Amended Quarterly Activities Report - 30 June 2020

29 July 2020

Xanadu Mines Ltd (**ASX: XAM | TSX:XAM)** (**Xanadu** or the **Company**) advises that the attached *Amended Quarterly Activities Report* for the quarter ended 30 June 2020, corrects a minor typographical error in the version lodged earlier today, whereby the Closing Cash Balance was incorrectly disclosed on pages 1 and 3 as $2.4 million instead of $2.9 million, consistent with the *Cash and cash equivalents at end of period* of $2.895 million, as disclosed in section 4.6 of the Appendix 5B lodged earlier today.

-ENDS-

For further information, please contact:

Andrew Stewart
Chief Executive Officer
M: +61 409 819 922
E: Andrew.stewart@xanadumines.com
W: www.xanadumines.com

Spencer Cole
Chief Financial Officer
M: +61 434 047 987
E: spencer.cole@xanadumines.com

This Announcement was authorised for release by Xanadu's Board of Directors.

XANADU MINES

QUARTERLY REPORT

for the three months ended 30 June 2020
(figures are unaudited and in A$ except where stated)

June 2020 Quarter Highlights

- The Corporate Strategy was updated and released to the market followed via webcast presentation.
- $1.12M raised from existing shareholders to fund exploration at Kharmagtai.
- Drilling at Kharmagtai (Zaraa) - Drill Hole KHDDH529 has returned 754m @ 0.23% Copper (**Cu**) and 0.21g/t Gold (**Au**) (0.34% Copper Equivalent (**eCu**)) from 298m; including 117m @ 0.43% Cu and 0.33g/t Au (0.59% eCu) from 661 metres (**m**); Based on partial assay results from first 1,052m. This result extends the higher grade zone and is open at depth.
- Exploration commenced at Red Mountain Joint Venture Project (**JV**) with successful completion of a geophysics program that generated encouraging results + drilling commenced.
- Executive Changes - Chief Operating Officer and Chief Financial Officer.
- Board Changes - Resignation of Noble Resources International Pte. Ltd's (**Noble**) representative, Stephen Motteram.
- Quarterly Closing Cash Balance $2.9M.

Xanadu Mines Ltd (ASX:XAM | TSX:XAM) (**Xanadu** or the **Company**) is pleased to provide shareholders with an update on exploration and associated activities undertaken during the quarter ended 30 June 2020.

Chief Executive Officer, Dr Andrew Stewart, said, *"The June quarter has been transformative for Xanadu. We've refined our corporate strategy, restructured our executive team to deliver that strategy, and now we're executing on our plan. Exploration is now underway at both Kharmagtai and our Red Mountain JV, and the Company is well positioned to deliver our plan and realise the potential of our portfolio. I look forward to discussing this further with our shareholders at our virtual Annual General Meeting (**AGM**) on 30 July 2020."*

Kharmagtai Copper-Gold Project

Exploration during the quarter consisted of drilling three diamond drill holes for a total of approximately 2,600m, targeting extensions to higher-grade mineralisation at the Stockwork Hill and Zaraa prospects. A geophysical survey was conducted over Copper Hill deposit using controlled source audio-magnetotellurics, a geophysical method that maps the flow of electricity through the earth's crust. Two targets from this survey are currently being drilled (**Figure 1**).

ZARAA DRILLING

A single diamond drill hole was completed at Zaraa targeting the up and down dip extensions of mineralisation (**Figures 1 and 2**) following detailed 3D geological, geochemical, and geophysical modelling. Drill Hole KHDDH529 encountered contiguous mineralisation from 298m and remained in mineralisation until 1,325m when the depth capacity of the drill rig was reached. Assay results have been returned for the first 1,052m of the drill hole and a partial intercept has been generated. Final results are expected within the next two weeks.

KHDDH529 has returned 754m @ 0.23% Cu and 0.21g/t Au (0.34% eCu) from 298m (open at depth) **including 117m @ 0.43% Cu and 0.33g/t Au (0.59% eCu) from 661m**

Mineralised tourmaline breccia was encountered below the porphyry mineralisation, (**Figure 3**) suggesting that Zaraa has strong similarities to Stockwork Hill, opening potential for a significant body of higher-grade tourmaline breccia mineralisation beneath and along strike of the known porphyry stockwork.

The current 3D geological interpretations of Zaraa suggest mineralisation is hosted within a sub-vertical dyke like body starting around 250m depth and extending to well below 1,300m vertical depth. However, the existing drilling has only tested approximately 200m of strike of this body, where geophysical signatures suggest mineralisation may be open for over 1 kilometre (**km**) of strike extent (**Figure 4**). Follow up drilling has been planned to begin testing the extent of Zaraa to the northeast and southwest.

EXTENDING THE HIGHER-GRADE TOURMALINE BRECCIA AT STOCKWORK HILL

As previously reported, drilling along strike of Stockwork Hill in March identified higher-grade tourmaline breccia mineralisation well east of Stockwork Hill. Follow up drilling to this was planned to define the 1 to 2km strike length of the target tourmaline breccia to understand the mineral zonation and provide vectors for further drill targeting.

Two diamond drill holes were drilled as step outs along strike of Stockwork Hill (**Figures 1 and 5**). Both holes encountered broad zones of tourmaline breccia with pyrite-chlorite infill and minor chalcopyrite indicating they crossed the tourmaline breccia above the mineralised chalcopyrite zone. Assays have been returned for one of these holes (KHDDH528) with assays pending for KHDDH530.

GEOPHYSICAL SURVEY AT COPPER HILL

A Controlled Source Audio-Magnetotelluric (**CSAMT**) survey has been conducted over the Copper Hill deposit. CSAMT records conductivity, or the ability for electricity to pass through the earth's surface. High conductivity is sometimes indicative of sulphide mineralisation. The survey consisted of one line of CSAMT over the known mineralisation to confirm it is indeed conductive with four lines along strike from Copper Hill to identify potential extensions. This survey (**Figures 6 and 7**) has returned two significant targets for the down plunge extensions and an offset zone at Copper Hill. Two drill holes are currently being drilled and results from these will be released once they are complete.

Red Mountain Copper-Gold Project

During the quarter, Xanadu and Japan Oil, Gas and Metals National Corporation (**JOGMEC**) commenced exploration under the new exploration earn-in agreement over Xanadu's Red Mountain project. The exploration objective is discovery of a globally significant porphyry copper-gold discovery.

The key terms of the earn-in and joint venture agreement are as follows:

- JOGMEC may earn a 51% interest in the project by sole funding USD7.2 million of expenditure over four years;
- during the earn-in, Xanadu will be the Manager of the Project;
- upon JOGMEC completing the earn-in, a joint venture will be formed, and the parties must contribute funds based on their percentage interest to maintain their respective interests; and
- standard dilution clauses will apply to the parties' interests. Should a party's interest dilute to below 10%, it shall automatically convert to a net smelter royalty.

A significant exploration program commenced during the quarter. Phase one of this program consists of background geological mapping, a trial geophysics survey testing Pole-Dipole IP, Controlled Source Audio-magnetotellurics and Natural Source Audio-magnetotellurics. A single drill hole was collared during the quarter targeting anomalies defined by the trail geophysical survey. This drill hole encountered some low grade mineralisation related to faulting off the Diorite Deposit. Drilling is currently underway on other targets and will be reported in the September Quarter Report.

Corporate Activities

Xanadu updated its Corporate Strategy consistent with the following:

- Xanadu is an exploration company, focused in Mongolia, that discovers, defines, and grows globally significant copper gold porphyry deposits;
- Xanadu's primary focus is Kharmagtai exploration drill out to define a Tier 1 copper gold deposit; and
- Xanadu's second focus is the Red Mountain discovery exploration program

This revised strategy is outlined in greater detail in the Corporate Update Webcast presented on 10 June 2020 and in the Corporate Presentation released on 8 July 2020, both of which are available on Xanadu's website.

The Xanadu Executive team was restructured on 1 June 2020. Munkhsaikhan Dambiinyam, previously Chief Financial Officer (**CFO**) took on a newly created role of Chief Operating Officer (**COO**) to lead operational activities in Mongolia. Spencer Cole joined the team as the new CFO based in Australia.

On 30 June 2020, Noble's representative Mr Stephen Motteram resigned from the Board of Directors, resulting in a smaller Board with two Non-Executive and two Executive Directors.

Xanadu raised $1.12M to fund drilling at Kharmagtai via a placement of new shares at A$0.033 each (**Placement**). Bell Potter Securities Limited acted as Lead Manager and bookrunner to the Placement.

COVID-19 continues to be a significant impact on the mining industry however, Mongolia has experienced a relatively smaller impact due to Mongolia's sparse population and early closure of borders. Xanadu operations in Mongolia have been largely unaffected, with experienced in-country Executives and well trained Geology teams, working in coordination with the Chief Geologist and Chief Executive Officer (**CEO**) in Australia.

The Xanadu AGM will take place on 30 July 2020 and will be run as a virtual meeting. Meeting materials and instructions are available on the Xanadu website under Investor Centre > AGM Materials.

Financial

As at 30 June 2020, the Company had 825,174,855 fully paid ordinary shares.

As at 30 June 2020, the Company had A$2.9 million in cash.

About Xanadu Mines

Xanadu is an ASX and TSX listed exploration company that seeks to discover and define globally significant porphyry copper-gold assets in Mongolia. We give investors exposure to large scale copper-gold discoveries, and we create liquidity events for our shareholders at peak value points in the mining life cycle. Xanadu delivers this through a low cost of discovery, inventory growth, and by progressing projects from Discovery towards Pre-Feasibility.

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

Andrew Stewart
CEO
Xanadu Mines Ltd
Andrew.stewart@xanadumines.com
+61 409 819 922

This Announcement was authorised for release by Xanadu's Board of Directors.

APPENDIX 1: FIGURES AND TABLES

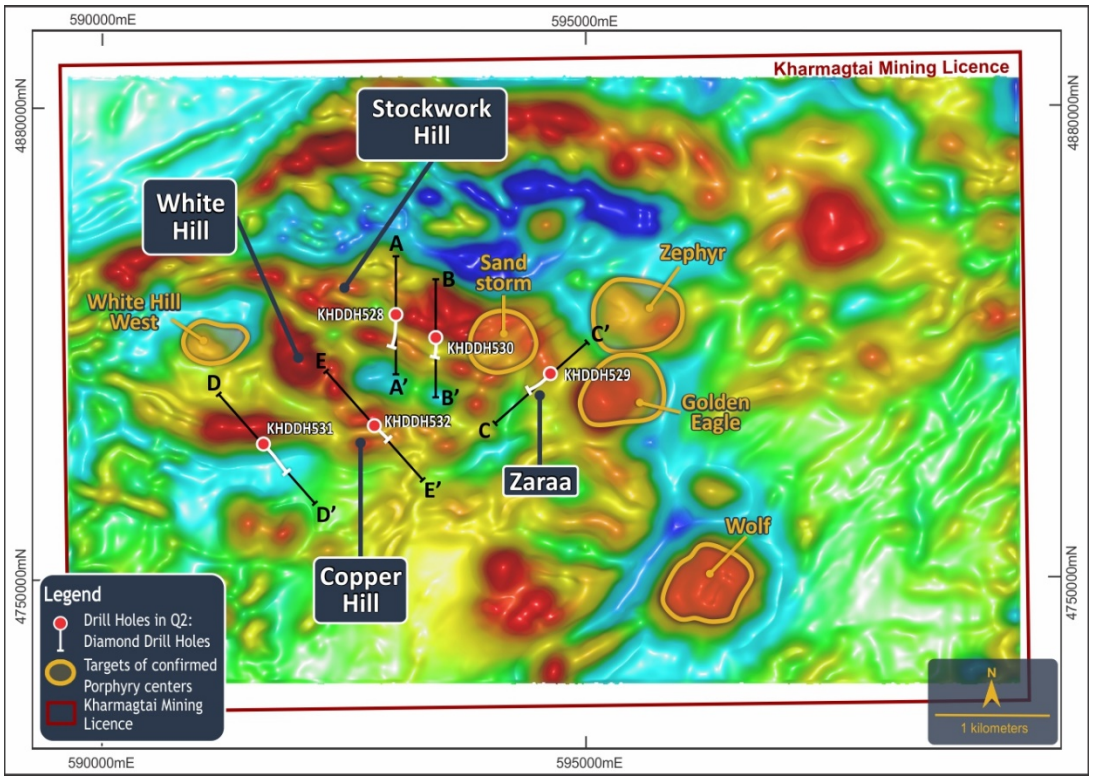

FIGURE 1: The Kharmagtai Mining Lease showing ground magnetics, deposit and prospect locations and the location of drilling conducted during Q2 2020.

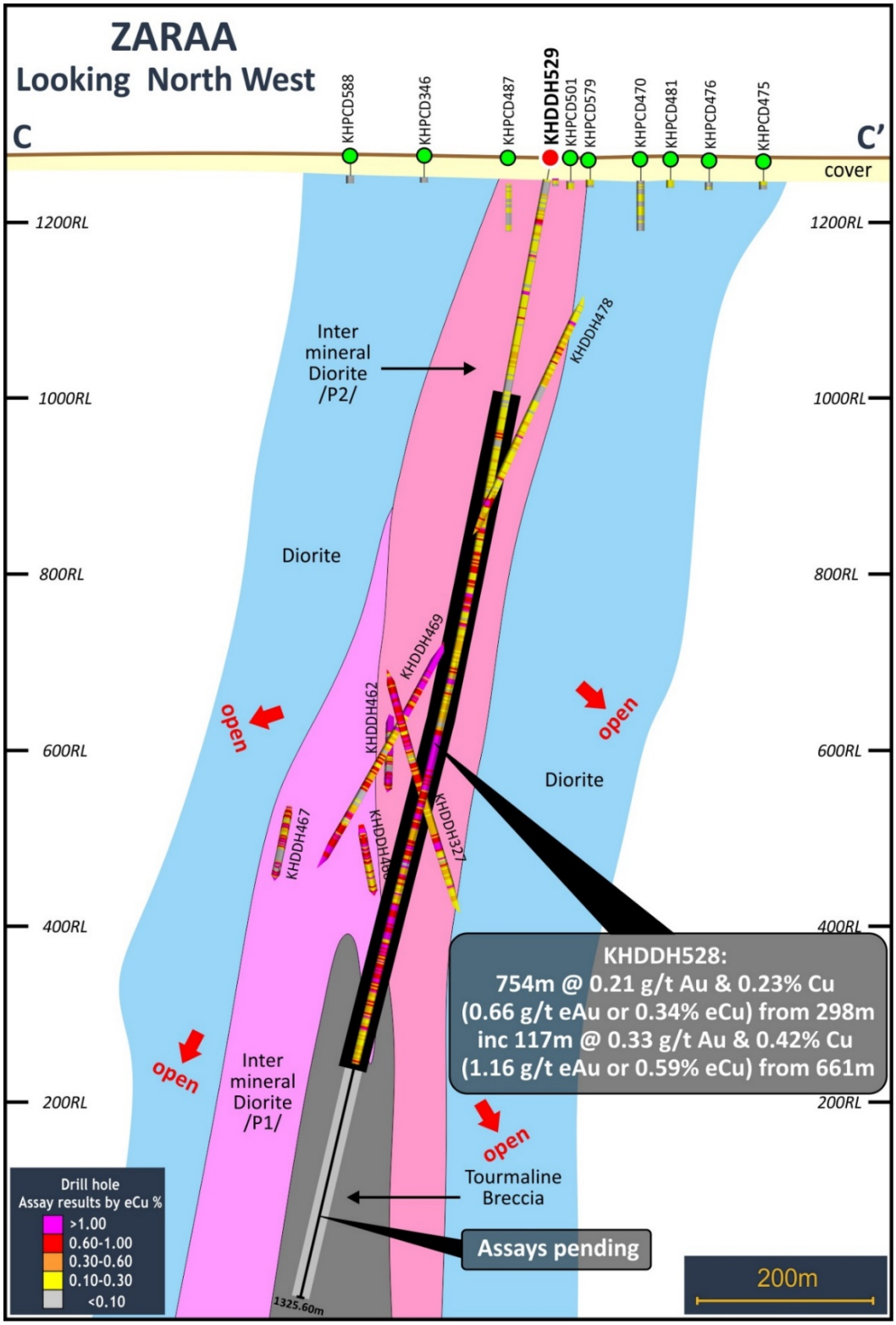

FIGURE 2: Cross Section through Zaraa showing drill hole KHDDH529 and geology. Note the large body of mineralised tourmaline breccia beneath the previous drilling suggesting Zaraa has strong similarities to Stockwork Hill.

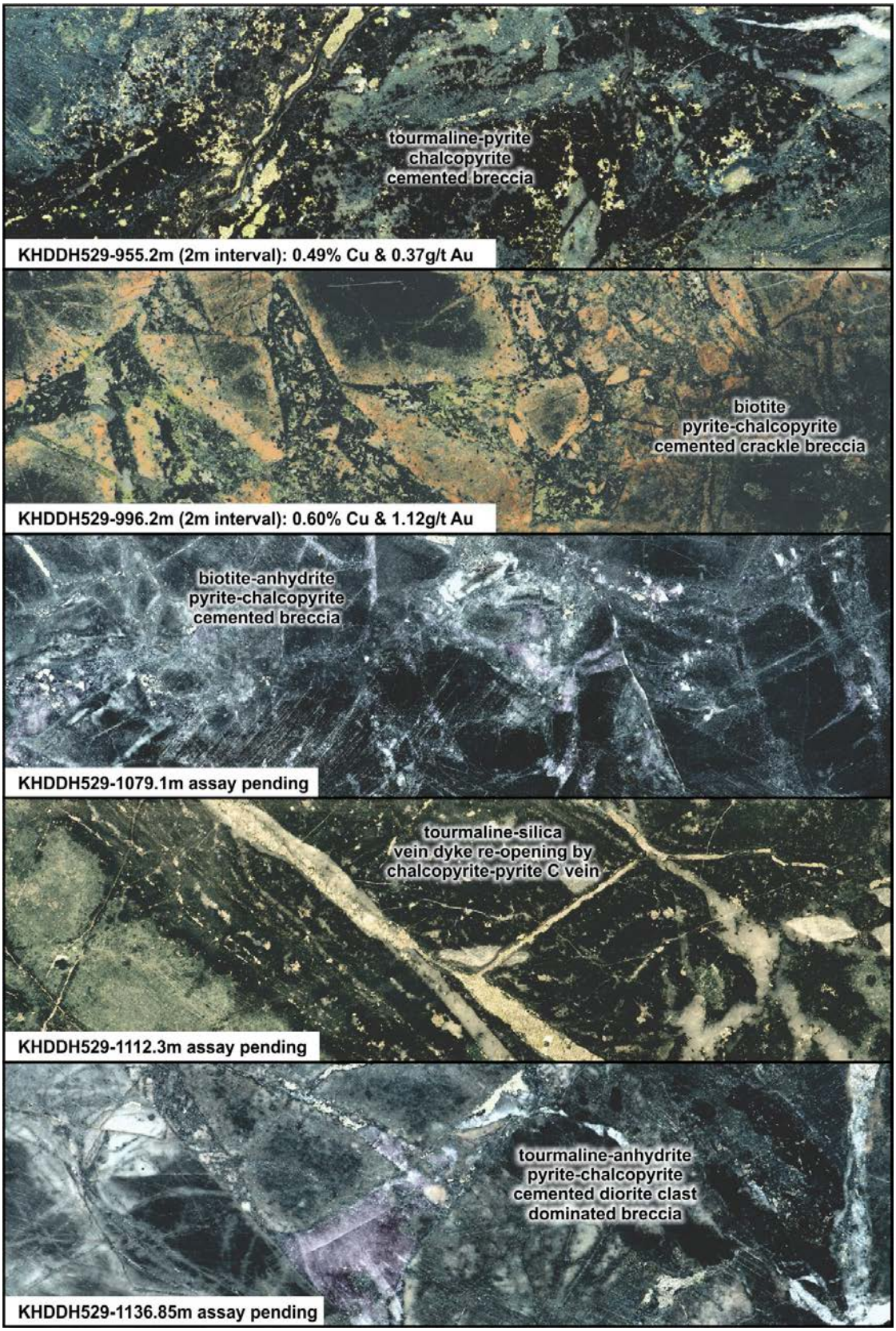

FIGURE 3: Slab images of tourmaline breccia mineralisation from the Zaraa drill hole KHDDH529. Each image is half HQ core and is 6.35cm tall.

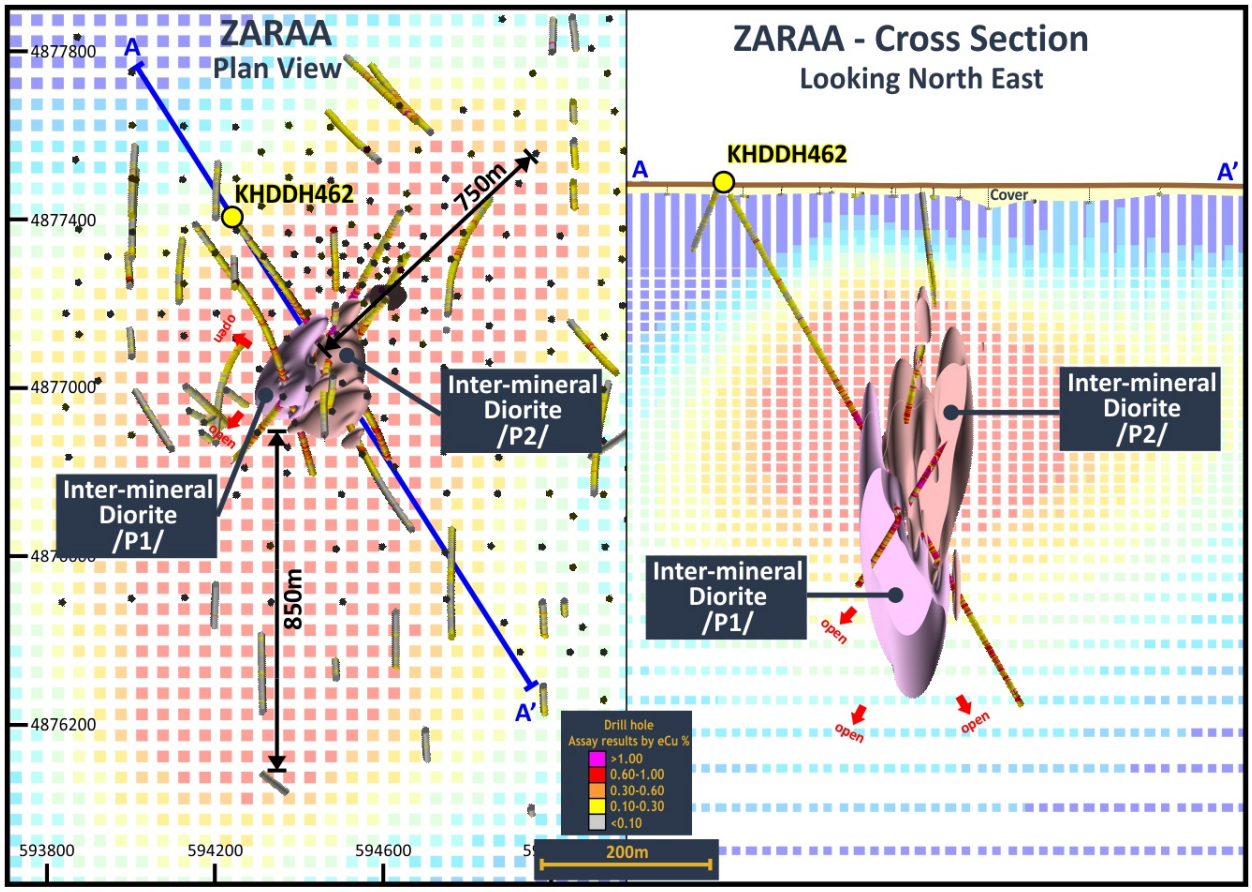

FIGURE 4: Plan and cross section of Zaraa showing the IP chargeability high, drilling, and potential strike of the deposit. The IP chargeability high is imaging the large phyllic alteration halo around the deposit rather than mineralisation itself and is only capable of imaging the top of the deposit rather than the depth potential. The phyllic alteration halo to a porphyry deposit consists of disseminated pyrite which sits above the zone of copper and gold mineralisation. Mineralisation will and does extend well below this zone.

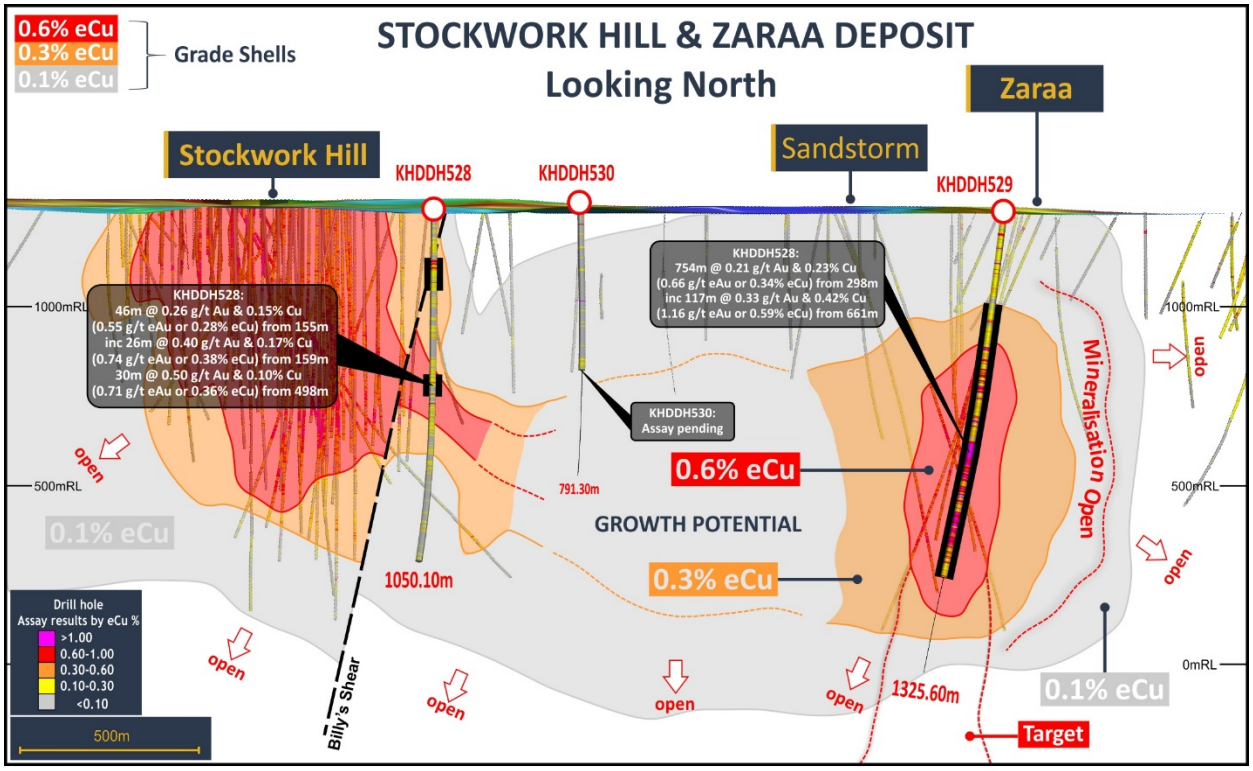

FIGURE 5: Long-Section showing Stockwork Hill and the targeted extensions for High-grade tourmaline breccia mineralisation. Drill Holes KHDDH529 (Zaraa), KHDDH528 and KHDDH531 are shown with assay intervals returned to date.

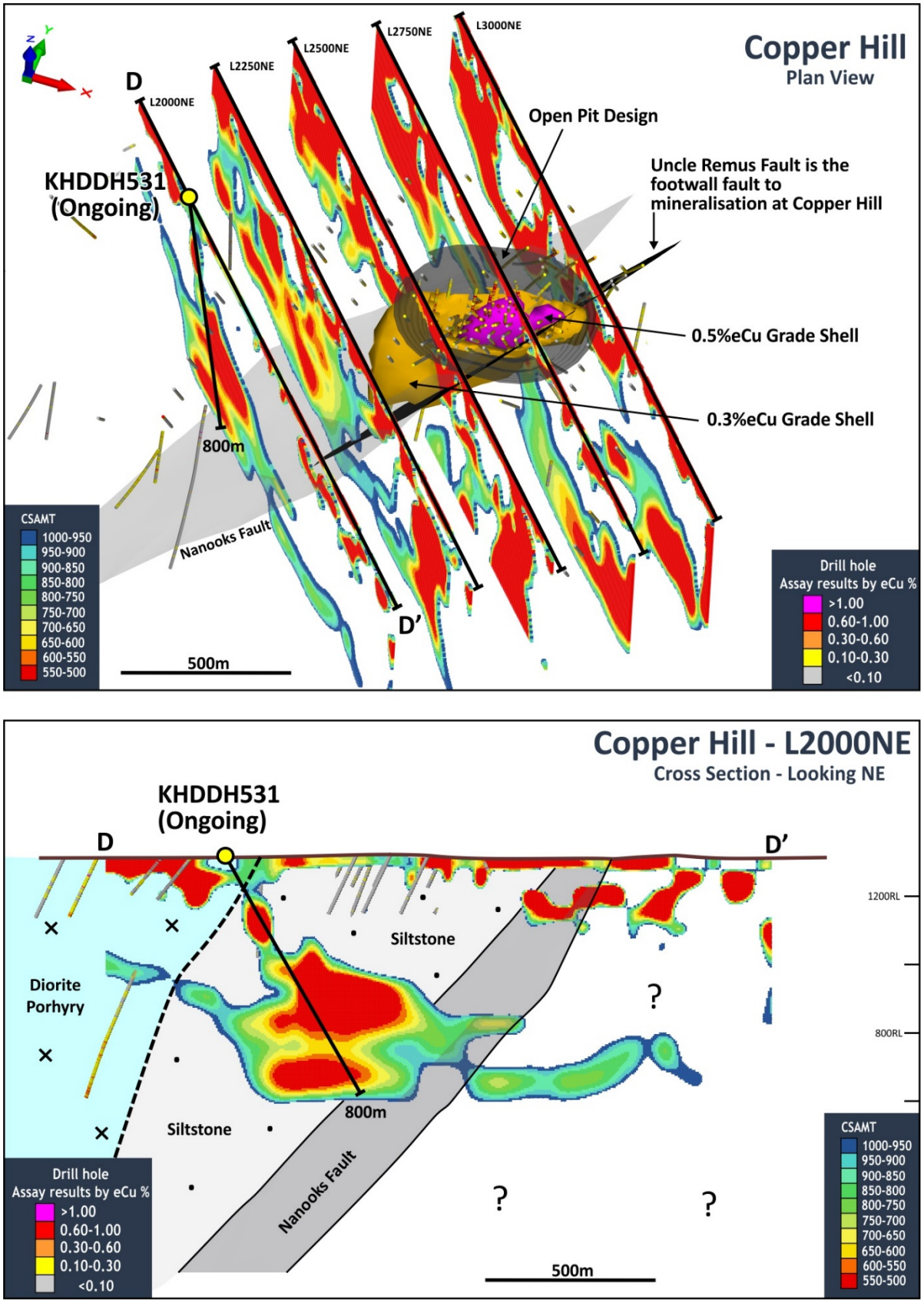

FIGURE 6: Oblique view and section through the down plunge extension target at Copper Hill showing drill hole KHDDH531 which is currently underway.

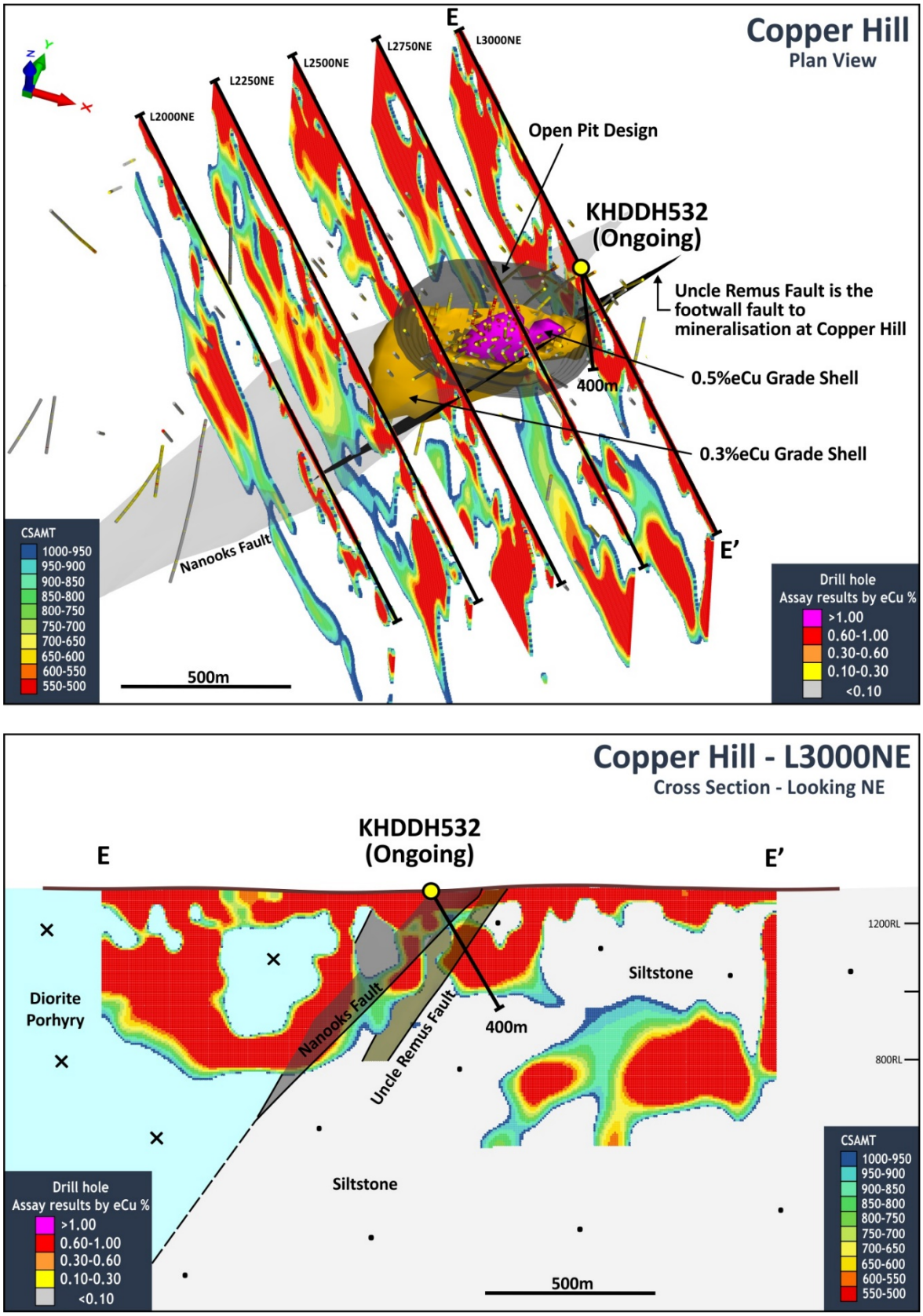

FIGURE 7: Long-Section showing Stockwork Hill and the targeted extensions for High-grade tourmaline breccia mineralisation. Drill Holes KHDDH529 (Zaraa), KHDDH528 and KHDDH531 are shown with assay intervals returned to date.

Table 1: Drill hole details from the first quarter (KH prefix = Kharmagtai, OU prefix = Red Mountain)

Hole ID	Prospect	East	North	RL	Azimuth (°)	Inc (°)	Depth (m)
KHDDH528	Stockwork Hill	593008	4877822	1282	180	-75	1050.1
KHDDH529	Zaraa	594606	4877212	1271	222	-78	1325.6
KHDDH530	Basin	593420	4877600	1288	180	-75	791.3
OUDDH091	Diorite Hill	376684	4941046	1068	120	-60	301.0

Table 2: Kharmagtai significant drill results from the first quarter

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)	AuEq (g/t)
KHDDH528	Stockwork Hill	111	125	14	0.03	0.07	0.09	0.2
and		155	201	46	0.26	0.15	0.28	0.6
including		159	185	26	0.40	0.17	0.38	0.7
and		223	246	23	0.09	0.08	0.13	0.3
and		354	362	8	0.02	0.07	0.08	0.2
and		378	389.7	11.7	0.07	0.10	0.13	0.3
and		498	528	30	0.50	0.10	0.36	0.7
and		574	582.9	8.9	0.08	0.08	0.12	0.2
and		595.7	602	6.3	0.13	0.08	0.15	0.3
and		618	628	10	0.05	0.08	0.10	0.2
and		760	774	14	0.02	0.08	0.09	0.2
and		784	801.9	17.9	0.06	0.06	0.09	0.2
KHDDH529	Zaraa	57	132	75	0.18	0.08	0.17	0.3
including		69	75	6	0.61	0.16	0.47	0.9
and		152	198	46	0.29	0.06	0.20	0.4
including		152	156	4	1.69	0.05	0.91	1.8
and		210	242	32	0.10	0.11	0.16	0.3
and		298	1052	754	0.21	0.23	0.34	0.7
including		316	321.8	5.8	0.18	0.24	0.33	0.6
including		392	402	10	0.33	0.34	0.50	1.0
including		426	440	14	0.23	0.20	0.32	0.6
including		452.3	522.4	70.1	0.20	0.23	0.34	0.7
including		512	522.4	10.4	0.32	0.37	0.54	1.1

including		536	540	4	0.37	0.48	0.67	1.3
including		601	607	6	0.37	0.45	0.64	1.2
including		661	778	117	0.33	0.42	0.59	1.2
including		669	727	58	0.46	0.51	0.74	1.5
including		685	695	10	0.63	0.72	1.04	2.0
including		759	765	6	0.40	0.53	0.73	1.4
including		790	842	52	0.40	0.24	0.45	0.9
including		820	832	12	1.15	0.18	0.77	1.5
including		864	968	104	0.30	0.36	0.51	1.0
including		870	902	32	0.33	0.40	0.57	1.1
including		931.6	956	24.4	0.32	0.43	0.59	1.2
including		978	998	20	0.31	0.22	0.38	0.7
including		1008	1012	4	0.26	0.31	0.44	0.9
			Assays pending					
KHDDH530	Basin	58	62	4	0.32	0.08	0.24	0.5
and		88	96	8	0.07	0.07	0.10	0.2
and		125.3	130	4.7	0.19	0.03	0.13	0.2
and		450	466	16	0.14	0.03	0.10	0.2
			Assays pending					

APPENDIX 2: STATEMENTS AND DISCLAIMERS

MINERAL RESOURCES AND ORE RESERVES REPORTING REQUIREMENTS

The 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the **JORC Code 2012**) sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The Information contained in this Announcement has been presented in accordance with the JORC Code 2012.

MINERAL RESOURCES AND ORE RESERVES

The previously reported resource estimates for Kharmagtai have not changed. For information regarding these resources please see ASX/TSX announcement dated 31 October 2018.

MINING ACTIVITIES

There were no mine production or development activities during the quarter.

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 JORC Code 2012 and the National Instrument 43-101. Dr Stewart consents to the inclusion in this 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 (gold per tonne (**g/t**)); 0.62097 = conversion factor (gold to copper); and 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 6,834 $ per tonne (**$/t**)); Gold price = 1,320 $ per ounce (**$/oz**); Copper recovery = 85%; Gold recovery = 70%; and Relative recovery of gold to copper = 70% / 85% = 82.35%.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Announcement, including information as to the future financial or operating performance of Xanadu and its projects may also include statements which are 'forward-looking statements' that may include, amongst other things, statements regarding targets, estimates and assumptions in respect of mineral reserves and mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. These 'forward-looking statements' are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Xanadu, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies and involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.

Xanadu disclaims any intent or obligation to update publicly or release any revisions to any forward-looking statements, whether as a result of new information, future events, circumstances or results or otherwise after the date of this Announcement or to reflect the occurrence of unanticipated events, other than required by the *Corporations Act 2001 (Cth)* and the Listing Rules of the Australian Securities Exchange (**ASX**) and Toronto Stock Exchange (**TSX**). The words 'believe', 'expect', 'anticipate', 'indicate', 'contemplate', 'target', 'plan', 'intends', 'continue', 'budget', 'estimate', 'may', 'will', 'schedule' and similar expressions identify forward-looking statements.

All 'forward-looking statements' made in this Announcement are qualified by the foregoing cautionary statements. Investors are cautioned that 'forward-looking statements' are not guarantee of future performance and accordingly investors are cautioned not to put undue reliance on 'forward-looking statements' due to the inherent uncertainty therein.

For further information please visit the Xanadu Mines Web Site www.xanadumines.com .

APPENDIX 3: 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 11 April 2019.

JORC TABLE 1 - SECTION 1 –SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
Sampling techniques	• The CSAMT Survey at Kharmagtai was conducted by OGC LLC, an external Geophysical Contractor. • The transmitter system used was a Zonge GGT-30 transmitter and GDP-32 receiver. • Transmitter was set up +10km for the survey grid and receiver stations were spaced at 200m along oblique lines roughly perpendicular to the geological trend. Line locations and lengths can be seen in the text of the document. • The relevant QAQC was conducted to ensure measurements give a representative sample for this type of survey. • Representative 2 metre samples were taken from ½ HQ diamond core for assay. • Only assay result results from recognised, independent assay laboratories were used after QAQC was verified.
Drilling techniques	• Diamond Drill Hole ("DDH") drilling has been the primary drilling method. Some RC (reverse circulation) is conducted. RC holes are denoted by the KHRC prefix. Diamond Drill Holes are denoted by the KHDDH prefix.
Drill sample recovery	• DDH core recoveries have been very good, averaging between 95% and 99% for all of the deposits. In localised areas of faulting and/or fracturing the recoveries decrease; however, this is a very small percentage of the overall mineralised zones. • Recovery measurements were collected during all DDH and RC programs. The methodology used for measuring recovery is standard industry practice. • Analysis of recovery results vs. grade indicates no significant trends. Indicating bias of grades due to diminished recovery and / or wetness of samples.
Logging	• 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	• DDH Core is cut in half with a diamond saw, following the line marked by the geologist. The rock saw is regularly flushed with fresh water. • Sample intervals are generally a constant 2m interval down-hole in length unless subdivided at geological contacts. • Routine sample preparation and analyses of DDH samples were carried out by ALS Mongolia LLC ("ALS Mongolia"), who operates an independent sample preparation and analytical laboratory in Ulaanbaatar. • All samples were prepared to meet standard quality control procedures as follows: crushed to 90% passing 3.54 mm, split to 1kg, pulverised to 90% - 95% passing 200 mesh (75 microns) and split to 150g. • Certified reference materials (CRMs), blanks and pulp duplicate were randomly inserted to manage the quality of data.

Criteria	Commentary
	• Sample sizes are well in excess of standard industry requirements.
Quality of assay data and laboratory tests	• 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 limit ("LDL") of 0.01 ppm. • All samples were submitted to ALS Mongolia for the package ME-ICP61 using a four acid digest. Where copper is over-range (>1% Cu), it is analysed by a second analytical technique (Cu-OG62), 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 QA/QC 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.
Verification of sampling and assaying	• All assay data QA/QC is checked prior to loading into the Geobank data base. • The data is managed by Xanadu geologists. • The database and geological interpretation is collectively managed by Xanadu.
Location of data points	• CSAMT transmitter and receivers were located using a handheld GPS • Diamond drill holes have been surveyed with a differential global positioning system ("DGPS") to within 10cm accuracy. • All diamond drill holes have been down hole surveyed to collect the azimuth and inclination at specific depths. Two principal types of survey method have been used over the duration of the drilling programs including Eastman Kodak and Flexit. • UTM WGS84 48N grid. • The digital terrain model ("DTM") is based on 1m contours with an accuracy of ±0.01m.
Data spacing and distribution	• CSAMT receiver nodes were place at 200m spacings to allow a potential maximum depth penetration of 1000m. • Holes spacings range from 50m spacings within the core of mineralization to +500m spacings for exploration drilling. Hole spacings can be determined using the sections and drill plans provided • Holes range from vertical to an inclination of -60 degrees depending on the attitude of the target and the drilling method. • The data spacing and distribution is sufficient to establish anomalism and targeting for both porphyry, tourmaline breccia and epithermal target types.
Orientation of data in relation to geological structure	• Drilling is conducted in a predominantly regular grid to allow unbiased interpretation and targeting. • Sample lines for the CSAMT survey were conducted roughly perpendicular to the gross geological trend

Criteria	Commentary
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	• CSAMT data from the survey was reviewed and audited by Barry de Wet, an external consultant. • Internal audits of sampling techniques and data management on a regular basis, to ensure industry best practice is employed at all times.

JORC TABLE 1 - SECTION 2 - REPORTING OF EXPLORATION RESULTS

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

Criteria	Commentary

Mineral tenement and land tenure status	• The Project comprises 2 Mining Licences (MV-17129A Oyut Ulaan and (MV-17387A Kharmagtai)
	  • Xanadu now owns 90% of Vantage LLC, the 100% owner of the Oyut Ulaan mining licence.
	  • 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 Mongolian Land Law (2002) govern exploration, mining and land use rights for the project.

Exploration done by other parties	• Previous exploration at Kharmagtai was conducted by Quincunx Ltd, Ivanhoe Mines Ltd and Turquoise Hill Resources Ltd including extensive drilling, surface geochemistry, geophysics, mapping. • Previous exploration at Red Mountain (Oyut Ulaan) was conducted by Ivanhoe Mines.
Geology	• 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	• Diamond drill holes are the principal source of geological and grade data for the Project. • See figures in ASX/TSX Announcement.
Data Aggregation methods	• The CSAMT data was converted into 2D line data using the Zonge CSAMT processing software and then converted into 3D space using a UBC inversion process. Inversion fit was acceptable, and error was generally low. • A nominal cut-off of 0.1% eCu is used in copper dominant systems for identification of potentially significant intercepts for reporting purposes. Higher grade cut-offs are 0.3%, 0.6% and 1% eCu. • A nominal cut-off of 0.1g/t eAu is used in gold dominant systems like Golden Eagle for identification of potentially significant intercepts for reporting purposes. Higher grade cut-offs are 0.3g/t, 0.6g/t and 1g/t eAu. • Maximum contiguous dilution within each intercept is 9m for 0.1%, 0.3%, 0.6% and 1% eCu. • Most of the reported intercepts are shown in sufficient detail, including maxima and subintervals, to allow the reader to make an assessment of the balance of high and low grades in the intercept. • Informing samples have been composited to two metre lengths honouring the geological domains and adjusted where necessary to ensure that no residual sample lengths have been excluded (best fit).

Criteria	Commentary
	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, Gold Equivalent (**eAu**) grade values were calculated using the following formula: eAu = Au + Cu / 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 on widths and intercept lengths	• Mineralised structures are variable in orientation, and therefore drill orientations have been adjusted from place to place in order to allow intersection angles as close as possible to true widths. • Exploration results have been reported as an interval with 'from' and 'to' stated in tables of significant economic intercepts. Tables clearly indicate that true widths will generally be narrower than those reported.
Diagrams	• See figures in the body of the report.
Balanced reporting	• 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	• Extensive work in this area has been done and is reported separately.

Criteria	Commentary
Further Work	• 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 RLl) shows widths and grades potentially suitable for underground extraction. • Exploration on going.

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	Commentary
Database integrity	• 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	• 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	• Mineralisation resulted in the formation of comprises quartz-chalcopyrite-pyrite-magnetite stockwork veins and minor breccias. • The principle ore minerals of economic interest are chalcopyrite, bornite and gold, which occur primarily as infill within these veins. Gold is intergrown with chalcopyrite and bornite. • The ore mineralised zones at Stockwork Hill, White HIll and Copper Hill are associated with a core of quartz veins that were intensely developed in and the quartz diorite intrusive stocks and/or dykes rocks. These vein arrays can be described as stockwork, but the veins have strong developed preferred orientations. • Sulphide mineralisation is zoned from a bornite-rich core that zone outwards to chalcopyrite-rich and then outer pyritic 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	• Stockwork Hill comprises two main mineralised zones, northern and southern stockwork zones (SH-N and SH-S) which are approximately 100 metres apart and hosted in diorite and quartz diorite porphyries. • The SH-S is at least 550 metres long, 600 metres deep and contains strong quartz-chalcopyrite-pyrite stockwork veining and associated high grade copper-gold mineralisation. The stockwork zone widens eastward from a 20 to 70 metres wide high-grade zone in the western and central sections to a 200 metres wide medium-grade zone in the eastern most sections. Mineralisation remains open at depth and along strike to the east. • The SH-N consists of a broad halo of quartz that is 250 metres long, 150 metres wide long and at least 350 metres deep. • WH consists of a broad halo of quartz veins that is 850 metres long, 550 metres wide long and at least 500 metres deep, and forms a pipe like geometry.

Criteria	Commentary
	• CH forms a sub vertical body of stockwork approximately 350 × 100 metres by at least 200 metres and plunges to the southeast.
Estimation and modelling techniques	• The estimate Estimation Performed using Ordinary Kriging. • Variograms are reasonable along strike. • Minimum & Maximum Informing samples is 5 and 20 (1st pass), Second pass is 3 and 20. • Copper and Gold Interpreted separately on NS sections and estimated as separate domains. • Halo mineralisation defined as 0.12% Cu and 0.12g/t Au Grade. • The mineralised domains were manually digitised on cross sections defining mineralisation. Three-dimensional grade 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 was 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 Inverse Distance (“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. • 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. • The copper equivalent (**eCu**) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent

Criteria	Commentary
	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, Gold Equivalent (**eAu**) grade values were calculated using the following formula: eAu = Au + Cu / 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%.
Moisture	• All tonnages are reported on a dry basis.
Cut-off parameters	• 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	• No mining factors have been applied to the in-situ grade estimates for mining dilution or loss due to 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	• No metallurgical factors have been applied to the in-situ grade estimates.
Environmental factors or assumptions	• An environmental baseline study was completed in 2003 by Eco Trade Co. Ltd. of Mongolia in cooperation with Sustainability Pty Ltd of Australia. The baseline study report was produced to meet the requirements for screening under the Mongolian Environmental Impact Assessment (**EIA**) Procedures administered by the Mongolian Ministry for Nature and Environment (**MNE**).
Bulk density	• 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 domain, an 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).

Criteria	Commentary
Classification	• 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 ASX/TSX Announcement above 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	• Xanadu'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 was observed • 2013 - Mining Associates Ltd. was engaged to conduct an Independent Technical Report to review drilling, sampling techniques, QAQC and previous Resource estimates. Methods were found to conform to international best practice.
Discussion of relative accuracy/ confidence	• 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 Mineral Resources 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.