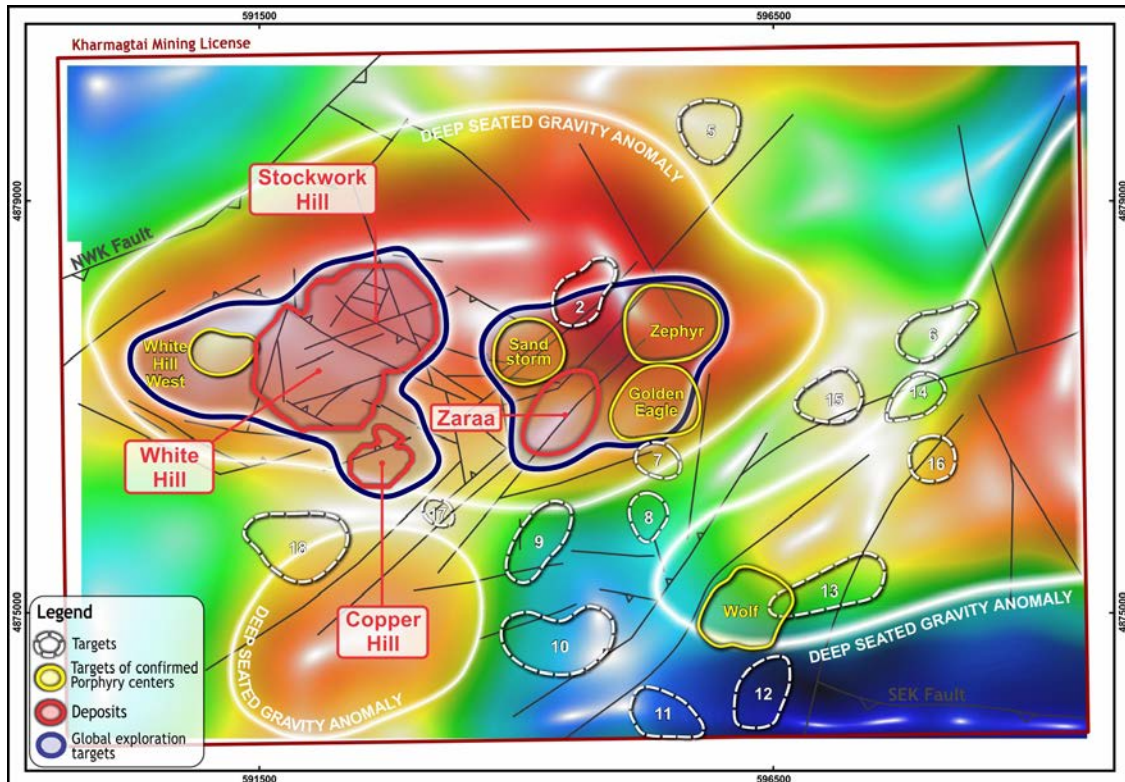
FIGURE 10: Bougier gravity anomaly beneath Kharmagtai is suggestive of a very large staging chamber beneath the known mineralisaiton
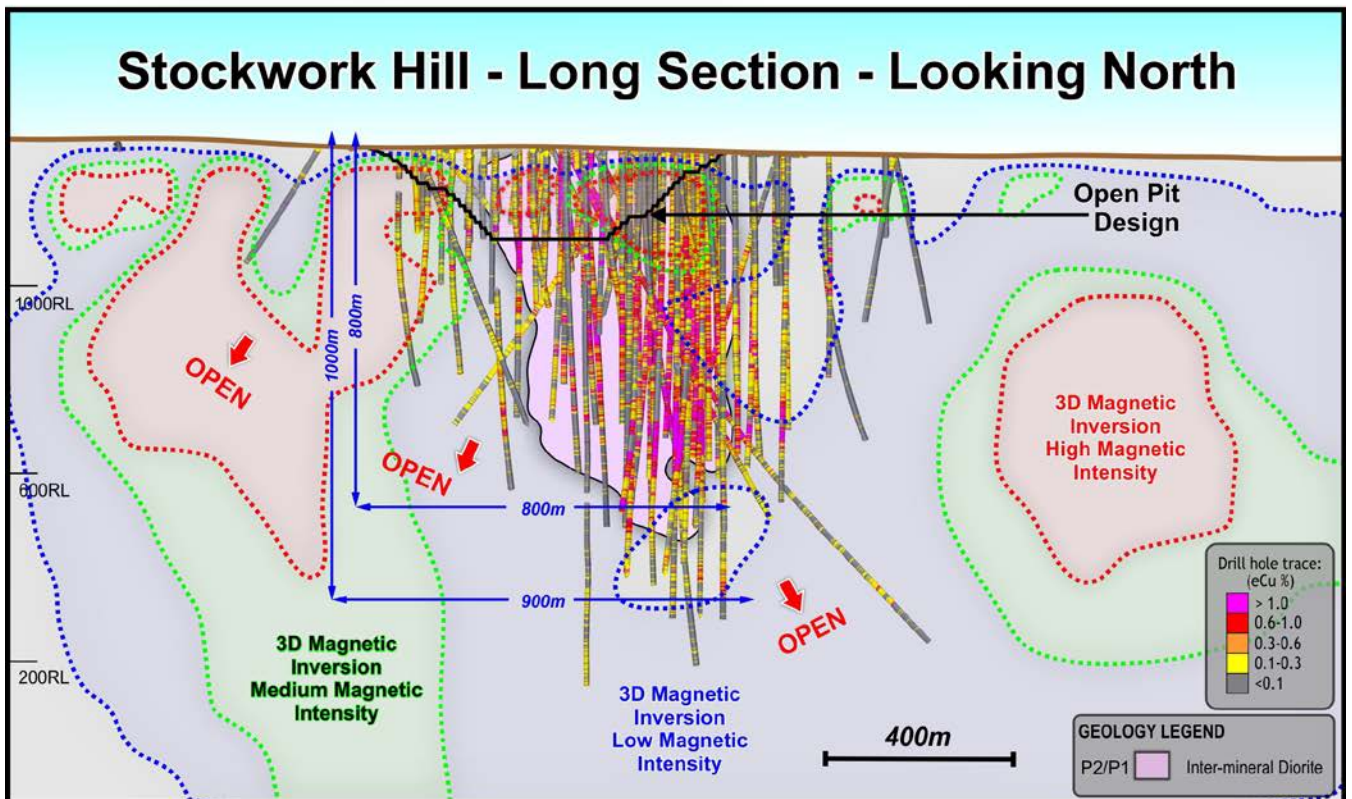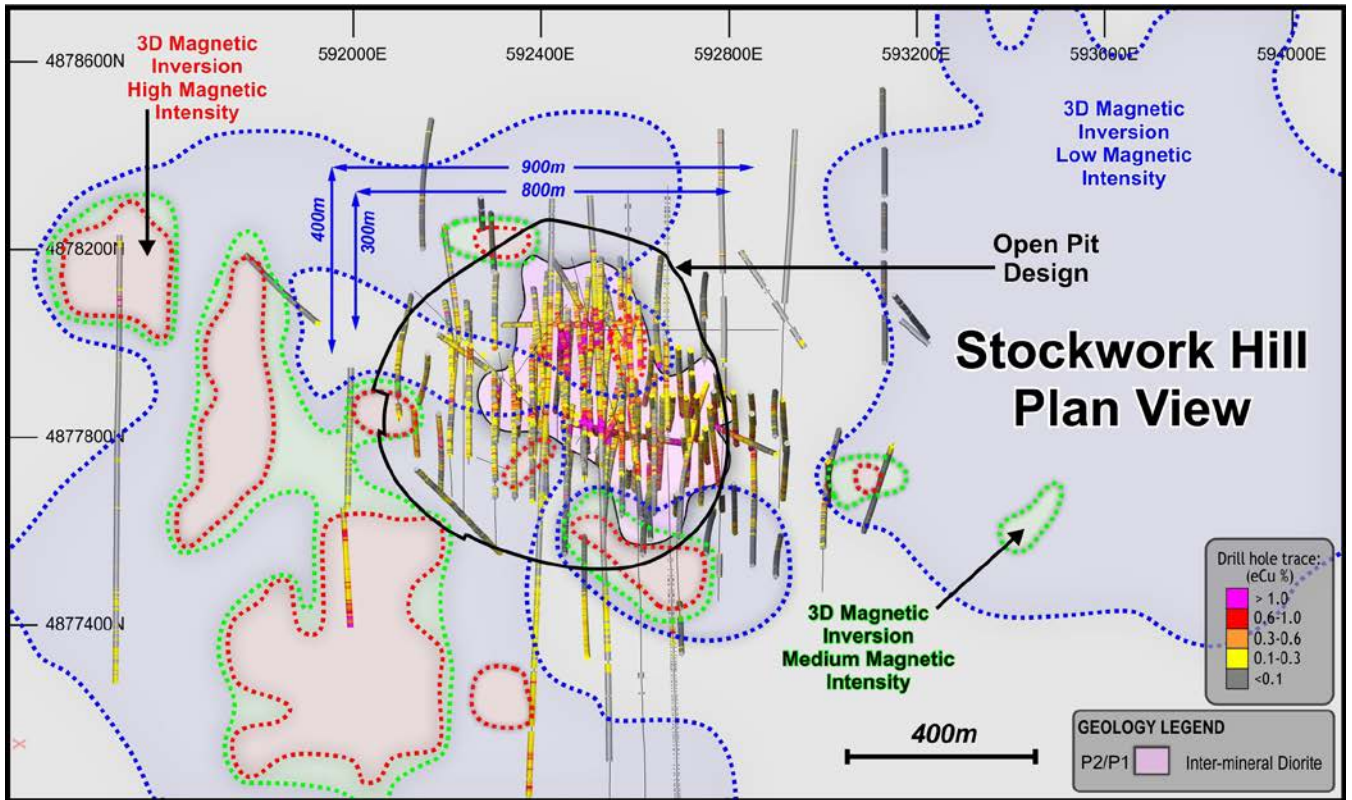
Figure 11: Plan and long section through Stockwork Hill showing high magnetic zones which may represent repeated zones of untested stockwork mineralisation.
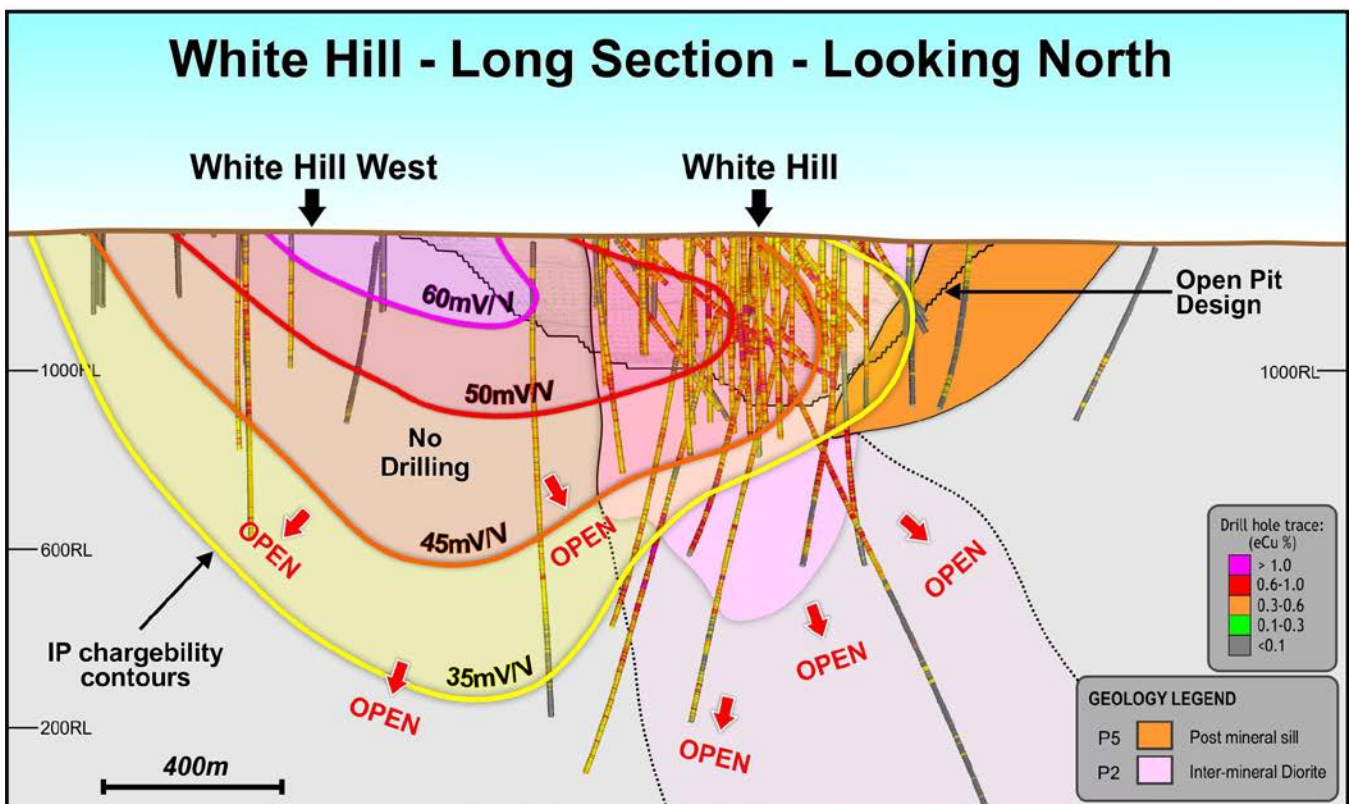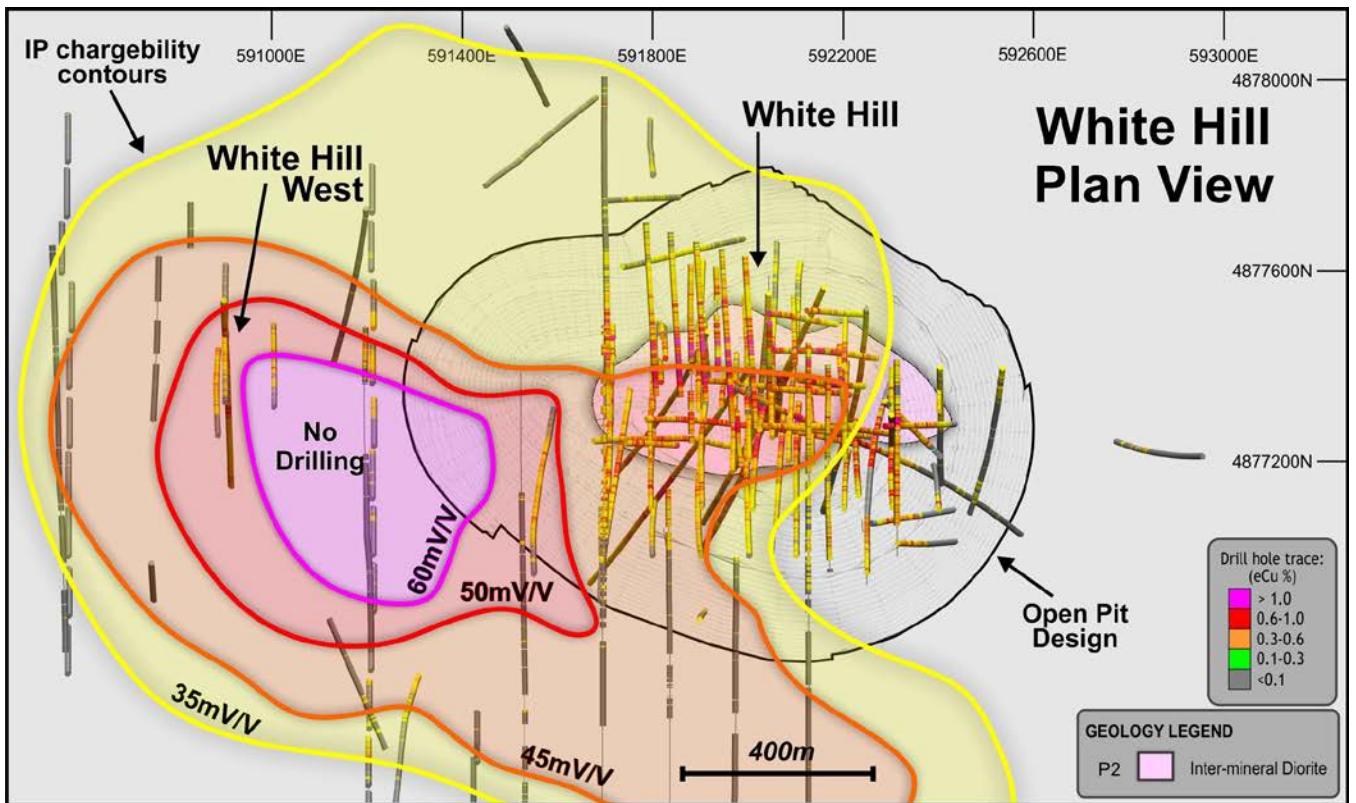
Figure 12: Plan and long section through White Hill showing large IP anomaly associated with the western extensions to the deposit. IP anomalies normally form above the zones of higher-grade mineralisation within porphyry deposits suggesting potential significant extensions to White Hill.
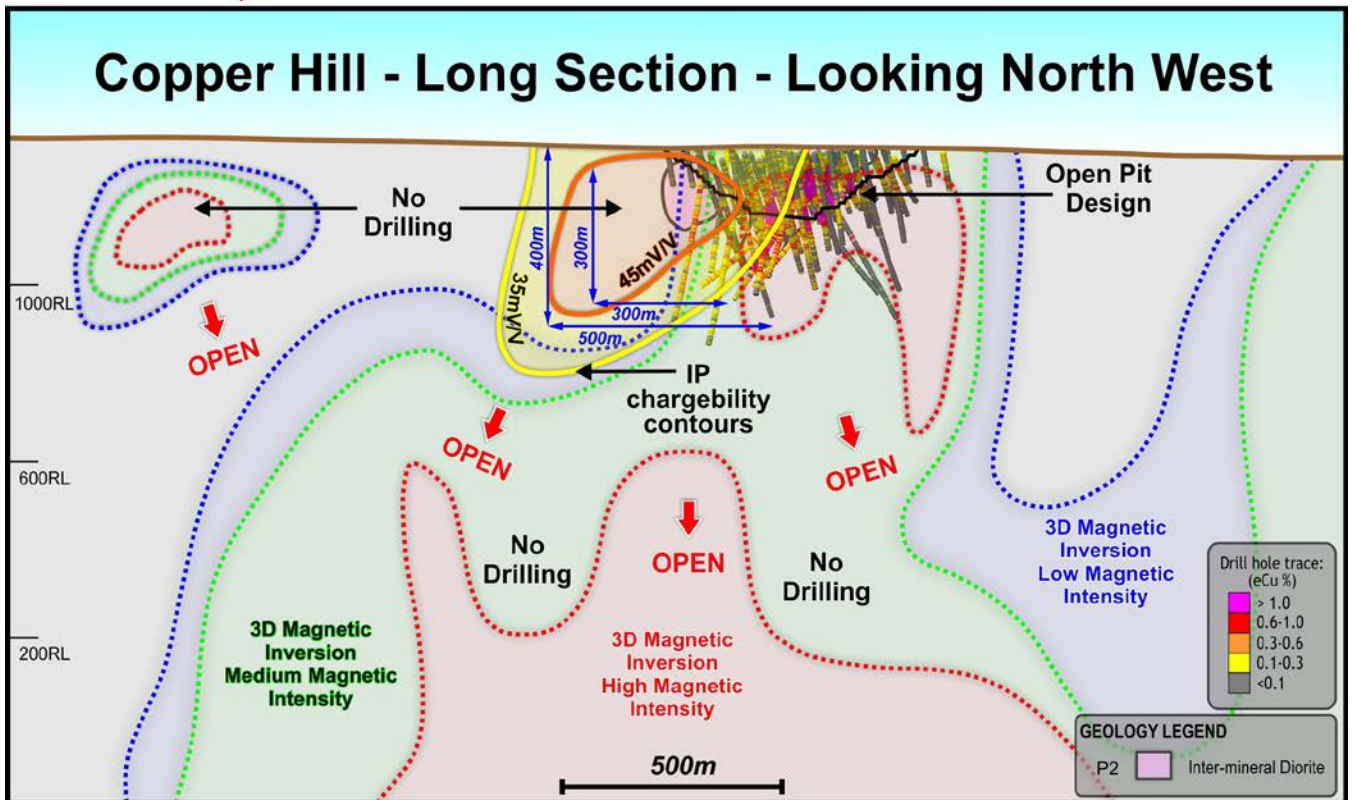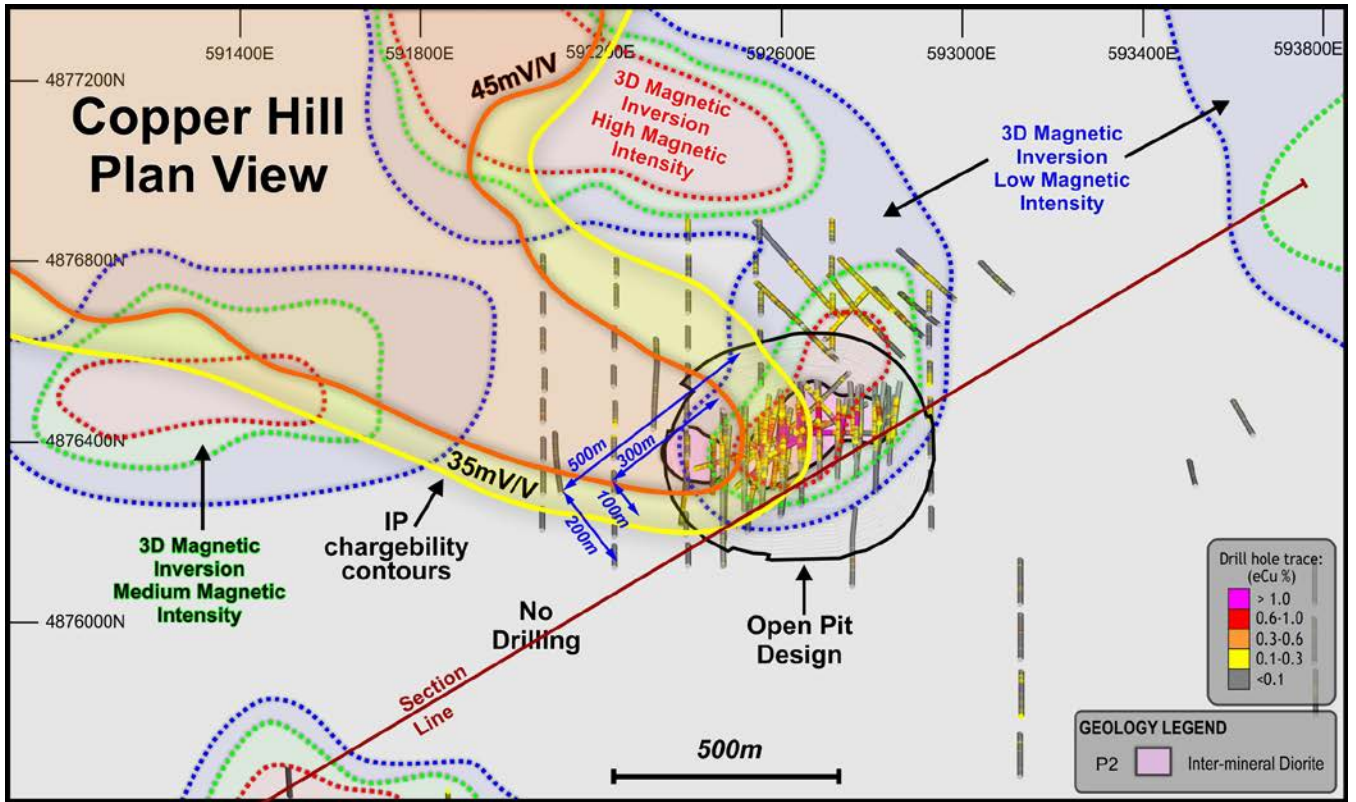
Figure 13: Plan and long section of Copper Hill showing deep high magnetic bodies which may represent repeat zones of high-density stock working below the main deposit. An IP chargeable high lies directly above this zone.
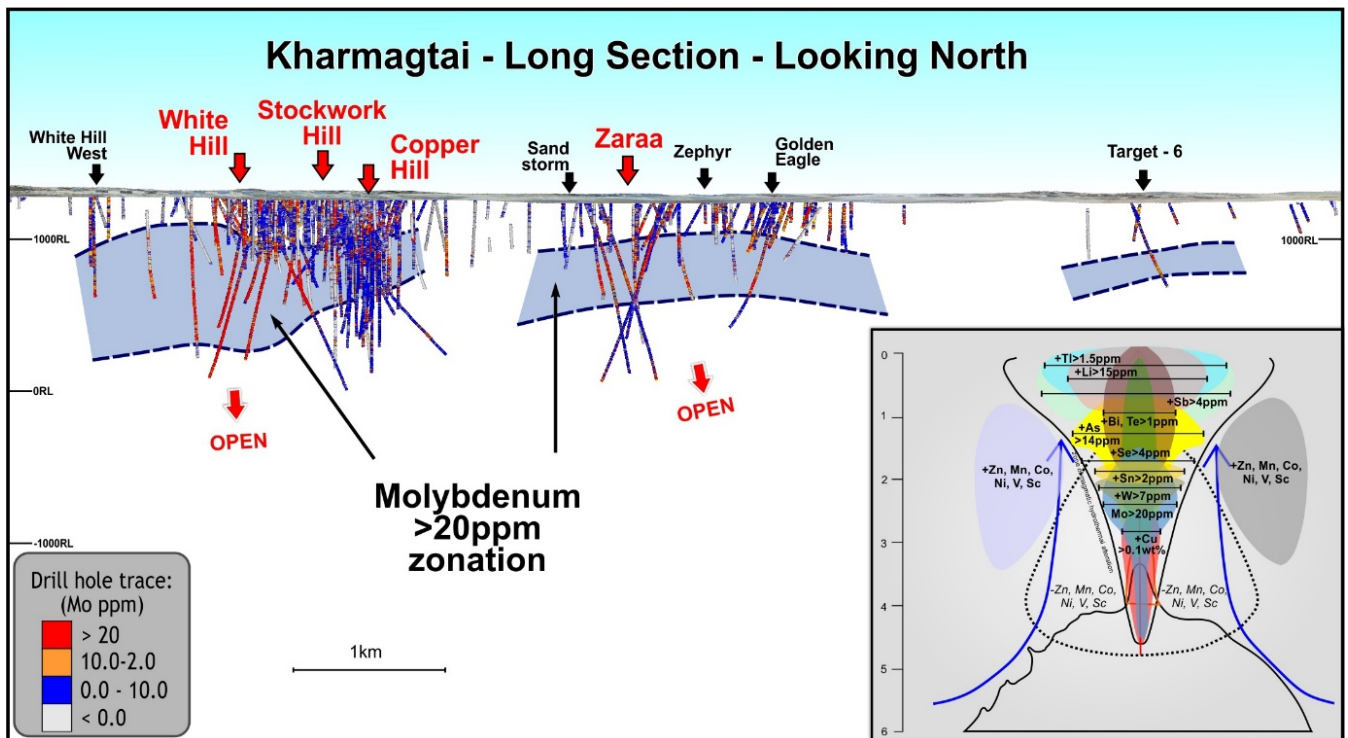
Figure 14: The molybdenum geochemistry across the lease highlights a second system, a large copper gold system stacked beneath the existing deposits. At Stockwork Hill the molybdenum signature has been destroyed by the overprinting tourmaline breccia. Elsewhere it is well preserved across the entire lease.

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 (eCu) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage with a metallurgical recovery factor applied. The copper equivalent calculation used is based off the eCu calculation defined by CSA in the 2018 Mineral Resource Upgrade.

Copper equivalent (eCu) grade values were calculated using the following formula:

$eCu = Cu + Au * 0.62097 * 0.8235$,

Where:

- Cu   -   copper grade (%)
- Au   -   gold grade (g/t)
- 0.62097   -   conversion factor (gold to copper)
- 0.8235   -   relative recovery of gold to copper (82.35%).

The copper equivalent formula was based on the following parameters (prices are in USD):

- Copper price   -   3.1 $/lb (or 6834 $/t)

- Gold price   -   1320 $/oz

- Copper recovery   -   85%

- Gold recovery   -   70%

    Relative recovery of gold to copper = 70% / 85% = 82.35%.

CAUTIONARY STATEMENTS REGUARDING EXPLORATION TARGETS

The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2004). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve and previously reported areas of Mineral Resource have been extracted from the Exploration Target.

For further information, please contact:

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APPENDIX 1: KHARMAGTAI TABLE 1 (JORC 2012)

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

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 31 July 2018.

1.2   JORC TABLE 1 - SECTION 1 - SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to 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.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• The resource estimate is based on diamond drill core samples, RC chip samples and channel samples from surface trenches. • Representative ½ core samples were split from PQ, HQ & NQ diameter diamond drill core on site using rock saws, on a routine 2m sample interval that also honours lithological/intrusive contacts. • The orientation of the cut line is controlled using the core orientation line ensuring uniformity of core splitting wherever the core has been successfully oriented. • Sample intervals are defined and subsequently checked by geologists, and sample tags are attached (stapled) to the plastic core trays for every sample interval. • RC chip samples are ¼ splits from one meter intervals using a 75%:25% riffle splitter to obtain a 3kg sample • RC samples are uniform 2m samples formed from the combination of two ¼ split 1m samples.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The Mineral Resource estimation has been based upon diamond drilling of PQ, HQ and NQ diameters with both standard and triple tube core recovery configurations, RC drilling and surface trenching with channel sampling. • All drill core drilled by Xanadu has been oriented using the "Reflex Ace" tool.
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.*	• Diamond drill core recoveries were assessed using the standard industry (best) practice which involves: removing the core from core trays; reassembling multiple core runs in a v-rail; measuring core lengths with a tape measure, assessing recovery against core

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Criteria	JORC Code explanation	Commentary
	• *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.*	block depth measurements and recording any measured core loss for each core run. • Diamond core recoveries average 97% through mineralization. • Overall, core quality is good, with minimal core loss. Where there is localized faulting and or fracturing core recoveries decrease, however, this is a very small percentage of the mineralized intersections. • RC recoveries are measured using whole weight of each 1m intercept measured before splitting • Analysis of recovery results vs grade shows no significant trends that might indicate sampling bias introduced by variable recovery in fault/fracture zones.
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.*	• All drill core is geologically logged by well-trained geologists using a modified "Anaconda-style" logging system methodology. The Anaconda method of logging and mapping is specifically designed for porphyry Cu-Au mineral systems and is entirely appropriate to support Mineral Resource Estimation, mining and metallurgical studies. • Logging of lithology, alteration and mineralogy is intrinsically qualitative in nature. However, the logging is subsequently supported by 4 Acid ICP-MS (48 element) geochemistry and SWIR spectral mineralogy (facilitating semi-quantitative/calculated mineralogical, lithological and alteration classification) which is integrated with the logging to improve cross section interpretation and 3D geological model development. • Drill core is also systematically logged for both geotechnical features and geological structures. Where drill core has been successfully oriented, the orientation of structures and geotechnical features are also routinely measured. • Both wet and dry core photos are taken after core has been logged and marked-up but before drill core has been cut.
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*	• All drill core samples are ½ core splits from either PQ, HQ or NQ diameter cores. A routine 2m sample interval is used, but this is varied locally to honour lithological/intrusive contacts. The minimum allowed sample length is 30cm. • Core is appropriately split (onsite) using

Criteria	JORC Code explanation	Commentary
	and appropriateness of the sample preparation technique. • *Quality control procedures adopted for all sub-sampling stages to maximise 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.*	diamond core saws with the cut line routinely located relative to the core orientation line (where present) to provide consistency of sample split selection. • The diamond saws are regularly flushed with water to minimize potential contamination. • A field duplicate ¼ core sample is collected every 30th sample to ensure the "representivity of the in situ material collected". The performance of these field duplicates are routinely analysed as part of Xanadu's sample QC process. • 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 75% passing 2mm, split to 1kg, pulverised to 85% passing 200 mesh (75 microns) and split to 150g sample pulp. • ALS Mongolia Geochemistry labs quality management system is certified to ISO 9001:2008. • The sample support (sub-sample mass and comminution) is appropriate for the grainsize and Cu-Au distribution of the porphyry Cu-Au mineralization and associated host rocks.
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 also submitted to ALS Mongolia for the 48 element package ME-ICP61 using a four acid digest (considered to be an effective total digest for the elements relevant to the MRE). Where copper is over-range (>1% Cu), it is analysed by a second analytical technique (Cu-OG62), which has a higher upper detection limit (UDL) of 5% copper. • Quality assurance has been managed by insertion of appropriate Standards (1:30 samples – suitable Ore Research Pty Ltd certified standards), Blanks (1:30 samples), Duplicates (1:30 samples – ¼ core duplicate)

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Criteria	JORC Code explanation	Commentary
		• by XAM. • 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 QC procedures, as well as coarse and pulp blanks, and certified matrix matched copper-gold standards. • QC monitoring is an active and ongoing processes on batch by batch basis by which unacceptable results are re-assayed as soon as practicable. • Prior to 2014: 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) at SGS Mongolia. Samples were 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 was over-range (>1% Cu), it was analysed by a second analytical technique (AAS22S), which has a higher upper detection limit (UDL) of 5% copper. Gold analysis method was essentially unchanged.
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 XAM's Geobank data base. • The data is managed by XAM geologists. • The data base and geological interpretation is managed by XAM. • Check assays are submitted to an umpire lab (SGS Mongolia) for duplicate analysis. • No twinned drill holes exist. • There have been no adjustments to any of the assay data.
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. • The grid system used for the project is UTM WGS-84 Zone 48N • Historically, Eastman Kodak and Flexit electronic multi-shot downhole survey tools have been used at Kharmagtai to collect down hole azimuth and inclination information for the majority of the diamond drill holes. Single shots were typically taken every 30m to 50m during

Criteria	JORC Code explanation	Commentary
		the drilling process, and a multi-shot survey with readings every 3-5m are conducted at the completion of the drill hole. As these tools rely on the earth's magnetic field to measure azimuth, there is some localised interference/inaccuracy introduced by the presence of magnetite in some parts of the Kharmagtai mineral system. The extent of this interference cannot be quantified on a reading-by-reading basis. • More recently (since September 2017), a north-seeking gyro has been employed by the drilling crews on site (rented and operated by the drilling contractor), providing accurate downhole orientation measurements unaffected by magnetic effects. Xanadu have a permanent calibration station setup for the gyro tool, which is routinely calibrated every 2 weeks (calibration records are maintained and were sighted) • The project DTM is based on 1 m contours from satellite imagery with an accuracy of ±0.1 m.
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 porphyry Cu-Au, tourmaline breccia and epithermal target types. • Holes have been drilled to a maximum of 1,300m vertical depth. • The data spacing and distribution is sufficient to establish geological and grade continuity, and to support the Mineral Resource classification.
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*	• Drilling is conducted in a predominantly regular grid to allow unbiased interpretation and targeting. • Scissor drilling, as well as some vertical and oblique drilling, has been used in key mineralised zones to achieve unbiased sampling of interpreted structures and mineralised zones, and in particular to assist in constraining the geometry of the mineralised

Criteria	JORC Code explanation	Commentary
	material.	hydrothermal tourmaline-sulphide breccia domains.
Sample security	• *The measures taken to ensure sample security.*	• Samples are delivered from the drill rig to the core shed twice daily and are never left unattended at the rig. • Samples are dispatched from site in locked boxes transported on XAM company vehicles to ALS lab in Ulaanbaatar. • Sample shipment receipt is signed off at the Laboratory with additional email confirmation of receipt. • 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 are undertaken on a regular basis, to ensure industry best practice is employed at all times. • External reviews and audits have been conducted by the following groups: • 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 to an appropriate standard. • 2013: Mining Associates Ltd. was engaged to conduct an Independent Technical Report to review drilling, sampling techniques and QAQC. Methods were found to conform to international best practice. • 2018: CSA Global reviewed the entire drilling, logging, sampling, sample shipping and laboratory processes during the competent persons site visit for the 2018 MRe, and found the systems and adherence to protocols to be to an appropriate standard.

1.3 JORC TABLE 1 - SECTION 2 - REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code 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*	• The Project comprises 1 Mining Licence (MV-17387A). • The Kharmagtai mining license MV-17387A is 100% owned by Oyut Ulaan LLC. Xanadu has an 85% interest in Mongol Metals LLC, which has 90% interest in Oyut Ulaan LLC. The remaining 10% in Oyut Ulaan LLC is owned by Quincunx (BVI) Ltd ("Quincunx"). • The Mongolian Minerals Law (2006) and

Criteria	JORC Code explanation	Commentary
	time of reporting along with any known impediments to obtaining a licence to operate in the area.	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.*	• Detailed exploration was conducted by Quincunx Ltd, Ivanhoe Mines Ltd and Turquoise Hill Resources Ltd including extensive surface mapping, trenching, diamond drilling, surface geochemistry and geophysics.
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 prospects at Kharmagtai are atypical in that they are associated with intermediate intrusions of diorite to quartz diorite composition; however the deposits are significant in terms of gold:copper ratio, and similar to other 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:*
	  o *easting and northing of the drill hole collar*
	  o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  o *dip and azimuth of the hole*
	  o *down hole length and interception depth*
	  o *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*
		• Diamond holes, RC holes and trenches are the principal source of geological and grade data for the Project.
		
		See table below.
		
		• See figures in main report.

Timing	RC Holes	Metre	DDH Holes	Metre	RC & DDH	Metre	Trench	Metre
Drilling <2015	155	24553	252	88511	0	0	106	39774
Drilling >2015	68	13107	116	57876	22	5323	17	5618
Total	223	37660	368	146387	22	5323	123	45392

Criteria	JORC Code explanation	Commentary
	Competent Person should clearly explain why this is the case.	
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.*	• Weighted averages have not been used in this work • Some compositing has been used in this resource but with statistically relevant techniques that do not include internal dilution The copper equivalent (eCu) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage with a metallurgical recovery factor applied. The copper equivalent calculation used is based off the eCu calculation defined by CSA in the 2018 Mineral Resource Upgrade. Copper equivalent (CuEq or eCu) grade values were calculated using the following formula: eCu or CuEq = Cu + Au * 0.62097 * 0.8235, Where: Cu - copper grade (%) Au - gold grade (g/t) 0.62097- conversion factor (gold to copper) 0.8235 - relative recovery of gold to copper (82.35%) The copper equivalent formula was based on the following parameters (prices are in USD): • Copper price - 3.1 \$/lb (or 6834 \$/t) • Gold price - 1320 \$/oz • Copper recovery - 85% • Gold recovery - 70% Relative recovery of gold to copper = 70% / 85% = 82.35%.
Relationship between mineralisation widths and	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation*	• 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

Criteria	JORC Code explanation	Commentary
intercept lengths	*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 (e.g. 'down hole length, true width not known').*	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. See the company website for significant announcements and milestones. Work that has been done includes; relogging of core, structural studies, alteration studies, geotechnical studies and preliminary metallurgical test works. The project has been subject to various geophysical studies including aeromagnetic, radiometric surveys and electromagnetic surveys over discrete targets.
Further work	• *The nature and scale of planned further work (e.g. 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 is on-going.

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

Criteria	JORC Code 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.*	• The database is managed using Micromine Geobank software. Data is logged directly into an Excel spread sheet logging system with drop down field lists. Validation checks are written into the importing program

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Criteria	JORC Code explanation	Commentary
	• *Data validation procedures used.*	ensures all data is of high quality. Digital assay data is obtained from the Laboratory, QA/QC checked and imported. Geobank exported to CSV TEXT and imported directly to the Micromine software used for the MRE. • The combined database was provided for the MRE. • Validation of the data import include checks for the following: • Duplicate drill hole or trench names, • One or more drill hole collar or trench coordinates missing in the collar file, • FROM or TO missing or absent in the assay file, • FROM > TO in the assay file, • Sample intervals overlap in the assay file, • First sample is not equal to 0 m in the assay file, • First depth is not equal to 0 m in the survey file, • Several downhole survey records exist for the same depth, • Azimuth is not between 0 and 360° in the survey file, • Dip is not between 0 and 90° in the survey file, • Azimuth or dip is missing in survey file, • Total depth of the holes is less than the depth of the last sample, • Total length of trenches is less than the total length of all samples. • Negative sample grades. • No logical errors were identified in the analytical data.
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.*	• Warren Potma, an employee of CSA Global, visited the Kharmagtai project, located in Mongolia, over 4 days from 18th to 22nd September 2018. • The site visit was required for the purposes of inspection, ground truthing, review of activities, and collection of information and data.
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*	• Geological data has been collected in a consistent manner that has allowed the development of geological models to support the Mineral Resource estimate. Copper and gold mineralisation is controlled by porphyry phases, oxidation zone, level of veining, breccia, country rocks and barren dykes.

Criteria	JORC Code explanation	Commentary
	estimation. • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	Full geological models of all major geological formations were developed for each deposit, and the block models were domained accordingly. Domaining of the deposit mineralisation was based on the current understanding of the deposits' geology. All major geological formations were wireframed by Xanadu geologists using Leapfrog software, including porphyry phases, country rocks, barren dyke, base of oxidation surface and breccia bodies. All geological formations were domained by the level of development of stockwork - <0.5% veining, 0.5-1.5% veining and >1.5% veining. All provided wireframe models were imported into Micromine software and validated by CSA Global. • Geological interpretation and wireframing were based on sampling results of drill holes and trenches, which were logged at 2 m intervals (average). • No alternative interpretations were adopted. • Lithological logging was mainly used to interpret and to wireframe the geological formations. Geological logging of veining was used to wireframe the stockwork and breccia domains.
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.*	• Altan Tolgoi: The strike length of the mineralised zone is about 1,200 m. Width is up to 800 m, no plunging, traced down dip to 1,030 m. Mineralisation is outcropped at the surface. • Tsagaan Sudal: The strike length of the mineralised zone is about 1,200 m. Width is up to 730 m, no plunging, traced down dip to 1,080 m. Mineralisation is outcropped at the surface. • Zesen Uul: The strike length of the mineralised zone is about 630 m. Width is up to 150 m with apparent plunging to SW at about 40 degrees. traced down dip to 420 m dipping 70 degrees to SE. Mineralisation is outcropped at the surface.
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*	• The MRE is based on surface drilling and trenching results using Ordinary Kriging (OK) to inform 20 m x 20 m x 20 m blocks. The block model was constrained by wireframes modelled for the geological formations of the deposits and coded and domained by the

Criteria	JORC Code explanation	Commentary
	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 of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. 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.*	level of oxidation and level of veining. The OK interpolation was carried out separately for each geological domain of each deposit. Hard boundaries were used between the interpreted geological domains. The drill hole and trench data were composited to a target length of 2 m based on the length analysis of raw intercepts. Top-cuts were estimated separately for gold and coper grades for each modelled domain and applied to sampled intervals before length compositing. Interpolation parameters were as follows: • Previous JORC-compliant Mineral Resources were estimated by Mining Associates, and the estimate was available for review. • No current mining is occurring at the Kharmagtai project. • No by-products are assumed at this stage. Estimated molybdenum and silver grades appear to be sub-economic to extract at this stage of the project evaluation. • Sulphur grades were interpolated into the models to establish their potential affect to metallurgical processing. • The optimal parent cell size was selected in the course of block modelling. The linear parent cell dimensions along X- and Y-axes were 20 m x 20 m. The vertical parent cell dimension was 20 m. Block grades were interpolated using parent cell estimation. Nominal drill spacing was about 40 m x 40 m at the central parts of the deposits. • It was assumed that a 20 m x 20 m x 20 m parent cell approximately reflects SMU for large scale open pit mining. • No assumptions about correlation between variables were made. • Geological interpretation was based on the results of detailed geological logging, which resulted in the development of wireframe models for all major geological formations for each deposit, which control copper and gold mineralisation (country rocks, porphyry phases, barren dyke. Logging of the level of veining and level of oxidation was used to

Criteria	JORC Code explanation	Commentary
		develop wireframe models for the stockwork development (<0.5% veining, 0.5-1.5% veining and >1.5% veining) and also for breccia pipe and surface for the base of oxidation surface. The wireframe models for stockwork, breccia and oxidation were used to sub-domain the main geological formations of each deposit. All wireframe models were developed by Xanadu geologists using Leapfrog software. • Top-cutting was applied separately for each geological domain and sub-domain based on the results of the classical statistical analysis. • Grade estimation was validated using visual inspection of interpolated block grades vs. sample data, alternative interpolation methods and swath plots.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Moisture was not considered in the density assignment and all tonnage estimates are based on dry tonnes.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• A cut-off grade of 0.3% CuEq was used to report the Mineral Resources for open pit mining within the limits of ultimate undiscounted pit shell, and a cut-off of 0.5% CuEq was used to report the Mineral Resources for underground mining below the ultimate undiscounted pit shell. The copper equivalent (eCu) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage with a metallurgical recovery factor applied. Copper equivalent (CuEq) grade values were calculated using the following formula: $CuEq = Cu + Au * 0.62097 * 0.8235,$ Where: Cu - copper grade (%) Au - gold grade (g/t) 0.62097- conversion factor (gold to copper) 0.8235 - relative recovery of gold to copper (82.35%)

Criteria	JORC Code explanation	Commentary
		The copper equivalent formula was based on the following parameters (prices are in USD):
		• Copper price - 3.1 $/lb (or 6834 $/t)
		• Gold price - 1320 $/oz
		• Copper recovery - 85%
		• Gold recovery - 70%
		Relative recovery of gold to copper = 70% / 85% = 82.35%.
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 and outside of an optimised ultimate 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. Metallurgical recoveries were used when copper equivalent grades were calculated in the model. The applied recoveries were 85% for copper and 70% for gold. Relative gold to copper recovery was 82%.
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.*	• 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

Criteria	JORC Code explanation	Commentary
	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.	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 4428 measurements for bulk density are recorded in the database, all of which were determined by the water immersion method. • The average density of all samples is approximately 2.75 t/m³. In detail there are some differences in density between different rock types. Therefore, since the model includes all major geological domains, density values were applied separately for each domain:

Deposit	Domain	Density, t/m3
TS	OXIDE ZONE	2.65
	CRD	2.76
	CRS	2.74
	P2	2.78
	P5	2.80
AT	Breccia	2.78
	OXIDE ZONE	2.65
	CR	2.73
	P1	2.78
	P2	2.78
	P3	2.77
	TAND	2.76
ZU	OXIDE ZONE	2.65
	CR	2.71
	P1	2.81
	P2	2.76
	P3	2.76

Criteria	JORC Code explanation	Commentary
		• Average bulk density values were applied for each geological domain, though there could be variations in density values due to presence of sulphides or level of alteration.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. 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).*	• The Mineral Resource has been classified based on the guidelines specified in the JORC Code. The classification level is based upon an assessment of geological understanding of the deposit, geological and mineralization continuity, drill hole spacing, QC results, search and interpolation parameters and an analysis of available density information. The following approach was adopted:

XANADU MINES

Criteria	JORC Code explanation	Commentary
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	o Measured Resources: Not reported. o Indicated Resources: It was decided that Indicated Mineral Resources be assigned to blocks which were explored with the drill density not exceeding approximately 65 m x 65 m with at least two mineralization intersections on exploration lines. Geological structures are relatively well understood and interpreted. o Inferred Resources: Inferred Mineral Resources are model blocks lying outside the Indicated wireframes, which still display reasonable strike continuity and down dip extension, based on the current drill hole and trench intersections. • Data quality, grade continuity, structural continuity and drill spacing were assessed by CSA Global to form an opinion regarding resource confidence. • The classification reflects the Competent Person's view of the deposit.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• The Mineral Resource block model was peer reviewed internally by a Principal Resource Geologist employed by CSA Global and the conclusion was made that the procedures used to estimate and classify the Mineral Resource are appropriate.
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*	• Industry standard modelling techniques were used, including but not limited to: – Classical statistical analysis, – Interpretation and wireframing of main geological formations, – Top-cutting and interval compositing, – Domaining of the model using level of logging veining, breccia and zone of oxidation, – Geostatistical analysis, – Block modelling and grade interpolation techniques, – Model classification, validation and reporting, The relative accuracy of the estimate is reflected in the classification of the deposit. • The estimate is related to the global estimate of the deposit suitable for subsequent PFS or further exploration at the deposit. • No historical production data is available for

Criteria	JORC Code explanation	Commentary
	procedures used. • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	comparison with the MRE. • The Mineral Resource accuracy is communicated through the classification assigned to various parts of the deposit.

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

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