

Quarterly Activities Report and Appendix 5B - 30 September 2020

30 October 2020

ASX Markets Announcement Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

Quarterly Activities Report and Appendix 5B - 30 September 2020

Please find attached for release to the market, Xanadu Mining Ltd's *Quarterly Activities Report and Appendix 5B* for the quarter ended 30 September 2020.

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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.

AUSTRALIA

c/o Company Matters Pty Limited
Level 12, 680 George Street
Sydney NSW 2000
T: +612 8280 7497

MONGOLIA

Suite 23, Building 9B
Olympic St, Sukhbaatar District
Ulaanbaatar, Mongolia
T: +967 7012 0211

Xanadu Mines Ltd ACN 114 249 026

www.xanadumines.com



QUARTERLY REPORT

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

September 2020 Quarter Highlights

- Following a successful capital raising completed during the quarter Xanadu ramps up exploration at Kharmagtai
 - Four diamond rigs in operation completing 13 holes and 9700 metres, with two rigs stepping out from known higher grade zones and two testing new undercover porphyry targets in the East;
 - Targeting significantly improved with the aid of new geophysics (CSAMT) which demonstrably outlines the fault structures believed to control higher-grade mineralisation;
 - New drilling has extended the known limits of the Zaraa system by approximately 300 metres to the South, 200 metres to the North and 400 metres to the East;
 - Drilling under Stockwork Hill highlights high-grade extension potential at depth; and
 - A new porphyry target has been identified at Pechko.
- Encouraging results from initial drilling and geophysics completed at Red Mountain, with the next phase of drilling planned to commence in the December quarter.
- Company fully funded following \$12 million placement at \$0.045 per share, introducing several new domestic institutional investors.
- Fully virtual AGM held on 30 July, with all resolutions passed, and a fully virtual EGM held on 1 October with shareholders ratifying the placement and reinstating the Company's ASX Listing Rule 7.1 15% placement capacity.
- Operations in Mongolia remain largely unaffected by COVID-19; active exploration programs ongoing
- Quarterly Closing Cash Balance of \$5.5 million, which increased to \$11.6 million following completion of Tranche 2 of the recent capital raising in early October.

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

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Chief Executive Officer, Dr Andrew Stewart, said, *“We are well funded following our recent capital raising and pleased to have ramped up operations whilst being largely unaffected by COVID-19, which is testament to both the great job that Mongolia has done managing the pandemic and to the professionalism of our teams on the ground.”*

At Kharmagtai, four rigs were in operation by the end of the quarter, and results continue to confirm its world-class potential. Red Mountain continues to show promise, and working with our partner Japan Oil, Gas and Metals National Corporation (JOGMEC), we will target new, highly prospective zones in November.”

Exploration Update

Kharmagtai Copper-Gold Project

Exploration during the quarter consisted of thirteen diamond drill holes for approximately 9,700 metres (m), targeting extensions to higher-grade mineralisation at the Stockwork Hill, Zараа and Copper Hill, and testing five new prospects for shallow mineralisation. This drilling extended the Zараа mineralisation by approximately 300m to the south and 200m to the north (total strike length 750m), identified a 300m thick zone of causative intrusive with mineralisation beneath Stockwork Hill, and discovered a new zone of mineralised tourmaline breccia at Pechko, 3 kilometres (km) east of Zараа. Drill hole details are shown in **Tables 1 and 2**.

A geophysical survey was conducted over the Kharmagtai Mining Lease using controlled source audio-magnetotellurics (CSAMT), a geophysical method that maps the flow of electricity through the earth’s crust. This technique has proven effective in assisting our team to map out and model important flat lying fault structures, believed to control higher-grade zones, assisting drill hole targeting greatly.

ZARAA DRILLING

Four diamond drill holes have been collared at Zараа since the start of Q3 targeting extensions of mineralisation (**Figure 1**) following detailed 3D geological, geochemical, and geophysical modelling.

Drill Hole KHDDH534 was collared as a 300m step to the south and encountered low grade to moderate mineralisation between 375m and 1039m. This drill hole is interpreted to have located the top of the Zараа system 300m to the south of the previously known limits to mineralisation. A short wedge hole was drilled above KHDDH534 and has confirmed that Zараа plunges towards the south-southwest. Final results have been returned for KHDDH534.

KHDDH534 has returned 272m @ 0.2% copper (Cu) and 0.11 grams per tonne (g/t) gold (Au) (0.25% copper equivalent (eCu)) from 636m

A third diamond drill hole KHDDH542 was collared as a 200m step to the north (**Figure 1**). This hole encountered porphyry veining from the top of basement (62m down hole) and consistent chalcopyrite mineralisation from 173m to current depth of 753m. Assays are pending and will be reported in the coming weeks. This hole has extended mineralisation by approximately 200m to the north of the previously known limits to mineralisation.

A fourth drill hole KHDDH543 has been collared between Zараа and Golden Eagle to test the concept that these two systems are linked (**Figure 2**). This drill hole has encountered porphyry veining and chalcopyrite mineralisation from 335m down hole and is still in mineralisation at the current depth of 636m confirming that Zараа and Golden Eagle are part of the same mineral system.

This drill program has extended Zараа’s footprint by approximately 300m to the south, 200m to the north and 400m to the east, effectively doubling the size of known mineralisation at Zараа. Drilling in the coming months will continue to expand the system focusing on higher-grade zones.

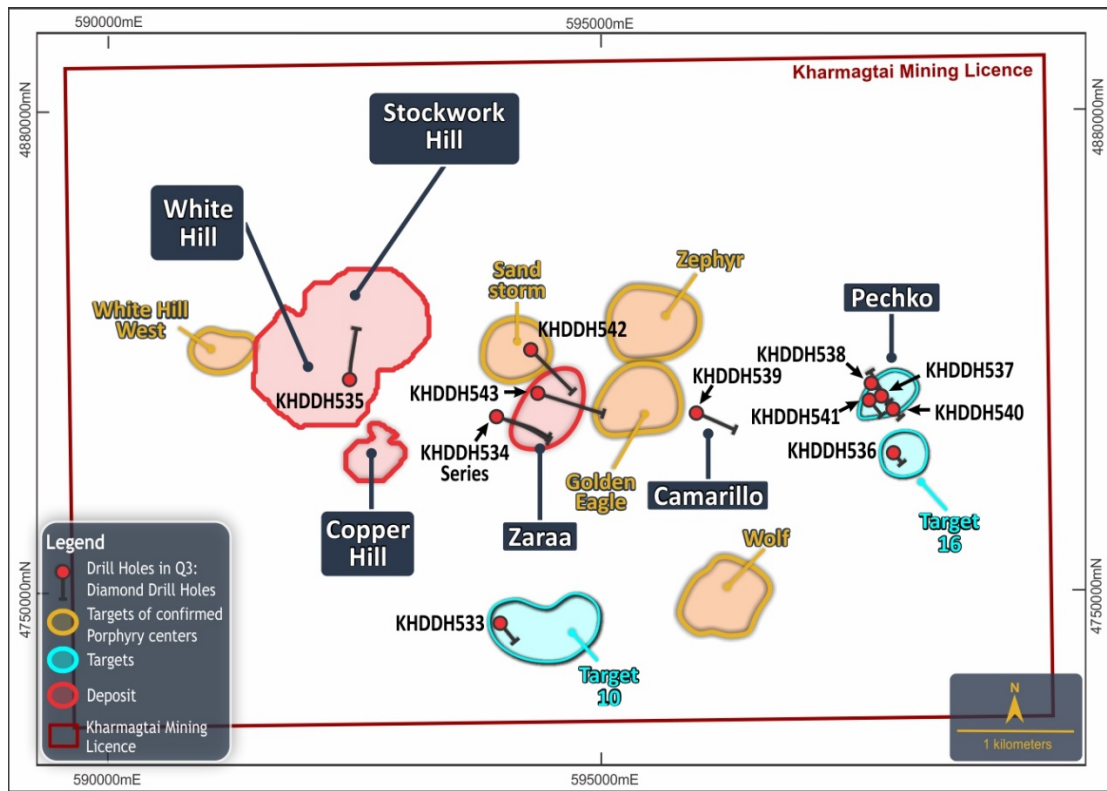


FIGURE 1: The Kharmagtai Mining Lease showing ground magnetics, deposit and prospect locations and the location of drilling conducted during Q3 2020.

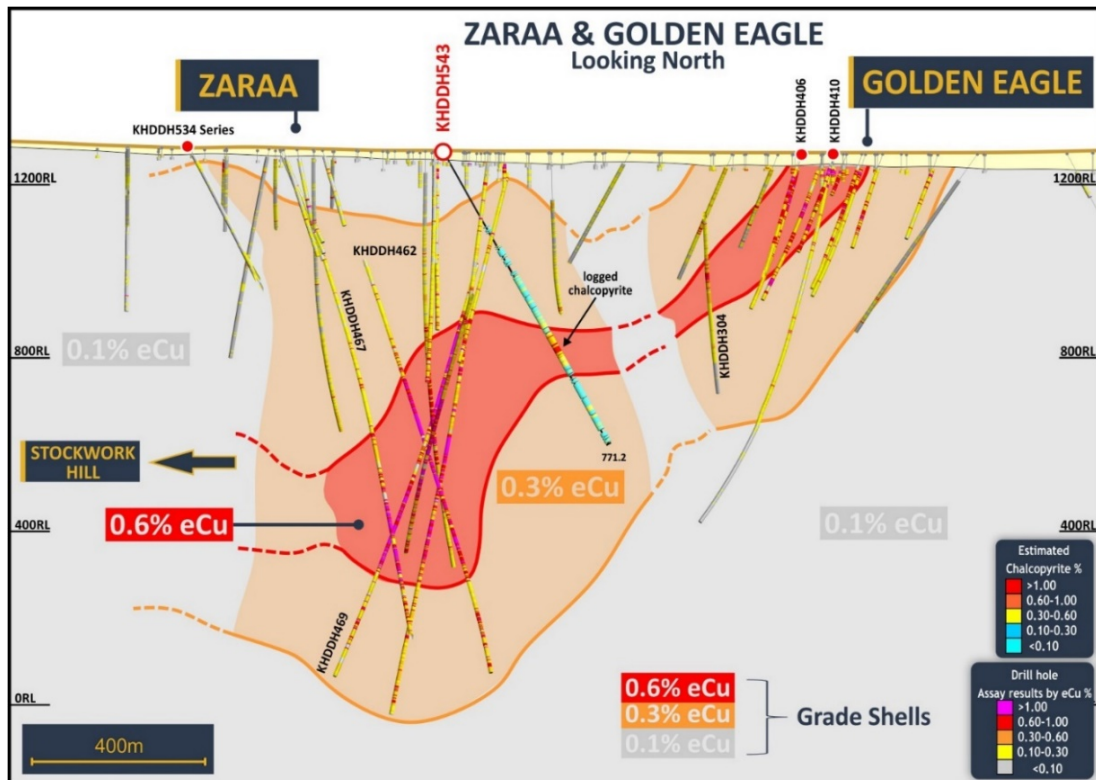


FIGURE 2: Cross Section through Zaraa and Golden Eagle showing the location of drill hole KHDDH543, linking these systems

STOCKWORK HILL

A single diamond drill hole KHDDH535 has been collared at Stockwork Hill during the quarter targeting the extensions of higher-grade mineralisation (**Figures 1 and 3**). This drill hole has encountered a broad zone of previously unrecognised mineralised intrusive rocks below the existing deposit (**Figure 3**). This demonstrates that Stockwork Hill remains open at depth. Partial results for the top of KHDDH535 have been returned, and final result are expected in November.

A second drill hole KHDDH544 is being collared stepping above and to the east of KHDDH535. Results will be reported as these come to hand.

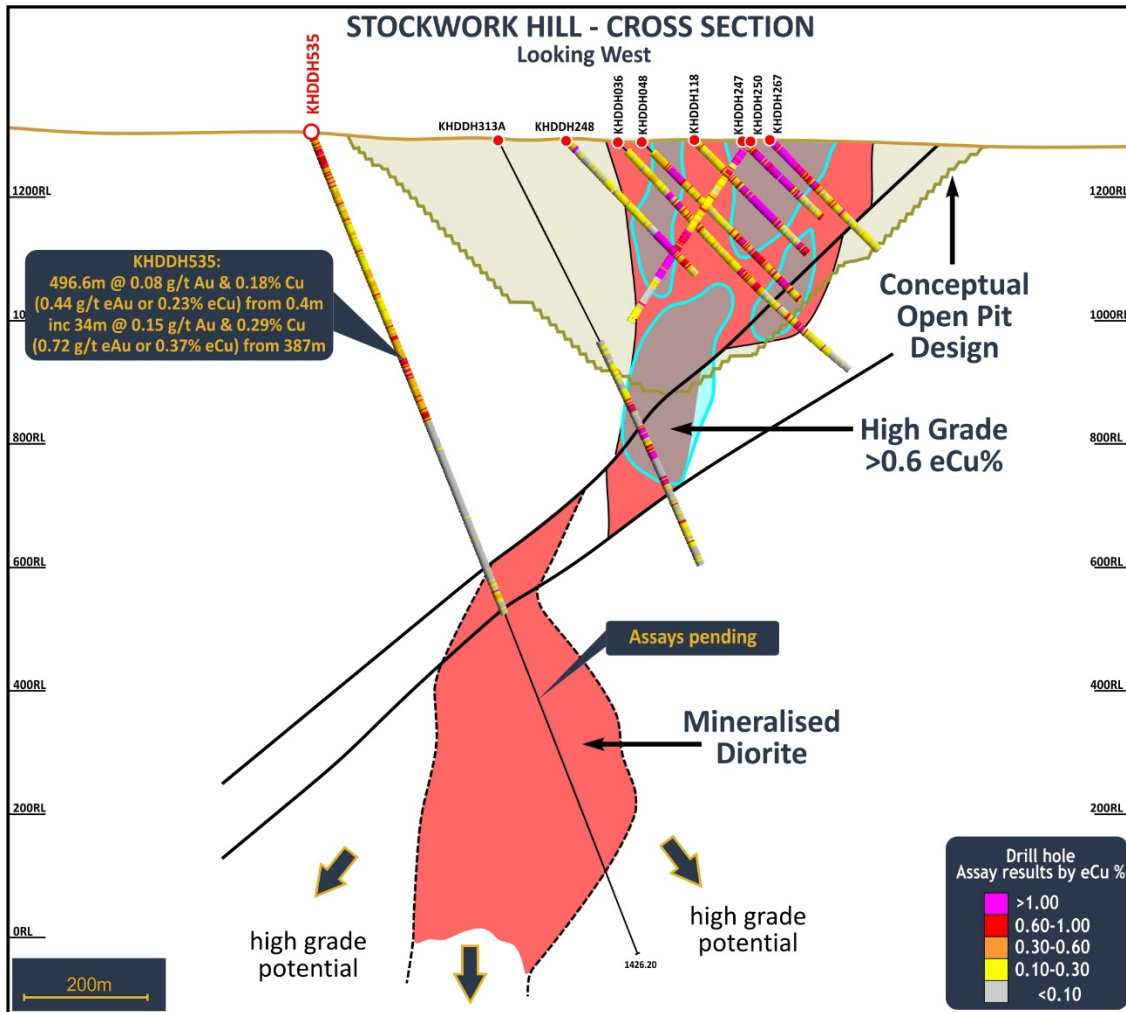


FIGURE 3: Cross section through Stockwork Hill Showing drill hole KHDDH535. The P1 and P2 rock units form the host to stockwork mineralisation at Stockwork Hill. The discovery of a large zone of P2 intrusive below the fifty-fifty fault opens up significant room for more high-grade mineralisation at Stockwork Hill.

NEW TOURMALINE BRECCIA IDENTIFIED AT PECHKO

A new mineralised tourmaline breccia (Pechko) has been discovered approximately 3km east of Zarea (**Figures 1 and 4**). Drill hole KHDDH537 was collared targeting a surface geochemical and sub-surface geophysical target and encountered over 225m of sulphide bearing tourmaline breccia. A 150m step back hole KHDDH538 was drilled to test for higher grade copper beneath KHDDH537 and showed a zonation of increasing copper down plunge. A scissor hole was drilled (KHDDH540) to test the depth continuity of mineralisation. Partial assays have been returned for KHDDH537 and KHDDH538 (**Table 1 and 2**), remaining assays are awaited. These results will be combined, and collated and geological models created to vector towards a possible high-grade core of the tourmaline breccia system

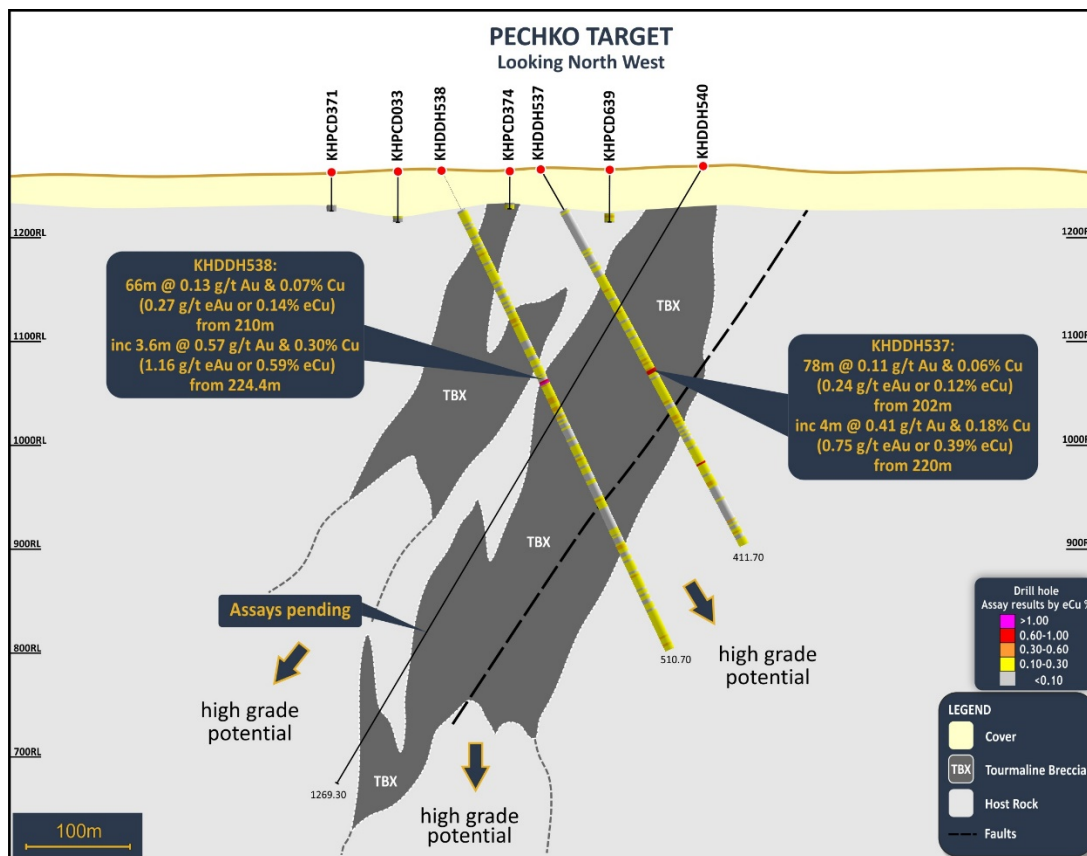


FIGURE 4: Cross section through the new Pechko mineralised tourmaline breccia body, 3km east of Zaraa.

CAMARILLO TARGET

One drill hole was collared at Camarillo during the quarter. The drill hole intersected porphyry-related alteration and mineralisation, however no high-grade mineralisation was encountered.

GEOPHYSICAL SURVEY

As previously reported a CSAMT survey was completed across the Kharmagtai Lease during the quarter. For full details please see ASX:TSX Announcement dated 15 September 2020.

Red Mountain Copper-Gold Project

During the quarter, Xanadu and JOGMEC continued exploration activities at Red Mountain. A drill program consisting of 3,600m of diamond drilling in six drill holes has been completed (Table 1 and 2) testing geophysical anomalies identified during the Phase one IP survey. An additional 64 line kilometres of Pole Dipole Induced Polarization (IP) has also been conducted and the results of this survey are being interpreted and combined with all previous drilling results to define drill targets for high-grade copper and gold porphyry mineralisation at Red Mountain. Target definition will be completed by late October and drilling is slated to commence mid-November.

Corporate Activities

Xanadu raised \$12 million to fund drilling at Kharmagtai via a placement of new shares at A\$0.045 each (Placement). Argonaut Securities Pty Limited (Argonaut) and CLSA Australia Pty Ltd (CLSA) acted as Joint Lead Managers and bookrunners to the Placement.

COVID-19 remains a significant impact on the mining industry however, Mongolia continues to experience a relatively smaller impact due to its sparse population and early closure of borders. Xanadu operations in Mongolia have been largely unaffected.

The Xanadu AGM was held virtually on 30 July 2020. All resolutions were passed, and a recording of the meeting is available on the Xanadu website at www.xanadumines.com/site/investor-centre/shareholder-meetings.

Financial

On 30 September 2020, the Company had 948,951,083 fully paid ordinary shares on issue. This excludes the second tranche of the \$12 million placement, which was submitted for shareholder approval at a 1 October 2020 Extraordinary General Meeting.

On 30 September 2020, the Company had A\$5.5 million in cash, which increased to \$11.6 million following completion of Tranche 2 of the recent capital raising in early October.

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: TABLES

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)
KHDDH529	Zaraa	594606	4877212	1271	222	-78	1325.6
KHDDH530		593420	4877600	1288	180	-75	791.3
KHDDH531	Copper Hill	591640	4876485	1319	140	-60	849.0
KHDDH532	Copper Hill	592786	4876675	1299	135	-60	450.0
KHDDH533	Target 10	593952	4874783	1284	140	-60	500.0
KHDDH534	Zaraa	593915	4876873	1282	110	-60	1198.1
KHDDH534A	Zaraa	594030	4876834	1060	115	-56	800.0
KHDDH535	Stockwork Hill	592426	4877248	1296	0	-70	1200.0
KHDDH536	Target 16	597937	4876508	1279	140	-60	300.0
KHDDH537	Pechko	597787	4877112	1267	140	-60	411.7
KHDDH538	Pechko	597726	4877186	1265	140	-62	510.7
KHDDH539	Camarillo	595940	4876910	1270	115	-60	800.0
KHDDH540	Pechko	597890	4876994	1269	320	-60	600.0
OUDDH092	Target 10	375444	4938462	1066	180	-65	800.0
OUDDH093	Vein 11	377909	4940554	1072	180	-60	700.5
OUDDH094	Diorite	376947	4940999	1069	180	-50	301.0
OUDDH095	Diorite	379400	4940275	1061	180	-60	601.0
OUDDH096	Nowie	372700	4937950	1092	180	-70	540.9
OUDDH097	Nowie	372700	4938200	1092	180	-70	684.2

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)
KHDDH529	Zaraa	57	132	75	0.18	0.08	0.17	0.33
	<i>including</i>	69	75	6	0.61	0.16	0.47	0.92
	<i>and</i>	152	198	46	0.29	0.06	0.20	0.40
	<i>including</i>	152	156	4	1.69	0.05	0.91	1.79
	<i>and</i>	210	242	32	0.10	0.11	0.16	0.31
	<i>and</i>	298	1320	1022	0.17	0.22	0.31	0.60
	<i>including</i>	316	321.8	5.8	0.18	0.24	0.33	0.65
	<i>including</i>	392	402	10	0.33	0.34	0.50	0.99
	<i>including</i>	426	440	14	0.23	0.20	0.32	0.62
	<i>including</i>	452.3	522.4	70.1	0.20	0.23	0.34	0.66
	<i>including</i>	512	522.4	10.4	0.32	0.37	0.54	1.05
	<i>including</i>	536	540	4	0.37	0.48	0.67	1.31
	<i>including</i>	601	607	6	0.37	0.45	0.64	1.24
	<i>including</i>	601	605	4	0.41	0.49	0.69	1.35
	<i>including</i>	661	778	117	0.33	0.42	0.59	1.16

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)	AuEq (g/t)
<i>including</i>		669	727	58	0.46	0.51	0.74	1.45
<i>including</i>		685	695	10	0.63	0.72	1.04	2.02
<i>including</i>		759	765	6	0.40	0.53	0.73	1.43
<i>including</i>		790	842	52	0.40	0.24	0.45	0.88
<i>including</i>		820	832	12	1.15	0.18	0.77	1.50
<i>including</i>		864	968	104	0.30	0.36	0.51	1.00
<i>including</i>		870	902	32	0.33	0.40	0.57	1.12
<i>including</i>		931.6	956	24.4	0.32	0.43	0.59	1.15
<i>including</i>		978	998	20	0.31	0.22	0.38	0.74
<i>including</i>		1008	1012	4	0.26	0.31	0.44	0.86
<i>including</i>		1062	1080	18	0.13	0.19	0.26	0.50
<i>including</i>		1104	1114	10	0.09	0.19	0.23	0.46
<i>including</i>		1138	1146	8	0.20	0.34	0.44	0.86
<i>including</i>		1258	1270	12	0.08	0.30	0.35	0.68
<i>including</i>		1280	1298	18	0.10	0.24	0.30	0.58
KHDDH530		58	62	4	0.32	0.08	0.24	0.47
<i>and</i>		88	96	8	0.07	0.07	0.10	0.20
<i>and</i>		125.3	130	4.7	0.19	0.03	0.13	0.24
<i>and</i>		450	466	16	0.14	0.03	0.10	0.19
<i>and</i>		738.2	757.6	19.4	0.08	0.05	0.09	0.18
<i>and</i>		771	784	13	0.10	0.18	0.22	0.44
KHDDH531	Copper Hill	606	614	8	0.17	0.02	0.10	0.20
KHDDH532	Copper Hill	8.6	58	49.4	0.07	0.17	0.21	0.41
<i>including</i>		24	30	6	0.18	0.31	0.40	0.78
<i>and</i>		92	102	10	1.43	0.24	0.97	1.90
<i>including</i>		92	100	8	1.77	0.28	1.18	2.32
<i>including</i>		92	96	4	2.92	0.36	1.85	3.61
<i>and</i>		184	190	6	0.17	0.18	0.18	0.19
<i>and</i>		349	353	4	0.05	0.12	0.14	0.27
KHDDH533	Target 10	14	26	12	0.02	0.12	0.13	0.25
<i>and</i>		94	102	8	0.08	0.07	0.11	0.22
<i>and</i>		198	272	74	0.09	0.07	0.12	0.23
<i>and</i>		304	336	32	0.05	0.10	0.13	0.25
<i>and</i>		352	356	4	0.06	0.08	0.11	0.21
<i>and</i>		368	384.8	16.8	0.06	0.08	0.11	0.21
<i>and</i>		395	417	22	0.08	0.07	0.11	0.21
<i>and</i>		429	433	4	0.05	0.11	0.13	0.25
<i>and</i>		443	451	8	0.14	0.12	0.19	0.36
<i>and</i>		469	473	4	0.03	0.11	0.12	0.24
KHDDH534	Zaraa	51.6	60	8.4	0.11	0.07	0.13	0.25
<i>and</i>		375	381	6	0.02	0.08	0.09	0.17

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)	AuEq (g/t)
<i>and</i>		438	444	6	0.08	0.15	0.19	0.38
<i>and</i>		475	500	25	0.04	0.06	0.09	0.17
<i>and</i>		510	514	4	0.10	0.08	0.14	0.26
<i>and</i>		545	561	16	0.05	0.09	0.11	0.22
<i>and</i>		573	623	50	0.05	0.12	0.15	0.30
<i>and</i>		636	908	272	0.11	0.20	0.25	0.50
<i>including</i>		646	650	4	0.11	0.27	0.32	0.63
<i>including</i>		687	699	12	0.10	0.20	0.26	0.50
<i>including</i>		738	750	12	0.09	0.20	0.25	0.48
<i>including</i>		772	827.2	55.2	0.21	0.32	0.43	0.84
<i>including</i>		774	780	6	0.34	0.55	0.72	1.41
<i>including</i>		882	902	20	0.14	0.25	0.32	0.64
<i>and</i>		1029.1	1039	9.9	0.08	0.08	0.12	0.24
KHDDH534A	Zaraa	<i>Assays pending</i>						
KHDDH535	Stockwork Hill	0.4	497	496.6	0.08	0.18	0.23	0.44
<i>including</i>		2	86	84	0.13	0.26	0.32	0.63
<i>including</i>		347	353	6	0.12	0.33	0.39	0.76
<i>including</i>		387	421	34	0.15	0.29	0.37	0.72
<i>including</i>		451	461	10	0.07	0.22	0.26	0.50
<i>including</i>		474	495	21	0.11	0.28	0.33	0.65
<i>and</i>		782	810	28	0.15	0.10	0.17	0.33
<i>and</i>		848	852	4	0.06	0.08	0.11	0.21
<i>and</i>		903	912.9	9.9	0.04	0.07	0.09	0.18
<i>and</i>		978	986	8	0.10	0.09	0.14	0.27
<i>Assays pending</i>								
KHDDH536	Target 16	90.4	97.2	6.8	0.09	0.40	0.44	0.86
<i>including</i>		94	97.2	3.2	0.11	0.69	0.74	1.46
KHDDH537	Pechko	130	164	34	0.0923529	0.07	0.11	0.22
<i>and</i>		202	280	78	0.11	0.06	0.12	0.24
<i>including</i>		220	224	4	0.41	0.18	0.39	0.75
<i>and</i>		322	346	24	0.11	0.07	0.12	0.24
<i>and</i>		384	398	14	0.02	0.09	0.10	0.20
<i>Assays pending</i>								
KHDDH538	Pechko	80	111	31	0.08	0.06	0.10	0.20
<i>and</i>		152	167.5	15.5	0.14	0.09	0.16	0.32
<i>and</i>		192	198	6	0.06	0.07	0.09	0.19
<i>and</i>		210	276	66	0.13	0.07	0.14	0.27
<i>including</i>		224.4	228	3.6	0.57	0.30	0.59	1.16
<i>and</i>		295	311	16	0.09	0.06	0.11	0.21
<i>and</i>		399	403	4	0.30	0.07	0.22	0.43
<i>and</i>		429	433	4	0.13	0.13	0.19	0.37

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)	AuEq (g/t)
<i>and</i>		485	506	21	0.06	0.09	0.12	0.24
KHDDH539	Camarillo	<i>Assays pending</i>						
KHDDH540	Pechko	<i>Assays pending</i>						
OUDDH092	Target 10	66	76	10	0.08	0.07	0.11	0.22
<i>and</i>		134	146	12	0.02	0.06	0.06	0.13
<i>and</i>		156	160	4	0.01	0.11	0.11	0.22
OUDDH093	Vein11	158	250	92	0.09	0.09	0.14	0.27
<i>including</i>		240	244	4	0.39	0.51	0.71	1.38
<i>and</i>		266	333.2	67.2	0.12	0.12	0.18	0.36
<i>including</i>		276	292	16	0.25	0.23	0.35	0.69
<i>and</i>		346	352.3	6.3	0.07	0.12	0.16	0.31
<i>and</i>		434.1	454	19.9	0.01	0.36	0.37	0.72
<i>and</i>		590	598	8	0.01	0.17	0.18	0.35
<i>and</i>		670	676	6	0.01	0.18	0.19	0.37
OUDDH094	Diorite	48	58	10	0.01	0.08	0.08	0.17
OUDDH096	Nowie	18	22	4	0.05	0.09	0.11	0.22
<i>and</i>		252	256	4	0.12	0.35	0.41	0.81
<i>and</i>		308	312	4	0.04	0.10	0.12	0.23
<i>and</i>		328	343	15	0.09	0.20	0.25	0.49
<i>including</i>		328	332	4	0.19	0.63	0.72	1.41

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 the Company's 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 Global Pty Ltd (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%.

RELATED PARTIES

As set out in section 6 of the attached Appendix 5B, payments made to related parties and their associates was \$195k in the quarter ended 30 September 2020. The amounts relate to salary and superannuation payments to Directors, legal fees paid to HopgoodGanim Lawyers (a company associated with Michele Muscillo) for legal services, office rent paid to Ganbayar Lkhagvasuren in relation to the Ulaanbaatar office, and office rent paid to Colin Moorhead and Associates (a company associated with Colin Moorhead) in relation to the Melbourne office.

EARN-IN ACCOUNTING

As set out in item 2.5 in the attached Appendix 5B, earn-in payments from JOGMEC used to fund exploration at Red Mountain are treated as cash flow from investing without impact to the carrying value of Red Mountain. This is consistent with Xanadu's 2020 Interim Financial Results Report (issued to ASX on 11 September 2020) and represents a change in category from the Xanadu's Q2 2020 Appendix 5B report (issued to ASX on 31 July 2020) where the similar disclosure was included at item 1.8.

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	<ul style="list-style-type: none"> • 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. • The IP Survey at Red Mountain was conducted by OGC LLC, an external Geophysical Contractor. • The IP transmitter system used was a Zonge GGT-30 transmitter and GDP-32 receiver. • Transmitter and receiver stations were spaced at 200m along north south lines. 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.
Drilling techniques	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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.

Criteria	Commentary
	<ul style="list-style-type: none"> • Routine sample preparation and analyses of DDH samples were carried out by ALS Mongolia LLC (ALS Mongolia), who operates an independent sample preparation and analytical laboratory in Ulaanbaatar. • All samples were prepared to meet standard quality control procedures as follows: crushed to 90% passing 3.54 mm, split to 1kg, pulverised to 90% - 95% passing 200 mesh (75 microns) and split to 150g. • Certified reference materials (CRMs), blanks and pulp duplicate were randomly inserted to manage the quality of data. • Sample sizes are well in excess of standard industry requirements.
<p>Quality of assay data and laboratory tests</p>	<ul style="list-style-type: none"> • 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.
<p>Verification of sampling and assaying</p>	<ul style="list-style-type: none"> • 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.
<p>Location of data points</p>	<ul style="list-style-type: none"> • 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.
<p>Data spacing and distribution</p>	<ul style="list-style-type: none"> • 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.

Criteria	Commentary
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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
Sample security	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The Project comprises 2 Mining Licences (MV-17129A Oyut Ulaan and (MV-17387A Kharmagtai) <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 throughout 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

Criteria	Commentary
	<p>of diorite to quartz diorite composition; however the deposits are in terms of contained gold significant, and similar gold-rich porphyry deposits.</p>
<p>Drill hole Information</p>	<ul style="list-style-type: none"> • Diamond drill holes are the principal source of geological and grade data for the Project. • See figures in this ASX/TSX Announcement.
<p>Data Aggregation methods</p>	<ul style="list-style-type: none"> • 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). <p>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.</p> <p>Copper equivalent (CuEq or eCu) grade values were calculated using the following formula:</p> $eCu \text{ or } CuEq = Cu + Au * 0.62097 * 0.8235,$ <p>Gold Equivalent (eAu) grade values were calculated using the following formula:</p> $eAu = Au + Cu / 0.62097 * 0.8235.$ <p>Where:</p> <p>Cu - copper grade (%)</p> <p>Au - gold grade (g/t)</p> <p>0.62097 - conversion factor (gold to copper)</p> <p>0.8235 - relative recovery of gold to copper (82.35%)</p>

Criteria	Commentary
	<p>The copper equivalent formula was based on the following parameters (prices are in USD):</p> <ul style="list-style-type: none"> • 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%.
<p>Relationship between mineralisation on widths and intercept lengths</p>	<ul style="list-style-type: none"> • 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.
<p>Diagrams</p>	<ul style="list-style-type: none"> • See figures in the body of the report.
<p>Balanced reporting</p>	<ul style="list-style-type: none"> • 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.
<p>Other substantive exploration data</p>	<ul style="list-style-type: none"> • Extensive work in this area has been done and is reported separately.
<p>Further Work</p>	<ul style="list-style-type: none"> • 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 RLI) 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Andrew Vigar of Mining Associates Pty Ltd visited the 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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.

Criteria	Commentary
	<ul style="list-style-type: none"> • WH consists of a broad halo of quartz veins that is 850 metres long, 550 metres wide long and at least 500 metres deep, and forms a pipe like geometry. • CH forms a sub vertical body of stockwork approximately 350 x 100 metres by at least 200 metres and plunges to the southeast.
<p>Estimation and modelling techniques</p>	<ul style="list-style-type: none"> • 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.

Criteria	Commentary
	<ul style="list-style-type: none"> 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: $eCu \text{ or } CuEq = Cu + Au * 0.62097 * 0.8235,$ 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	<ul style="list-style-type: none"> All tonnages are reported on a dry basis.
Cut-off parameters	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> No metallurgical factors have been applied to the in-situ grade estimates.
Environmental factors or assumptions	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

Criteria	Commentary
	<ul style="list-style-type: none"> • There is no material impact on global tonnages, but it should be noted that density is a function of both lithology and alteration (where intense magnetite/sulphide is present).
Classification	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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, QA/QC and previous Resource estimates. Methods were found to conform to international best practice.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> • 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Xanadu Mines Ltd

ABN

92 114 249 026

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(348)	(1,035)
(e) administration and corporate costs	(401)	(1,125)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	38	88
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(711)	(2,071)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(140)	(140)
(d) exploration & evaluation	(2,498)	(3,755)
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material) <i>proceeds from JOGMEC Red Mtn Earn-In payments</i>	467	1,260
2.6	Net cash from / (used in) investing activities	(2,171)	(2,635)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,570	9,277
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(239)	(312)
3.5	Proceeds from borrowings	108	108
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material) <i>repayment of leases and other finance cost paid</i>	(23)	(52)
3.10	Net cash from / (used in) financing activities	5,417	9,021

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,896	1,209
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(711)	(2,071)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,171)	(2,635)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,417	9,021
4.5	Effect of movement in exchange rates on cash held	61	(32)
4.6	Cash and cash equivalents at end of period	5,492	5,492

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,492	2,896
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,492	2,896

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	195
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(711)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,498)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(3,209)
8.4 Cash and cash equivalents at quarter end (item 4.6)	5,492
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	5,492
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.7
<i>Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Net operating cash flows will continue at the current level for the next quarter (Q4 2020), consistent with the Kharmagtai exploration plan.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Completion of Tranche 2 capital raising for \$6.1 million occurred in October 2020.	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, based on both available funding and successful capital raising during October 2020.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2020

Authorised: by the Board of Directors

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.