

Quarterly Activities Report and Appendix 5B - 31 December 2020

28 January 2021

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

BY ELECTRONIC LODGEMENT

Quarterly Activities Report and Appendix 5B - 31 December 2020

Please find attached for release to the market, Xanadu Mining Ltd's *Quarterly Activities Report and Appendix 5B* for the quarter ended 31 December 2020.

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

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QUARTERLY ACTIVITIES REPORT

for the three months ended 31 December 2020
(figures are unaudited and in A\$ except where stated)

December 2020 Quarter Highlights

- Kharmagtai Phase 1 Drill Program nearing completion with 20,433 out of 23,000 metres (m) drilled and 2 active drilling rigs. Selected higher grade intercepts with very broad zones of porphyry mineralisation include:
 - Drill Hole **KHDDH551** at Stockwork Hill **intersected** 323m @ 0.31% copper equivalent (**eCu**) from 558m,
including 46m @ 0.66% eCu from 759m,
including 22m @ 1.03% eCu from 817m,
 - Drill Hole **KHDDH542** at Zaraa **intersected** 632.4m @ 0.22% eCu from 314.6m, **and** 75.1m @ 0.50% eCu from 1,110m,
including 30.2m @ 0.77% eCu from 1,127m.
- Drilling continues to expand mineralisation at Kharmagtai, a key objective in Xanadu's strategy to establish a Tier 1 copper development project:
 - Doubled the footprint of Zaraa mineralised zones (by 300m north, 200m south, and 300m east); and
 - Identified potential structural repeat of higher grade mineralisation at depth under Stockwork Hill.
- New Kharmagtai Exploration Target and Mineral Resource Estimate are on track for delivery in the March 2021 quarter.
- Kharmagtai Phase 2 drilling program to be finalised and announced in the March 2021 quarter.
- Red Mountain drilling program to commence in the March 2021 quarter with 4,300m planned, commencing with two initial targets and the remaining program to be defined after they are completed.
- Two fully virtual Extraordinary General Meetings held, where shareholders approved the second tranche of a \$12M placement and the addition of share price vesting conditions to Executive Director options.
- Xanadu is fully funded to continue exploration with a Closing Cash Balance of \$7.7 million.

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Chief Executive Officer, Dr Andrew Stewart, said, “The Xanadu drilling program has delivered a significant expansion to mineralisation at Kharmagtai, in line with our Strategy, and we look forward to sharing a new Exploration Target and Mineral Resource Estimate in the coming months. Our operations remain largely unaffected by COVID-19, and we’re on track to commence the new drilling program at Red Mountain this coming quarter.”

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 31 December 2020.

Exploration Update

Kharmagtai Copper-Gold Project

The Kharmagtai exploration strategy is constructed in two components, with Phase 1 designed to understand the scale of the mineralised system through extensional drilling with several large step-outs from known zones, following broad geological and geochemical trends. Phase 2 will use the outcomes from Phase 1 to design and execute a more surgical drill program to better define higher-grade zones.

Exploration during the quarter consisted of twenty-two diamond drill holes for approximately 15,672m, targeting extensions to higher-grade mineralisation at the Stockwork Hill, Zarea and Copper Hill, and testing five new prospects for shallow mineralisation.

This drilling extended the Zarea mineralisation by approximately 200m to the east, identified a new zone of well mineralised causative intrusive beneath Stockwork Hill. Drill hole details are shown in **Tables 3 and 4**.

As Phase 1 drilling nears completion, an updated Exploration Target for the entire Mining Lease will be compiled to demonstrate the clear growth of mineralisation at Kharmagtai, to be followed in the March 2021 quarter by a Mineral Resource Update.

The Phase 2 drilling program will be finalised following review of Phase 1 results, with details to be released in future updates.

Table 1. Kharmagtai Phase 1 Drilling Program Status

Prospect	Objective	Phase 1 Metres Planned	Metres Drilled (at 31 Dec 2020)	Assays Returned	Assays Pending
Stockwork Hill, Copper Hill and White Hill	Step Out Extensions	8,000m	5,722m	5,035m	687m
Zarea Prospect	Step Out Extensions, Find New High Grade Zones, Test at Depth	8,000m	8,305m	6,156m	2,149m
Pechko and Camarillo Targets	Identify New High Grade Zones	3,118m	3,830m	3,830m	0m
Other Kharmagtai Targets	Identify New High Grade Zones	3,989m	2,576m	803m	1,773m
Total Phase 1		23,000m	20,433m	15,824m	4,609m

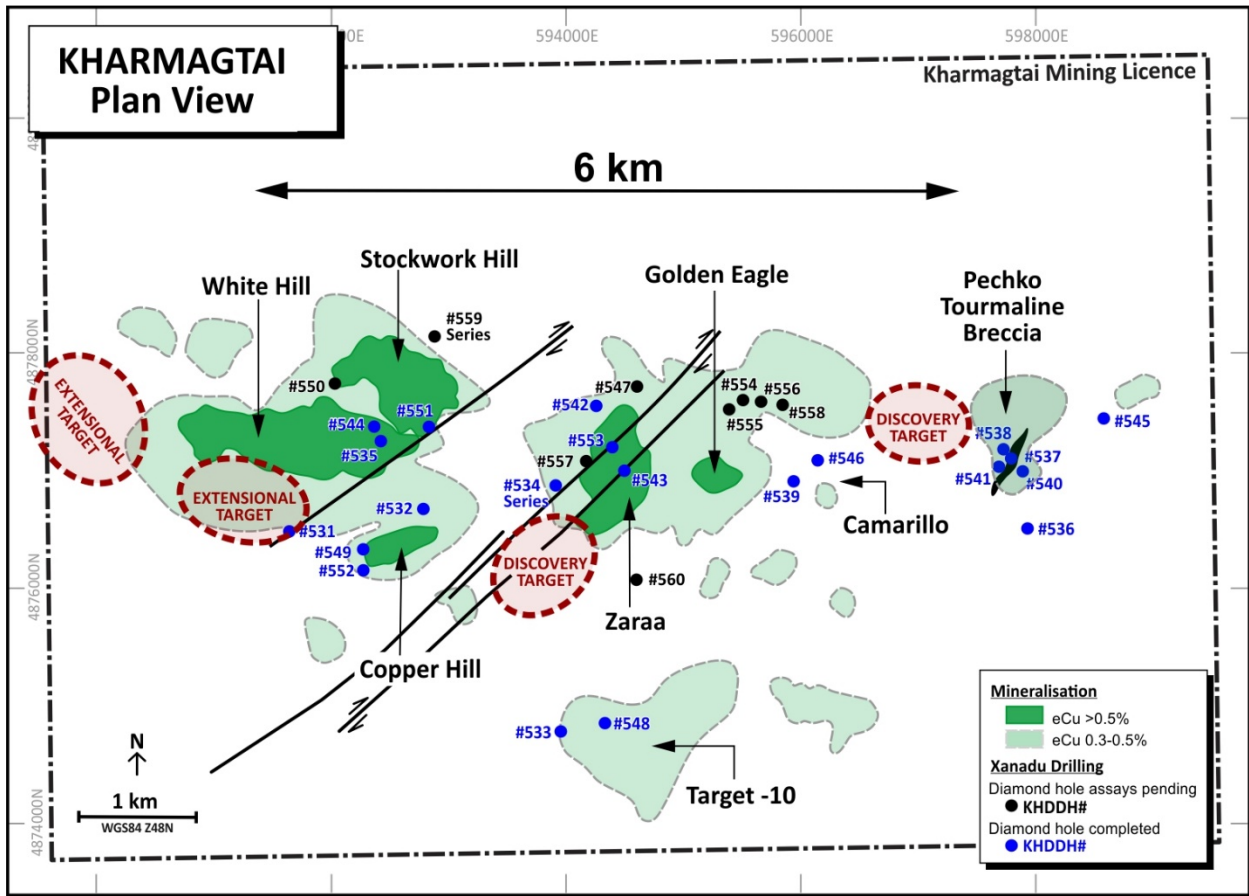


Figure 1. Kharmagtai Plan View with existing, current, and target drilling areas

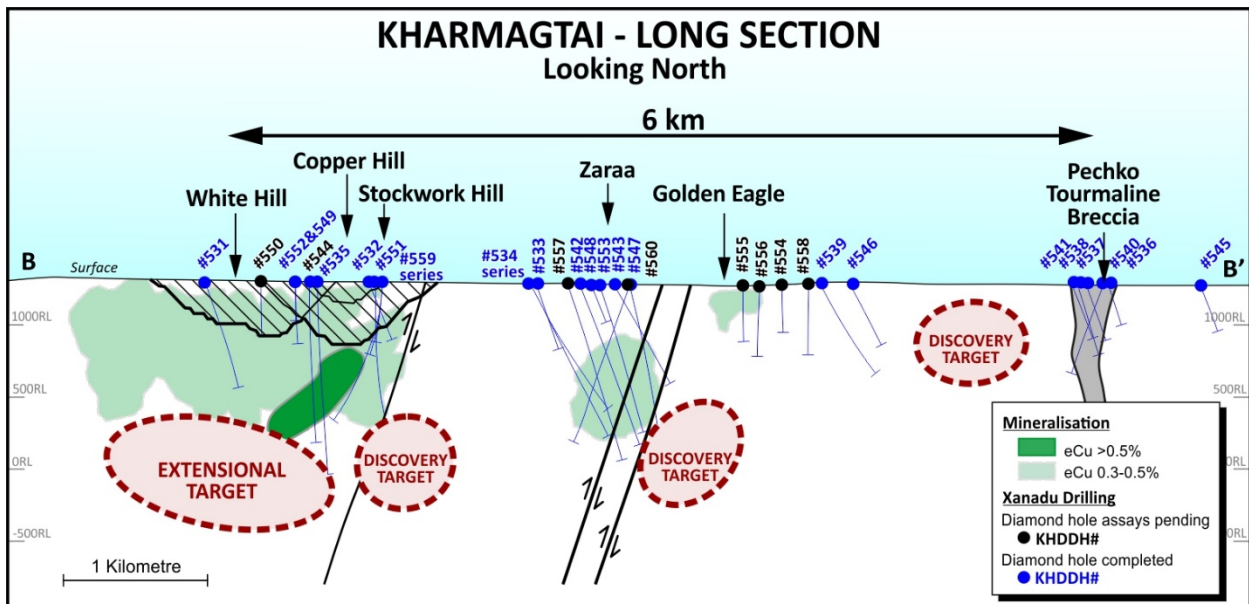


Figure 2 Kharmagtai Long Section with current drilling, and target areas

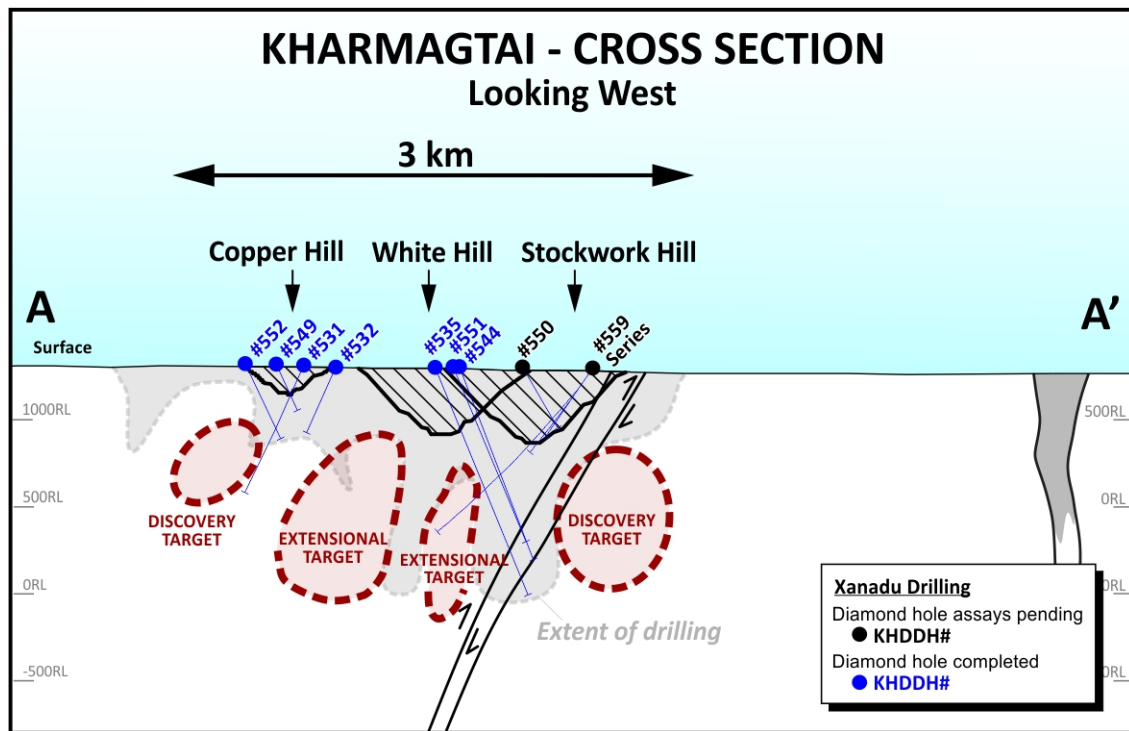


Figure 3. Cross Section through Copper Hill, White Hill & Stockwork Hill showing target zones

ZARAA DRILLING

Five diamond drill holes have been collared at Zараа since the start of Q4, 2020 targeting extensions of mineralisation (**Figure 1**) following detailed 3D geological, geochemical, and geophysical modelling.

Drill Hole **KHDDH542** was collared 400m to the north-west of Zараа and designed to drill towards the southeast, targeting the northern extensions of Zараа. KHDDH542 encountered a very broad zone of porphyry mineralisation and returned:

KHDDH542 intersected 632.4m @ 0.16% copper (**Cu**) and 0.12 grams per tonne (**g/t**) gold (**Au**) (0.22% copper equivalent (**eCu**)) from 314.6m,

and 75.1m @ 0.36% Cu and 0.27 g/t Au (0.50% eCu) from 1,110m,

including 30.2m @ 0.54% Cu and 0.45 g/t Au (0.77% eCu) from 1,127m.

Drill Hole **KHDDH543** was collared directly above the main zone of mineralisation at Zараа and designed to drill to the east, attempting to link mineralisation at Zараа and Golden Eagle. KHDDH543 encountered a broad zone of porphyry mineralisation focused around a 60m wide zone of causative intrusive and returned:

KHDDH543 intersected 461.2m @ 0.13% Cu and 0.08 g/t Au (0.18% eCu) from 310m,

including 37.2m @ 0.23% Cu and 0.17 g/t Au (0.32% eCu) from 502m.

Drill Hole **KHDDH547** was collared 700m to the north of Zараа and designed to drill towards the southeast, targeting the northern extensions of Zараа and potentially link Zараа with the Sandstorm Prospect. KHDDH547 encountered a very broad zone of low-grade porphyry mineralisation. Results are shown in **Tables 3 and 4**.

Drill Hole **KHDDH553** was collared above Zaraa and designed to drill towards the east, targeting the eastern extensions of Zaraa. KHDDH553 encountered a very broad zone of porphyry mineralisation. Final results are yet to be returned, and a partial intercept has returned:

KHDDH553 intersected 551.2m @ 0.25% Cu and 0.22 g/t Au (0.36% eCu) from 542m,

including 75m @ 0.38% Cu and 0.39 g/t Au (0.59% eCu) from 731m.

Drill Hole **KHDDH557** was collared above Zaraa and designed to drill towards the east, targeting the southeastern extensions of Zaraa. KHDDH557 encountered a very broad zone of porphyry mineralisation associated with a 675m intercept of causative porphyry intrusive. Final results are yet to be returned.

This drill program has extended Zaraa's footprint by approximately 300m to the south, 200m to the north and 300m to the east, effectively doubling the size of known mineralisation at Zaraa. Drilling is currently underway 1.5km to the south of Zaraa targeting a large-scale IP chargeability anomaly interpreted to be a faulted offset to Zaraa.

STOCKWORK HILL DRILLING

Four diamond drill holes have been collared at Stockwork Hill targeting high-grade extensions to known mineralisation (**Figures 1 and 3**).

Drill hole **KHDDH544** was collared to the south of Stockwork Hill, drilling northwards targeting the western extensions of the high-grade bornite zone. This hole encountered two zones of mineralisation, the upper zone relating to White Hill mineralisation and the lower zone relating to the along strike extensions of the high-grade bornite zone:

KHDDH544 intersected (upper zone) 34m @ 0.41% Cu and 0.31 g/ Au (0.57% eCu) from 112m,

including 8m @ 0.7% Cu and 0.62 g/t Au (1.02% eCu) from 126m;

KHDDH544 intersected (lower zone) 95.5m @ 0.36% Cu and 0.58 g/t Au (0.65% eCu) from 656.5m,

including 10m @ 0.47% Cu and 0.98 g/t Au (0.97% eCu) from 740m.

Drill Hole **KHDDH550** was collared on the western end of Stockwork Hill targeting the western extension of the deposit. This drill hole encountered a broad zone of low-grade porphyry mineralisation focused around a narrow fault system. Results can be found in **Tables 3 and 4**.

Drill Hole **KHDDH551** was collared on the eastern end of Stockwork Hill, drilling north and targeting the eastern extensions of the high-grade bornite zone and tourmaline breccia zones:

KHDDH551 intersected 323m @ 0.21% Cu and 0.19 g/t Au (0.31% eCu) from 558m,

including 46m @ 0.47% Cu and 0.37 g/t Au (0.66% eCu) from 759m,

including 22m @ 0.72% Cu and 0.6 g/t Au (1.03% eCu) from 817m.

Drill Hole KHDDH559 was collared to the north of Stockwork Hill drilling to the south. This hole is designed to define the northern edge of the tourmaline breccia at Stockwork Hill, drill through the deposit and expand the high-grade bornite zone to the south. This hole is currently being drilled and results will be released in Q1, 2021.

COPPER HILL DRILLING

Two diamond drill holes have been completed at Copper Hill, targeting repeats of Copper Hill high-grade mineralisation (**Figures 1 and 3**). Drill holes KHDDH5549 and 552 were drilled on a section 300m west of the main body of Copper Hill Mineralisation. Both holes encountered the low grade halo to mineralisation with narrow (2-4m) spikes of high-grade associated with the structures interpreted to focus Copper Hill Mineralisation indicating the feeder structures are still active and providing vectors for further drilling. Results can be found in **Tables 3 and 4**.

OTHER TARGETS

Eight shallow diamond drill holes were drilled during the quarter into five additional targets for shallow porphyry mineralisation. Four drill holes were drilled at Zephyr, approximately 1km northeast of Zarea following up on previous drilling there. Assays are pending for the Zephyr drilling and will be released in Q1, 2021. One drill hole was completed at Camarillo, encountering only minor porphyry style mineralisation. The data from the two drill holes completed in Phase One at Camarillo is being interpreted and further drilling may be planned based off these results. Initial interpretations indicate that drill hole KHDDH539 (see Q3, 2020 report) has passed near a large-scale mineralised porphyry and further drilling should be undertaken to the southeast of this drill hole. Two additional drill holes were complete near Pechko, both holes KHDDH541 and KHDDH545 encountered broad zones of weakly mineralised tourmaline breccia. Results can be found in **Tables 3 and 4**. The drilling from Pechko is being interpreted and further drilling will be proposed for Q2 2021. Finally, a single drill hole was drilled at Target 10 following up on earlier drilling in Phase One (see Q3, 2020 report). KHDDH548 encountered continuous weak porphyry mineralisation from surface to end of hole (303.2m) with narrow spikes of high-grade associated with the targeted structures. Results can be found in **Tables 3 and 4**. Further drilling will be proposed for Target 10 in Q2, 2021 when a full interpretation has been completed.

Red Mountain Copper-Gold Project

During the quarter, Xanadu and the Japan Oil, Gas and Metals National Corporation (**JOGMEC**) continued exploration activities at Red Mountain. Two diamond drill holes were started at Red Mountain during the quarter, but drilling was suspended due to a COVID-19 outbreak in a nearby town. A new drilling program is slated to commence in Q1, 2021 with 4,300m of drilling planned. This will commence with two initial targets, Bavuu and Vein 11, after which the remaining targets and schedule will be defined.

Table 2. Red Mountain Drilling Program

Prospect	Objective	Metres Planned	Metres Drilled (at 31 Dec 2020)	Assays Returned	Assays Pending
Bavuu Porphyry	Test coincident IP chargeability and surface porphyry outcrops	500m	374m	374m	0m
Vein 11	Test IP chargeability beneath epithermal veining for porphyry mineralisation	500m	18m	18m	0m
Other Targets	To be defined after Bavuu Porphyry and Vein 11 have been drilled	3,300m	0m	0m	0m
Total Program		4,300m	392m	392m	0m

COVID-19 in Mongolia

On 11 November 2020, the Government of Mongolia announced measures to halt community transmission of COVID-19, following positive tests outside of quarantine in Ulaanbaatar. This included an initial lockdown across the country and a subsequent lockdown focused on Ulaanbaatar, both of which have since expired.

The Government of Mongolia has taken a conservative approach to managing COVID-19, closing its borders early in 2020, and to date the Mongolian economy has remained largely open. The actions taken by the Government are consistent with this conservative approach.

Mining and exploration facilities have been able to continue operation through this period, and assay lab capacity in Ulaanbaatar has returned to normal. The Kharmagtai operation continues its exploration activities, currently operating two diamond drill rigs. The Red Mountain exploration program is anticipated to commence in the January quarter.

Corporate Activities

During the quarter, Xanadu held two fully virtual Extraordinary General Meetings, on 1 October 2020 and on 23 December 2020. On 1 October 2020, shareholders approved the second tranche of a \$12 million placement. On 23 December 2020, shareholders approved the addition of a share price vesting condition to the share option program for Executive Directors, which will also apply to Executives under the Employee Share Option Plan.

A recording of each meeting is available on the Xanadu website at www.xanadumines.com/site/investor-centre/shareholder-meetings.

Financial

On 31 December 2020, the Company had 1,091,841,522 fully paid ordinary shares on issue and A\$7.7 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:

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

APPENDIX 1: TABLES

Table 3: Drill hole details from the quarter (KH prefix = Kharmagtai, OU prefix = Red Mountain)

Hole ID	Prospect	East	North	RL	Azimuth (°)	Inc (°)	Depth (m)
KHDDH541	Target 6	597689	4877039	1267	140	-60	402.7
KHDDH542	Zaraa	594259	4877549	1273	135	-60	1,264.2
KHDDH543	Zaraa	594500	4877000	1273	95	-60	771.2
KHDDH544	Stockwork Hill	592368	4877377	1295	0	-70	1,182.7
KHDDH545	Target 6	598581	4877446	1265	140	-60	339.7
KHDDH546	Camarillo	596148	4877090	1268	115	-60	454.7
KHDDH547	Zaraa	594604	4877715	1267	150	-65	1,156.2
KHDDH548	Target 10	594332	4874850	1290	140	-60	303.2
KHDDH549	Copper Hill	592271	4876331	1311	0	-65	297.1
KHDDH550	Stockwork Hill	592032	4877741	1295	0	-60	414.7
KHDDH551	Stockwork Hill	592830	4877363	1290	0	-70	1,078.5
KHDDH552	Copper Hill	592272	4876153	1311	0	-65	477.1
KHDDH553	Zaraa	594395	4877199	1273	130	-67	1,093.2
KHDDH554	Target 4	595660	4877587	1260	0	-60	343.0
KHDDH555	Target 4	595389	4877519	1261	0	-60	420.1
KHDDH556	Target 4	595503	4877598	1260	0	-65	513.0
KHDDH557	Zaraa	594174	4877088	1277	130	-67	1,318.2
KHDDH558	Target 4	595846	4877566	1260	0	-65	497.2
KHDDH559	Stockwork Hill	592877	4878139	1280	191	-55	469.7
KHDDH559A	Stockwork Hill	592859	4878014	1094	191	-55	376.1
KHDDH559B	Stockwork Hill	592867	4878060	1163	190	-53	1,200.0
KHDDH560	Zaraa	594600	4876067	1289	328	-49	1,300.0
OUDDH098	Bavuu	376100	4938900	1088	0	-75	374.7
OUDDH099	Vein 10	377250	4940400	1088	0	-75	18.0

Table 4: Kharmagtai significant drill results from the quarter

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)	AuEq (g/t)
KHDDH541	Target 6	155	256	101	0.11	0.06	0.12	0.23
<i>and</i>		272	277.7	5.7	0.08	0.06	0.11	0.21
<i>and</i>		288	296	8	0.11	0.06	0.12	0.23
<i>and</i>		318	362	44	0.07	0.11	0.14	0.28
KHDDH542	Zaraa	30	54	24	0.26	0.03	0.16	0.32
<i>including</i>		34	38	4	0.65	0.04	0.37	0.72
<i>and</i>		64	75	11	0.11	0.09	0.14	0.28

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)	AuEq (g/t)
<i>and</i>		85	107	22	0.07	0.09	0.12	0.24
<i>and</i>		119	131.2	12.2	0.19	0.09	0.19	0.37
<i>and</i>		161	285.1	124.1	0.09	0.12	0.17	0.33
<i>including</i>		277	285.1	8.1	0.18	0.26	0.35	0.69
<i>and</i>		314.6	947	632.4	0.12	0.16	0.22	0.43
<i>including</i>		419	435	16	0.23	0.25	0.36	0.71
<i>including</i>		447	457	10	0.47	0.13	0.37	0.73
<i>including</i>		495	527	32	0.11	0.21	0.27	0.53
<i>including</i>		537	543	6	0.17	0.29	0.37	0.73
<i>including</i>		643	703.6	60.6	0.12	0.26	0.32	0.63
<i>including</i>		717	723	6	0.27	0.26	0.40	0.79
<i>including</i>		733	739	6	0.13	0.23	0.30	0.58
<i>including</i>		749	757	8	0.14	0.24	0.31	0.61
<i>and</i>		988.4	1,264.2	275.8	0.14	0.20	0.27	0.53
<i>including</i>		1,051	1080	29	0.15	0.22	0.29	0.57
<i>including</i>		1,110	1,185.1	75.1	0.27	0.36	0.50	0.98
<i>including</i>		1,127	1,157.2	30.2	0.45	0.54	0.77	1.50
<i>including</i>		1,127	1,139.4	12.4	0.60	0.74	1.05	2.05
<i>including</i>		1,244	1,252	8	0.11	0.18	0.24	0.46
KHDDH543	Zaraa	46	50	4	0.24	0.04	0.16	0.32
<i>and</i>		166	170	4	0.09	0.11	0.15	0.30
<i>and</i>		250	276	26	0.04	0.06	0.08	0.16
<i>and</i>		280	292	12	0.11	0.08	0.14	0.28
<i>and</i>		310	771.2	461.2	0.08	0.13	0.18	0.35
<i>including</i>		502	539.2	37.2	0.17	0.23	0.32	0.62
<i>including</i>		551	557	6	0.13	0.22	0.29	0.56
<i>including</i>		646	654	8	0.16	0.25	0.33	0.64
KHDDH544	Stockwork Hill	3.7	309	305.3	0.09	0.17	0.22	0.43
<i>including</i>		6	10	4	0.18	0.30	0.39	0.76
<i>including</i>		68	80	12	0.11	0.22	0.27	0.53
<i>including</i>		96	102	6	0.16	0.27	0.35	0.69
<i>including</i>		112	146	34	0.31	0.41	0.57	1.11
<i>including</i>		112	136	24	0.38	0.48	0.67	1.32
<i>including</i>		126	134	8	0.62	0.70	1.02	1.99
<i>and</i>		356	370	14	0.03	0.09	0.11	0.22
<i>and</i>		587	752	165	0.36	0.25	0.43	0.85
<i>including</i>		656.5	752	95.5	0.58	0.36	0.65	1.28
<i>including</i>		674	700	26	0.72	0.38	0.75	1.46
<i>including</i>		710.4	751.4	41	0.72	0.40	0.77	1.50
<i>including</i>		718	730	12	0.69	0.44	0.80	1.56

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)	AuEq (g/t)
<i>including</i>		740	750	10	0.98	0.47	0.97	1.89
<i>and</i>		766	774	8	0.11	0.04	0.10	0.19
<i>and</i>		804	826	22	0.09	0.05	0.10	0.19
<i>and</i>		904	916	12	0.09	0.06	0.10	0.20
<i>and</i>		1,156	1,172	16	0.05	0.07	0.10	0.19
KHDDH545	Target 6	67	109	42	0.07	0.08	0.12	0.23
<i>and</i>		272	278	6	0.04	0.10	0.12	0.23
<i>and</i>		326	330	4	0.10	0.07	0.12	0.23
KHDDH546	Camarillo	74	100	26	0.32	0.01	0.18	0.35
<i>including</i>		88	96	8	0.51	0.01	0.27	0.53
<i>and</i>		121	130.8	9.8	0.97	0.01	0.51	0.99
<i>and</i>		151	157	6	0.38	0.02	0.22	0.42
KHDDH547	Zaraa	27	232.6	205.6	0.11	0.11	0.17	0.34
		249	490	241	0.11	0.09	0.15	0.29
		504	676	172	0.11	0.15	0.21	0.40
<i>including</i>		548	552	4	0.20	0.26	0.36	0.71
<i>including</i>		564	590	26	0.19	0.19	0.29	0.57
<i>including</i>		610	626.7	16.7	0.10	0.19	0.24	0.48
<i>Assays pending</i>								
KHDDH548	Target 10	13	45	32	0.05	0.08	0.11	0.21
<i>and</i>		65	171	106	0.07	0.09	0.13	0.24
KHDDH549	Copper Hill	71.5	90	18.5	0.03	0.08	0.10	0.19
<i>and</i>		108.4	133.2	24.8	0.04	0.08	0.09	0.19
<i>and</i>		177	215	38	0.18	0.07	0.16	0.32
<i>including</i>		205	211	6	0.70	0.14	0.50	0.97
<i>and</i>		273	290	17	0.10	0.04	0.09	0.18
KHDDH550	Stockwork Hill	51	65	14	0.04	0.06	0.08	0.15
<i>and</i>		99	133	34	0.08	0.08	0.12	0.24
<i>and</i>		143	169	26	0.07	0.06	0.10	0.20
<i>and</i>		194	232	38	0.17	0.07	0.15	0.30
<i>and</i>		272	282	10	0.06	0.06	0.09	0.17
<i>Assays pending</i>								
KHDDH551	Stockwork Hill	454	492	38	0.08	0.11	0.15	0.29
<i>and</i>		504	522	18	0.06	0.07	0.10	0.19
<i>and</i>		538	547.5	9.5	0.04	0.06	0.08	0.16
<i>and</i>		558	881	323	0.19	0.21	0.31	0.61
<i>including</i>		562.7	579	16.3	0.10	0.28	0.33	0.64
<i>including</i>		589	647	58	0.26	0.25	0.38	0.75
<i>including</i>		613	623	10	0.43	0.32	0.54	1.05

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)	AuEq (g/t)
<i>including</i>		659	675	16	0.35	0.31	0.49	0.96
<i>including</i>		693	701	8	0.46	0.28	0.51	1.00
<i>including</i>		731	739	8	0.23	0.34	0.46	0.89
<i>including</i>		761	765	4	0.42	0.23	0.44	0.86
<i>including</i>		777	785	8	0.27	0.25	0.39	0.75
<i>including</i>		795	841	46	0.37	0.47	0.66	1.30
<i>including</i>		817	839	22	0.60	0.72	1.03	2.01
<i>and</i>		911	923	12	0.05	0.12	0.15	0.28
<i>and</i>		933	959	26	0.04	0.07	0.09	0.18
<i>and</i>		969	1001	32	0.08	0.06	0.11	0.21
<i>and</i>		1,072.5	1,078.5	6	0.14	0.11	0.18	0.36
KHDDH552	Copper Hill	8	22	14	0.44	0.01	0.23	0.46
<i>including</i>		10	22	12	0.43	0.01	0.23	0.45
<i>and</i>		136	145.4	9.4	0.03	0.05	0.06	0.11
<i>and</i>		157	183	26	0.25	0.14	0.27	0.52
<i>including</i>		169	183	14	0.32	0.24	0.40	0.79
<i>and</i>		229	265	36	0.05	0.09	0.11	0.22
<i>and</i>		279	287	8	0.09	0.10	0.14	0.28
<i>and</i>		299	432	133	0.05	0.11	0.14	0.26
KHDDH553	Zaraa	99	107	8	0.19	0.07	0.17	0.32
<i>and</i>		121	135	14	0.45	0.09	0.32	0.62
<i>including</i>		121	129	8	0.74	0.10	0.48	0.93
<i>and</i>		164	168	4	0.07	0.11	0.14	0.28
<i>and</i>		180	191	11	0.07	0.09	0.12	0.24
<i>and</i>		268	272	4	0.08	0.13	0.17	0.34
<i>and</i>		296	355.4	59.4	0.07	0.10	0.13	0.26
<i>and</i>		371.5	528	156.5	0.11	0.13	0.18	0.36
<i>including</i>		401	413.1	12.1	0.20	0.22	0.32	0.63
<i>including</i>		477	488	11	0.20	0.20	0.30	0.59
<i>including</i>		519	523	4	0.25	0.26	0.38	0.75
<i>and</i>		542	1093.2	551.2	0.22	0.25	0.36	0.71
<i>including</i>		544	566	22	0.23	0.25	0.37	0.71
<i>including</i>		576	580	4	0.23	0.27	0.39	0.76
<i>including</i>		609	613	4	0.19	0.26	0.35	0.69
<i>including</i>		625	962	337	0.26	0.30	0.43	0.85
<i>including</i>		731	806	75	0.39	0.38	0.59	1.15
<i>and</i>		972	1012	40	0.20	0.23	0.33	0.65
KHDDH554	Target 4							<i>Assays pending</i>
<i>and</i>		134	291	157	0.11	0.12	0.18	0.35
<i>including</i>		136	142	6	0.13	0.28	0.35	0.68
<i>including</i>		234	240	6	0.58	0.19	0.49	0.96

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)	AuEq (g/t)
		311	343	32	0.13	0.08	0.15	0.29
		<i>and</i>						
KHDDH555	Target 4	44	60	16	0.14	0.06	0.13	0.26
		86	210	124	0.30	0.11	0.26	0.51
		<i>including</i>	172	208	36	0.68	0.13	0.94
		<i>including</i>	184.9	189	4.1	2.76	0.23	3.21
		<i>and</i>	230	323	93	0.11	0.14	0.38
		<i>including</i>	242	254	12	0.22	0.20	0.61
		<i>including</i>	280	288	8	0.14	0.33	0.78
		<i>and</i>	385	420.1	35.1	0.03	0.08	0.19
KHDDH556	Target 4	95	220	125	0.31	0.13	0.29	0.57
		<i>including</i>	110.4	171	60.6	0.33	0.19	0.70
		<i>including</i>	189	200	11	0.87	0.11	1.09
		<i>and</i>	232	250	18	0.05	0.08	0.20
								<i>Assays pending</i>
KHDDH557	Zaraa	187	193	6	0.08	0.06	0.09	0.19
		<i>and</i>	221	245	24	0.07	0.04	0.16
		<i>and</i>	275	285	10	0.09	0.08	0.24
		<i>and</i>	297	321	24	0.11	0.04	0.19
		<i>and</i>	359	381	22	0.05	0.07	0.18
		<i>and</i>	393	433	40	0.05	0.10	0.23
		<i>and</i>	443	483	40	0.07	0.11	0.29
		<i>and</i>	493	789	296	0.12	0.20	0.51
		<i>including</i>	606	708	102	0.19	0.26	0.71
		<i>including</i>	682	698	16	0.31	0.40	1.09
		<i>including</i>	743	749	6	0.04	0.30	0.62
		<i>including</i>	771	786.7	15.7	0.10	0.30	0.69
		<i>and</i>	807	1,113	306	0.11	0.20	0.50
		<i>including</i>	809	942	133	0.15	0.26	0.67
		<i>including</i>	848	861	13	0.22	0.36	0.94
		<i>including</i>	960	984	24	0.15	0.23	0.60
		<i>and</i>	1,137	1170	33	0.05	0.09	0.23
		<i>and</i>	1,180	1,318.2	138.2	0.05	0.14	0.32
KHDDH558	Target 4							<i>Assays pending</i>
KHDDH559	Stockwork Hill	293	304	11	0.08	0.02	0.06	0.12
		<i>and</i>	402	469.7	67.7	0.20	0.07	0.35
		<i>including</i>	414	424	10	0.43	0.06	0.55
		<i>including</i>	444	450	6	0.76	0.18	1.12
		<i>including</i>	446	450	4	0.89	0.22	1.32
KHDDH559A	Stockwork Hill	68	78	10	0.31	0.04	0.19	0.38

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	CuEq (%)	AuEq (g/t)
<i>and</i>		142	170	28	0.08	0.27	0.31	0.61
<i>including</i>		142	162.1	20.1	0.11	0.35	0.41	0.80
<i>and</i>		224	376.1	152.1	0.26	0.47	0.60	1.17
<i>including</i>		256	274	18	0.38	0.51	0.70	1.37
<i>including</i>		262	272	10	0.55	0.61	0.90	1.75
<i>including</i>		294	376.1	82.1	0.37	0.68	0.87	1.71
<i>including</i>		304	376.1	72.1	0.41	0.75	0.96	1.87
<i>including</i>		308	328	20	0.34	0.63	0.80	1.57
<i>including</i>		342	362	20	0.86	1.31	1.75	3.41
KHDDH559B	Stockwork Hill	218	226	8	0.14	0.11	0.18	0.35
<i>and</i>		236	248	12	0.09	0.06	0.10	0.20
<i>and</i>		284	432	148	0.38	0.62	0.82	1.60
<i>including</i>		290	294	4	0.19	0.28	0.38	0.74
<i>including</i>		308	432	124	0.44	0.71	0.94	1.83
<i>including</i>		318	336	18	0.28	0.67	0.81	1.58
<i>including</i>		346	432	86	0.56	0.83	1.12	2.18
<i>including</i>		346	360	14	1.23	2.36	2.99	5.84
<i>including</i>		370	374	4	0.53	1.11	1.37	2.69
<i>including</i>		392	414	22	0.74	0.73	1.11	2.17
<i>Assays pending</i>								
KHDDH560	Zaraa	<i>Assays pending</i>						
OUDDH098	Bavuu	283.9	288	4.1	0.02	0.11	0.12	0.24

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.

LIST OF TENEMENTS

Xanadu held licenses for the following tenements during the quarter. No tenements were acquired or disposed during the quarter, and no new farm-in or farm-out agreements were entered into during the quarter.

Table 5. Licenses and Projects Held by Xanadu

Project Name	Tenement Name	Beneficial Ownership Start of Quarter	Beneficial Ownership End of Quarter	Location
Red Hill *	Red Hill	90%	90%	Mongolia, Umnugobi province, Tsogttsetsii soum
Kharmagtai	Kharmagtai	76.5%	76.5%	Mongolia, Dornogobi province, Saikhandulaan soum
Yellow Mountain	Kholboo	100%	100%	Mongolia, Bulgan province, Selenge and Bugat soums

* Red Hill is subject to a Joint Exploration Agreement with Japan Oil and Gas Exploration Company (JOGMEC), under which JOGMEC may earn a 51% interest in the project by sole funding USD7.2 million of exploration over four years. Xanadu is the operator during the earn-in period.

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 \$266k in the quarter ended 31 December 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, office rent paid to Colin Moorhead & Associates (a company associated with Colin Moorhead) in relation to the Melbourne office, and office rent paid to Bastion Minerals (a company in which Dr Andrew Stewart is a Non-Executive Director) in relation to the Sydney office.

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%.
Relationship between mineralisation on widths and intercept lengths	<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.
Diagrams	<ul style="list-style-type: none"> • See figures in the body of the report.
Balanced reporting	<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.
Other substantive exploration data	<ul style="list-style-type: none"> • Extensive work in this area has been done and is reported separately.
Further Work	<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.

Criteria	Commentary
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. • 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.
Estimation and modelling techniques	<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

Criteria	Commentary
	<p>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.</p> <ul style="list-style-type: none"> • 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 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%)

Criteria	Commentary
	<p>The copper equivalent formula was based on the following parameters (prices are in USD):</p> <p>Copper price - 3.1 \$/lb (or 6834 \$/t)</p> <p>Gold price - 1320 \$/oz</p> <p>Copper recovery - 85%</p> <p>Gold recovery - 70%</p> <p>Relative recovery of gold to copper = 70% / 85% = 82.35%.</p>
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. 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

Criteria	Commentary
	<ul style="list-style-type: none"> • 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.
<p>Discussion of relative accuracy/confidence</p>	<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")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	(403)	(1,438)
(e) administration and corporate costs	(172)	(1,297)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	12	100
1.8 Other (provide details if material) <i>funding from Red Mountain JV</i>		
1.9 Net cash from / (used in) operating activities	(562)	(2,633)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(39)	(179)
(d) exploration & evaluation	(2,195)	(5,950)
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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>	261	1,521
2.6	Net cash from / (used in) investing activities	(1,973)	(4,608)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,430	15,707
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	(299)	(611)
3.5	Proceeds from borrowings	1	109
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>	(32)	(84)
3.10	Net cash from / (used in) financing activities	6,100	15,121
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,492	1,209
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(562)	(2,633)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,973)	(4,608)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,100	15,121
4.5	Effect of movement in exchange rates on cash held	(1,370)	(1,402)
4.6	Cash and cash equivalents at end of period	7,687	7,687

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	7,687	5,492
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)	7,687	5,492

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	266
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
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)	(562)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,195)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,757)
8.4 Cash and cash equivalents at quarter end (item 4.6)	7,687
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	7,687
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.8
<i>Note: if the entity has reported positive relevant outgoings (ie 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: N/A	
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: N/A	

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: N/A

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: 28 January 2021

Authorised by: By the board

(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 – e.g. 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.