

## Quarterly Activities Report and Appendix 5B - 30 September 2022

31 October 2022

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

### BY ELECTRONIC LODGEMENT

#### Quarterly Activities Report and Appendix 5B - 30 September 2022

Please find attached for release to the market, Xanadu Mining Ltd.'s *Quarterly Activities Report and Appendix 5B* for the quarter ended 30 September 2022.

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#### **About Xanadu Mines Ltd:**

Xanadu is an ASX and TSX listed Exploration company operating in Mongolia. We give investors exposure to globally significant, large-scale copper-gold discoveries and low-cost inventory growth. Xanadu maintains a portfolio of exploration projects and remains one of the few junior explorers on the ASX or TSX who control a globally significant copper-gold deposit in our flagship Kharmagtai project. For information on Xanadu visit: [www.xanadumines.com](http://www.xanadumines.com).

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

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## QUARTERLY ACTIVITIES REPORT

for the three months ended 30 September 2022  
(figures are unaudited and in A\$ except where stated)

31 October 2022

### September 2022 Quarter Highlights

During the quarter ended 30 September 2022 (**September Quarter**), Xanadu Mines Ltd (**Xanadu** or the **Company**) progressed the Company's Kharmagtai and Red Mountain Copper-Gold Projects.

Xanadu continued to work with Zijin Mining Group Co. Ltd (**Zijin**) to finalise commercial arrangements for its Strategic Partnership. The Company is targeting completion of these discussions in the December 2022 Quarter. During the September Quarter, Zijin achieved the required approval from the Australia Foreign Investment Review Board (**FIRB**) for this investment.

At Kharmagtai, metallurgical testing continued to assess the potential to leach oxidised near surface mineralisation, with significant upside potential for project economics. Exploration also recommenced at Red Mountain with a trenching program for target generation. Initial trench assays defined and expanded a broad zone of shallow gold, with the program ongoing.

#### Key Highlights

- Progressed negotiations to finalise terms of Joint Venture (**JV**) Shareholders' Agreement with Zijin.<sup>1</sup>
- FIRB regulatory approval received for Zijin investment in Xanadu.<sup>2</sup>
- Metallurgical test results on partially oxidised material at Kharmagtai delivered recoveries of up to 91% gold and 46% copper, indicating potential for heap leach treatment and material project upside.<sup>3</sup>
- Completed detailed Kharmagtai Pre-Feasibility Study (**PFS**) Plan and Discovery Exploration Plan and commenced detailed technical reviews with Zijin prior to JV commencement.
- Commenced trenching and target generation program at Red Mountain, identifying a broad zone of shallow gold in the first set of trenches.<sup>4</sup>
- Continued new project generation work to identify potential new exploration tenements in Mongolia.

#### Executive Chairman & Managing Director, Colin Moorhead, said:

*"The September Quarter was focused on finalising both commercial and technical components of our Placement and JV Agreements with Zijin. We have made very positive progress on both fronts and expect this to be finalised for shareholder and Chinese regulatory approval in the December Quarter. Pleasingly, the Australia FIRB regulatory approval has already been received.*

<sup>1</sup> ASX/TSX Announcement 19 April 2022 - Strategic Partnership with Zijin Mining

<sup>2</sup> ASX/TSX Announcement 22 August 2022 - FIRB Approves Zijin Investment in Xanadu

<sup>3</sup> ASX/TSX Announcement 1 August 2022 - Positive Metallurgical Test Results at Kharmagtai

<sup>4</sup> ASX/TSX Announcement 27 September 2022 - Broad, Shallow Gold Zone at Red Mountain

*On the operational front, at Kharmagtai we have made significant progress with metallurgical leach tests to convert the top layer of mineralised waste into cash generating ore. At Red Mountain, our target identification program is in full swing with initial trenching results finding a wide zone of shallow gold.*

*We look forward to finalising and receiving funds from our strategic partnership with Zijin in the coming months, which will enable a rapid ramp-up of work and news flow at both of our projects.”*

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 September Quarter.

## Kharmagtai Copper-Gold Project

### Metallurgical Testing

The Kharmagtai Scoping Study<sup>5</sup> identified several material upside opportunities to drive improved project economics. One important opportunity was the potential use of glycine leach technology to recover gold and copper from approximately 90 million tonnes of surface oxide material, currently classified as pre-strip waste in the Scoping Study mine plan.

Results of the initial glycine test program on samples from the first 30 metres depth, delivered metallurgical recoveries of up to 91% gold and 46% copper, with head grades ranging between 0.52g/t to 2.25g/t gold and 0.12% to 0.67% copper. All partially oxidised material leached readily at a coarse P<sub>80</sub> >2mm particle size, which indicates a strong potential for heap leach treatment.<sup>6</sup>

This result is the first step in evaluating this uplift opportunity to generate additional cash from surface material. Further mineralogical studies are required to confirm viability and optimise the process, which will be conducted as part of the Kharmagtai PFS.

### Pre-Feasibility Study Plan

During the September Quarter, Xanadu invested in the development of a detailed Pre-Feasibility Study (**PFS**) Execution Plan, which outlines the objectives, process, budget and outcomes required for the study.

The PFS Execution Plan includes:

- Infill drilling program to deliver a JORC Code, 2012<sup>7</sup> Ore Reserve.
- Metallurgical test programs including upside opportunities such as glycine leach to convert surface oxidised waste into ore and both coarse ore flotation and bulk ore separation to reduce energy and consumable cost.
- Mine design including upside opportunities such as in-pit crush and convey to capture a larger share of deep, high grade ore and reduce truck haulage and electrified mobile equipment to reduce diesel cost and scope 1 emissions.
- Infrastructure including detailed design and investigations.
- Permitting and regulatory activities during the study period

The PFS Execution Plan is being reviewed with Zijin for inclusion in the formal JV Agreement. It will set the framework under which the PFS will be executed, noting that Xanadu is the operator of the JV until Decision to Construct.

<sup>5</sup> ASX/TSX Announcement - 6 April 2022 Scoping Study – Kharmagtai Copper-Gold Project

<sup>6</sup> ASX/TSX Announcement - 1 August 2022 Positive Metallurgical Test Results at Kharmagtai

<sup>7</sup> Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves

## Discovery Exploration Plan

During the September Quarter, Xanadu developed a detailed program for continued discovery exploration, which included a mix of drilling to target the following:

- Extensions to known higher-grade mineralisation at depth.
- Extensions to higher-grade mineralisation along strike.
- Shallow targets aiming for new Copper Hill type mineralisation.
- Deep targets aiming for mineralisation similar to Hugo North at Oyu Tolgoi, which starts at a depth of 900m, which is below the majority of current drilling at Kharmagtai.

Similar to the PFS Execution Plan, the Discovery Exploration Plan is being reviewed with Zijin for inclusion in the formal JV Agreement. It will set the framework under which exploration will be conducted, noting that Xanadu is the operator of the JV until Decision to Construct.

## Red Mountain Copper-Gold Project

### Target Generation

Red Mountain is an earlier stage project than Kharmagtai and does not yet have a JORC Code, 2012 compliant Mineral Resource. During the September Quarter, Xanadu commenced a new target generation program, starting with trenching at a number of target areas on the tenement.

Assays for the first 1,170m of trenching (out of a 6,500m program) were returned during the September Quarter, which were focused on Target 33 (T33). These returned a broad, 350m x 80m zone of shallow gold mineralisation with intercepts as follows.<sup>8</sup>

| Trench ID | From (m) | Interval (m) | Au (g/t) | Cu (%) |
|-----------|----------|--------------|----------|--------|
| OUTR109   | 26       | 66           | 0.37     | 0.04   |
| including | 50       | 32           | 0.60     | 0.04   |
| including | 50       | 18           | 0.81     | 0.05   |
| including | 58       | 10           | 1.23     | 0.09   |
| and       | 106      | 4            | 0.97     | 0.04   |

Trenching continues at multiple targets on the Red Mountain tenement, aiming to build on previous exploration results.

<sup>8</sup> ASX/TSX Announcement - 27 September 2022 Broad, Shallow Gold Zone at Red Mountain

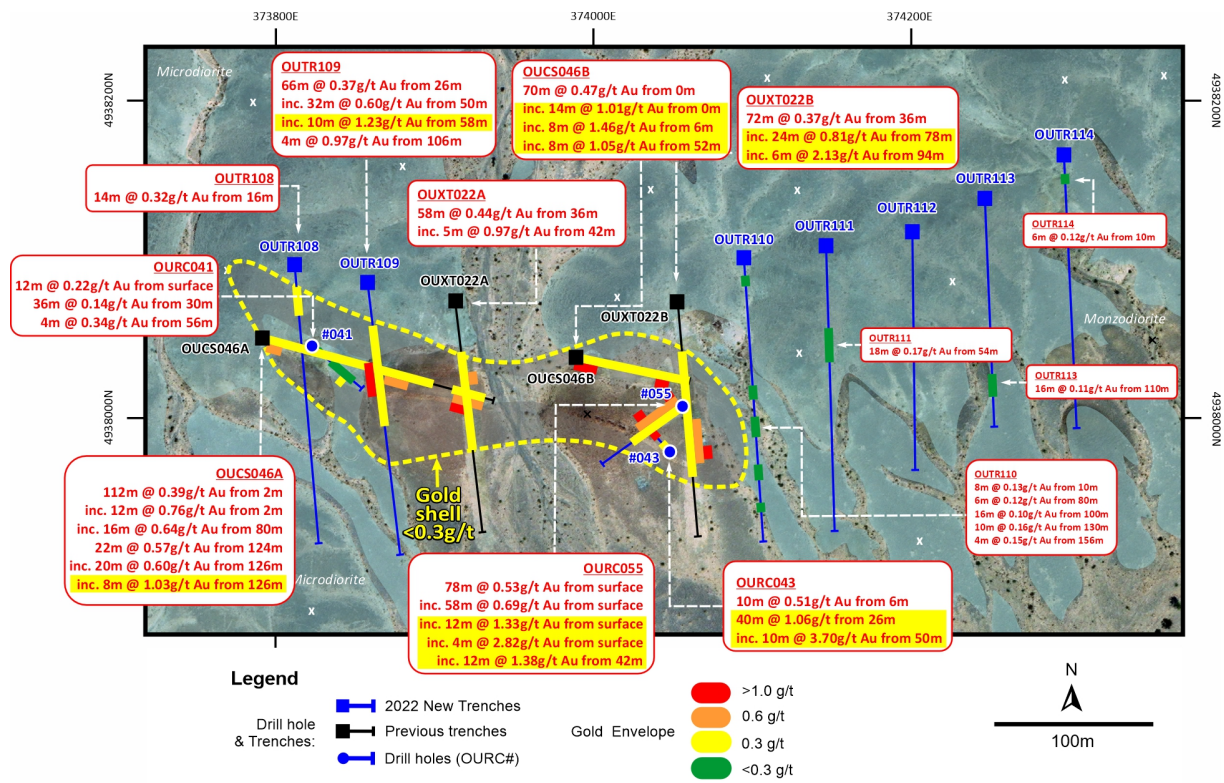


FIGURE 1: Red Mountain T33 trench locations and current & historical assay results.<sup>9, 10</sup>

## December Quarter Planned Activities

Key activities during the quarter ending 31 December 2022 (**December Quarter**) include:

- Finalise JV Agreement, including approval of technical study and exploration plans;
- Obtain Chinese regulatory approvals for Zijin strategic partnership;
- Obtain Xanadu shareholder approvals for Zijin strategic partnership;
- Complete Red Mountain trenching and target identification program; and
- Commence Kharmagtai Pre-Feasibility Study and Discovery Exploration plans.

<sup>9</sup> ASX Announcement 30 June 2016 - Further High-Grade Gold Intercepts at Oyut Ulaan

<sup>10</sup> ASX Announcement 28 June 2017 - Oyut Ulaan Exploration Update: Strong Drill Results Across the District



## Results of Operations

|   | Quarter Ended            |                       |                          |                          |                          |
|---|--------------------------|-----------------------|--------------------------|--------------------------|--------------------------|
|   | 30 Sep<br>2022<br>\$'000 | 30 Jun 2022<br>\$'000 | 31 Mar<br>2022<br>\$'000 | 31 Dec<br>2021<br>\$'000 | 30 Sep<br>2021<br>\$'000 |
| Gross Exploration Expenditure                       |                          |                       |                          |                          |                          |
| Kharmagtai  | 749                      | 1,140                 | 802                      | 2,028                    | 2,756                    |
| Red Mountain  | 343                      | 117                   | 242                      | 435                      | 1,090                    |
| Exploration expenditures capitalised *              | 1,092                    | 1,257                 | 1,044                    | 2,178                    | 3,092                    |
| Impairment of deferred exploration expenditure      | -                        | -                     | -                        | 4,637                    | -                        |
| Corporate general and administration                | 1,042                    | 1,641                 | 861                      | 854                      | 929                      |
| Share-based payments                                | 148                      | 147                   | 145                      | 815                      | -                        |
| Depreciation and amortisation                       | 18                       | 17                    | 16                       | 17                       | 11                       |
| Loss after income tax attributable to owners of XAM | 1,239                    | 1,917                 | 732                      | 6,320                    | 1,098                    |
| Basic loss per share                                | 0.09                     | 0.14                  | 0.06                     | 0.50                     | 0.09                     |
| Diluted loss per share                              | 0.09                     | 0.14                  | 0.06                     | 0.50                     | 0.09                     |
| Kharmagtai drill metres <sup>^</sup>                | -                        | -                     | -                        | 5,716                    | 11,146                   |
| Red Mountain drill metres <sup>`</sup>              | -                        | -                     | -                        | -                        | 2,948                    |

\* Red Mountain exploration funded by Japan Oil, Gas and Metals National Corporation (**JOGMEC**) under the Joint Exploration Agreement which terminated in November 2021 was not capitalised

<sup>^</sup> Reflects invoiced metres paid during the quarter under drilling contract. Physical metres drilled during the quarter may vary due to invoice timing.

<sup>`</sup> Excludes horizontal trenching metres

## Finance and Corporate

### Capital Structure

On 30 September 2022, the Company had 1,412,260,215 fully paid ordinary shares and 46,950,000 options over ordinary shares on issue and approximately A\$2.00 million in cash.

### Strategic Partnership with Zijin Mining Group

On 19 April 2022, the Company announced it had agreed a strategic partnership (**Agreement**) with Zijin to progress the Company's flagship Kharmagtai Copper-Gold Project through its next phase of project evaluation and decision on future development, resulting in a net investment of A\$11.3M via placement for 19.99% of Xanadu ordinary shares at \$0.04 per share and US\$35M invested to form a 50:50 Joint Venture in Xanadu's Khuiten Metals subsidiary, which holds 76.5% of Kharmagtai .<sup>11</sup>

Australia FIRB regulatory approval for the deal was received during the September Quarter.

During the September Quarter, Xanadu and Zijin progressed positively the negotiations for detailed commercial terms and operational plans for the Joint Venture. These are expected to conclude in the December Quarter, followed by Chinese regulatory and Xanadu shareholder approvals.

<sup>11</sup> ASX/TSX Announcement 19 April 2022 - Strategic partnership with Zijin Mining Group

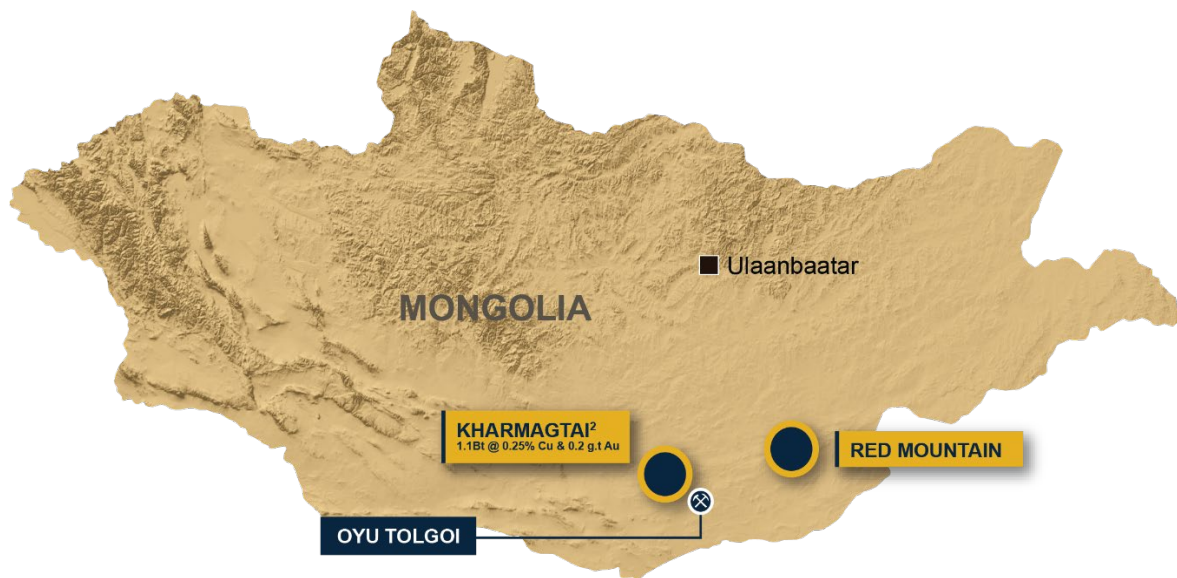
## ASX Announcements

This Quarterly Activities Report contains information reported in accordance with the 2012 Edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012)* in the following announcements released during the September quarter.

- ASX/TSX Announcement 1 Aug 2022 – Positive Metallurgy Test Results at Kharmagtai
- ASX/TSX Announcement 22 Aug 2022 – FIRB Approves Zijin Investment in Xanadu
- ASX/TSX Announcement 24 Aug 2022 – Exploration Ramps Up at Red Mountain
- ASX/TSX Announcement 27 Sep 2022 – Broad, Shallow Gold Zone at Red Mountain

## About Xanadu Mines

Xanadu is an ASX and TSX listed Exploration company operating in Mongolia. We give investors exposure to globally significant, large-scale copper-gold discoveries and low-cost inventory growth. Xanadu maintains a portfolio of exploration projects and remains one of the few junior explorers on the ASX or TSX who control an emerging, globally significant copper-gold deposit in our flagship Kharmagtai project.



**FIGURE 2:** Location of Xanadu Projects in the South Gobi region of Mongolia

For further information, please visit [www.xanadumines.com](http://www.xanadumines.com) or contact:

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

## APPENDIX 2: STATEMENTS AND DISCLAIMERS

### MINERAL RESOURCES AND ORE RESERVES REPORTING REQUIREMENTS

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

Previously reported Mineral Resource Estimates for Kharmagtai have changed as reported within this Quarterly Activities Report. For information regarding these resources, please see the Company's ASX/TSX Announcement dated 28 February 2022, including the National Instrument 43-101 Technical Report<sup>12</sup>. There are no reported Ore Reserves.

### MINING ACTIVITIES

There were no mine production or development activities during the September Quarter.

### LIST OF TENEMENTS

Xanadu held licenses for the following tenements during the September Quarter. A strategic partnership was announced with Zijin, including a commitment to form a 50-50 JV in Khuiten Metals Pte Ltd, a Xanadu subsidiary which holds 76.5% of Kharmagtai. The JV will be finalised and executed in subsequent quarters. No new farm-in or farm-out agreements were entered into during the quarter.

| Project Name | Tenement Name | Beneficial Ownership Start of Quarter | Beneficial Ownership End of Quarter | Location   |
|--------------|---------------|---------------------------------------|-------------------------------------|--|
| Red Mountain | Red Mountain  | 100%                                  | 100%                                | Mongolia, Dornogobi province, Saikhandulaan soum |
| Kharmagtai * | Kharmagtai    | 76.5%                                 | 76.5%                               | Mongolia, Umnugobi province, Tsogttsetsii soum   |

\* Subject to future execution of Phase 3 of the Zijin Strategic Partnership, at which time ownership will reduce to 38.25% of Kharmagtai.

### COMPETENT PERSON STATEMENTS

The information in this announcement that relates to Mineral Resources is based on information compiled by Mr Robert Spiers, who is responsible for the Mineral Resource Estimate. Mr Spiers is a full time Principal Geologist employed by Spiers Geological Consultants (**SGC**) and is a Member of the Australian Institute of Geoscientists. He 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 Qualified Person as defined in the CIM Guidelines and *National Instrument 43-101* and as a Competent Person under JORC Code, 2012. Mr Spiers consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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

<sup>12</sup> ASX/TSX Announcement 28 February 2022 - Technical Report to Support Kharmagtai Mineral Resource Upgrade



and geological interpretation and information. Dr Stewart, who is an employee of Xanadu and is a Member of the Australasian Institute of Geoscientists, has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as the Competent Person as defined in the JORC Code, 2012 and the *National Instrument 43-101*. Dr Stewart consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

## RELATED PARTIES

As set out in section 6.1 of the attached Appendix 5B, *Mining exploration entity or oil and gas exploration entity quarterly cash flow report*, payments made to related parties and their associates was approx. \$353,000 in the September Quarter. The amounts relate to salary, superannuation and bonus payments to Directors; legal fees paid to HopgoodGanim Lawyers (a company associated with Xanadu Non-Executive Director Michele Muscillo) for legal services; rent paid to Xanadu Executive Director Ganbayar Lkhagvasuren in relation to Xanadu's Ulaanbaatar office; rent and consulting fees paid to Colin Moorhead & Associates (a company associated with Xanadu's Executive Chairman and Managing Director, Colin Moorhead) in relation to Xanadu's Melbourne office, geology and sustainability consultants; and rent paid to Bastion Minerals Limited (ASX:BMO) (a company in which Xanadu's Vice President Exploration Dr Andrew Stewart is a Non-Executive Director) in relation to Xanadu's 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 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](http://www.xanadumines.com).

## Appendix 5B

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

Name of entity

|                         |
|-------------------------|
| <b>Xanadu Mines Ltd</b> |
|-------------------------|

ABN

|                       |
|-----------------------|
| <b>92 114 249 026</b> |
|-----------------------|

Quarter ended ("current quarter")

|                          |
|--------------------------|
| <b>30 September 2022</b> |
|--------------------------|

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               |                                    |  |
| 1.2 Payments for  |                                    |  |
| (a) exploration & evaluation                              |                                    |  |
| (b) development   |                                    |  |
| (c) production  |                                    |  |
| (d) staff costs   | (430)                              | (1,708)  |
| (e) administration and corporate costs                    | (605)                              | (2,037)  |
| 1.3 Dividends received (see note 3)                       |                                    |  |
| 1.4 Interest received                                     | 2                                  | 2  |
| 1.5 Interest and other costs of finance paid              | (12)                               | (30)   |
| 1.6 Income taxes paid                                     |                                    |  |
| 1.7 Government grants and tax incentives                  |                                    |  |
| 1.8 Other (provide details if material)                   |                                    |  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(1,045)</b>                     | <b>(3,773)</b>                                 |
| <b>2. Cash flows from investing activities</b>            |                                    |  |
| 2.1 Payments to acquire or for:                           |                                    |  |
| (a) entities  |                                    |  |
| (b) tenements   |                                    |  |
| (c) property, plant and equipment                         | -                                  | (9)  |
| (d) exploration & evaluation                              | (1,182)                            | (3,110)  |
| (e) investments   |                                    |  |
| (f) other non-current assets                              |                                    |  |

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

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2                                  | Proceeds from the disposal of:                        |                            |                                       |
|                                      | (a) entities  |                            |                                       |
|                                      | (b) tenements   |                            |                                       |
|                                      | (c) property, plant and equipment                     | -                          | 28                                    |
|                                      | (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)                   |                            |                                       |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>(1,182)</b>             | <b>(3,091)</b>                        |

|             |   |             |              |
|-------------|---|-------------|--------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |             |              |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)             | -           | 5,560        |
| 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       | -           | -            |
| 3.5         | Proceeds from borrowings  | -           | -            |
| 3.6         | Repayment of borrowings   |             |              |
| 3.7         | Transaction costs related to loans and borrowings   |             |              |
| 3.8         | Dividends paid  |             |              |
| 3.9         | Other (provide details if material)<br><i>repayment of leases and other finance cost paid</i> | (16)        | (50)         |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>   | <b>(16)</b> | <b>5,510</b> |

|           |  |         |         |
|-----------|--|---------|---------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |         |         |
| 4.1       | Cash and cash equivalents at beginning of period                             | 4,105   | 3,321   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (1,045) | (3,773) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (1,182) | (3,091) |

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

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---|--|------------------------------------|--|
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | (16)                               | 5,510  |
| 4.5   | Effect of movement in exchange rates on cash held                | 136                                | 31   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                | <b>1,998</b>                       | <b>1,998</b>                                   |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 1,998                              | 4,105                               |
| 5.2        | Call deposits   |                                    |                                     |
| 5.3        | Bank overdrafts   |                                    |                                     |
| 5.4        | Other (provide details)   |                                    |                                     |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>1,998</b>                       | <b>4,105</b>                        |

| <b>6.</b>   | <b>Payments to related parties of the entity and their associates</b>                   | <b>Current quarter<br/>\$A'000</b> |
|---|---|------------------------------------|
| 6.1   | Aggregate amount of payments to related parties and their associates included in item 1 | 353                                |
| 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> |   |                                    |

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

| 7. <b>Financing facilities</b>  | <b>Total facility amount at quarter end<br/>\$A'000</b> | <b>Amount drawn at quarter end<br/>\$A'000</b> |
|---|---|--|
| <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 <b>Total financing facilities</b>   | -   | -  |
| 7.5 <b>Unused financing facilities available at quarter end</b>   |   | -  |
| 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. <b>Estimated cash available for future operating activities</b>   | <b>\$A'000</b> |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9)  | (1,045)        |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))   | (1,182)        |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2)   | <b>(2,227)</b> |
| 8.4 Cash and cash equivalents at quarter end (item 4.6)  | 1,998          |
| 8.5 Unused finance facilities available at quarter end (item 7.5)  | -              |
| 8.6 Total available funding (item 8.4 + item 8.5)  | <b>1,998</b>   |
| 8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>  | 0.9            |
| <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?  |                |
| <p>Xanadu expects to increase its operating cash flows in the coming months following completion of its strategic partnership (<b>Agreement</b>) with Zijin Mining Group. The Agreement will provide parent company funding via a share placement that increases Zijin's holding to 19.99% of Xanadu, and it will invest US\$35 million directly into the Kharmagtai project.</p> <p>Upon receipt of this funding, Xanadu will commence the PFS at its Kharmagtai project, including a resource drill-out, metallurgy, mining, infrastructure and other studies, and Xanadu will accelerate exploration across all projects.</p> <p>If the Agreement with Zijin Mining Group is delayed, Xanadu will seek a bridging fund arrangement, which may be obtained through a variety of sources available to Xanadu.</p> |                |



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

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?

Yes. See answer to 8.8.1.

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?

Yes. See answer to 8.8.1.

*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: 31 October 2022

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.