

QUARTERLY ACTIVITIES REPORT

for the three months ended 30 September 2023
(figures are unaudited and in A\$ except where stated)

31 October 2023

September 2023 Quarter Highlights

During the quarter ending 30 September 2023 (June Quarter), **Xanadu Mines Ltd (Xanadu or the Company)** aggressively progressed the Pre-Feasibility (**PFS**) programme and Discovery Exploration activities at our flagship Kharmagtai copper-gold project, funded by US\$35 million cash from the Joint Venture (**JV** or **Khuiten JV**) with **Zijin Mining Group Co., Ltd. (Zijin)**. The PFS Infill Drilling program concluded ~48,000m of diamond drilling with highly encouraging drill results, including material vertical extension of high-grade zones within the Stockwork Hill pit shell and discovery of a new high-grade core just beneath the White Hill pit shell. Shallow exploration drilling intersected high-density stockwork, breccia mineralisation and gold only mineralisation across three largely explored porphyry clusters. Deep exploration drilling commenced, aiming to discover an analogue to the world class Hugo Dummett deposit at Oyu Tolgoi below the existing Kharmagtai resource. In preparation for future Construction stage works, Kharmagtai site was connected via a new 35kV line to the Mongolia Southern Electricity Distribution Network (SEDN).

PFS Infill Drilling Programme

- Continued high value results from 4 diamond drill rig program, with grades on the most part better or in line with the 2021 Mineral Resource Estimate (**MRE**) of 1.1Bt containing 0.3% Cu & 0.2g/t Au (3Mt copper and 8Moz gold) with 1.98Mt eCu Indicated, 2.33Mt eCu Inferred.¹
- Extension of higher-grade zones within the pit shell of the Stockwork Hill deposit.²
- Expansion of recently discovered high-grade copper-gold zone (core) at White Hill.^{3,4}
- New >1% eCu cores at Stockwork Hill and White Hill demonstrate potential to enhance the 2021 MRE. Additional follow-up drilling planned around these zones.⁴
- Extensive ~48,000m infill diamond drilling program completed at Kharmagtai, with an updated MRE expected **Q4 CY2023**.⁴
- Discovered new shallow gold zone at Golden Eagle indicating the upper part of an untested mineralised porphyry.⁵

¹ ASX/TSX Announcement – 8 December 2021, Kharmagtai Resource Grows to 1.1 Billion Tonnes, Containing 3Mt Cu and 8Moz Au

² ASX/TSX Announcement 9 August 2023 – Further Higher-Grade Infill Drilling Results at Stockwork Hill

³ ASX/TSX Announcement 19 July 2023 – New High-Grade Copper-Gold Zone Emerging at White Hill

⁴ ASX/TSX Announcement 4 October 2023 – High-Grade Core Shaping Up at White Hill

⁵ ASX/TSX Announcement 26 October 2023 – New Gold Zone Discovered at Golden Eagle

PFS Data Acquisition and Studies

- Sulphide (main orebody) metallurgical test-work rapidly advancing at ALS laboratories in Perth and TruTRC laboratories in Ulaanbaatar. Flotation, including Eriez HydroFloat for coarse particles, mineralogy and comminution testing is well advanced; initial results expected in **Q4 CY2023**.
- Oxide (currently treated as mineralised waste) metallurgical test-work in progress at MPS laboratories in Perth for assessment of glycine leach technology; first results expected **Q1 CY2024**.
- Hydrological drilling programme underway to support Water Reserve Studies; completion expected in **Q2 CY2024**.
- Infrastructure and Operating Studies progressing well, including Tailings Storage Facility (**TSF**) location and design, site General Arrangement (**GA**), Power Supply, and Operating Strategy, with majority of work to be completed by **Q1 CY2024**.
- Construction of new grid power connection and camp accommodation completed during the quarter⁶. New core process facility proceeding on time and budget, with delivery on-track for **Q4 CY2023**.
- Mining and Process Engineering studies commence in **Q4 CY2023**.
- Kharmagtai PFS including maiden Ore Reserve on-track for **Q3 CY2024**.

Discovery Drilling Programme

- Executing an aggressive 18,000m, 6 diamond drill rig, growth-focussed exploration drilling programme, aiming for new discoveries at Kharmagtai.
 - Deep exploration 8,000m drilling program advancing to target high-grade, large-scale mineralisation at depth.
 - Shallow exploration 10,000m drilling program advancing to target high-grade, shallow mineralisation that could be mined via open pit.
- New shallow discoveries made across three largely unexplored porphyry clusters, intersecting both high-density stockwork, breccia mineralisation and gold only mineralisation; follow up drill testing planned.⁷

Corporate

- Kharmagtai PFS and Discovery Exploration funded by US\$35M from the Khuiten JV with Zijin Mining Group⁸; with US\$18.0 million in cash on 30 September 2023.
- Xanadu is well-funded, with **A\$4.7 million** in cash at 30 September 2023 and a continued slow burn rate as operator fees are paid by the Kharmagtai project.

Executive Chairman & Managing Director, Colin Moorhead, said: *“During the September Quarter, Xanadu methodically and professionally executed our plans around the Kharmagtai PFS, Infill Drilling, and Discovery Exploration, advancing our flagship Kharmagtai project towards Final Investment Decision (FID). We completed our PFS Infill Drill program without any significant safety and environmental incidents, adding real value to the project by materially extending high grade zones at Stockwork Hill and discovering & expanding a new high-grade core at White Hill. The balance of our PFS program has been operating at ‘full noise’ with metallurgical data due next quarter and water exploration and infrastructure studies well underway.*

With the infill program completed, our drill rigs are now focused on discovery exploration both in shallow and deep targets. These need to be ruled in or out to help inform the PFS both as potential Resource and to sterilise potential sites for planned infrastructure. Our deep targets have been modelled on analogues of the deeper deposits seen at

⁶ ASX/TSX Announcement 24 August 2023 – Kharmagtai Grid Connection Fully Commissioned

⁷ ASX/TSX Announcement 5 July 2023 – Shallow Drilling Confirms Kharmagtai Discovery Potential

⁸ ASX/TSX Announcement 29 December 2022 – Investment Deal Signed with Zijin

Oyu Tolgoi, and we are very excited to be testing these. The success of deeper exploration could be transformational for all stakeholders. Elsewhere the team continue to actively review other project opportunities in Mongolia.

We look forward to providing further updates in Q4 CY2023, as the Kharmagtai PFS shifts out of data acquisition and into the studies stage, with an updated MRE and metallurgical test data to be reported in the quarter. Importantly we look forward to sharing the results of our deep exploration program currently underway.”

Kharmagtai Copper-Gold Project Update

During the September Quarter, the Company continued to aggressively progress its PFS Programme including Infill Drilling (**Appendix 1**), metallurgical, water, power and infrastructure studies, operational site construction upgrade works and Discovery Exploration activities (see **Appendix 2**) which are funded by US\$35 million from the JV with Zijin. Xanadu is operator of the joint venture during the PFS delivery period of 18 months, after which Zijin will become operator for final engineering, construction, and operations delivery.

PFS Deliverables & Schedule

The Kharmagtai PFS is nearing completion of the Data Acquisition stage, which is tracking on time and within budget, recognising this as the primary data collection step for Kharmagtai prior to production. Data Acquisition stage focus areas include the following.

- Infill Drilling (now complete) to support Resource Upgrade.
- Metallurgical Test-Work focused on the main orebody sulphide material.
- Metallurgical Test-Work focused on oxide material, currently treated as waste.
- Water Reserve Studies and Drilling.
- Tailings Storage location and construction material studies.
- Power Supply studies.
- System Optimisation incorporating mine and process technology scenarios.
- Environmental and socioeconomic baseline studies.
- Waste rock and tailings geochemistry.

During Q4 CY2023 the emphasis of the project will shift away from data acquisition and towards studies including mining and process engineering.

Infill Drilling & Resource Update

The initial phase of the four diamond drill rigs infill program has now completed at Kharmagtai and awaiting final assays. An upgraded Resource is expected to be released in Q4 CY2023 once all assays have been received and resource modelling has been completed. This Resource will enable Xanadu to start economic trade-off studies and will be supplemented by subsequent PFS study.

Follow-up drilling is now being planned to further expand and define the new high-grade core at White Hill and high-grade extensions at Stockwork Hill and to fill any remaining Resource infill knowledge gaps.

Approximately 48,000m of Phase One diamond drilling has been completed at Kharmagtai at both the Stockwork Hill and White Hill deposits. New drill data from the quarter can be found in **Appendix 3**.

Discovery Exploration Update

Results from Shallow Discovery Exploration drilling have highlighted the potential for new deposits and are consequently informing more appropriate infrastructure locations. Follow-up drill testing is well progressed, and we expect to uncover more as we continue through the planned programme.

Phase One Deep Discovery Exploration continued through the quarter, and we will share material results as they become available.

ASX Announcements

This September 2023 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.

- 5 July 2023 – Shallow Drilling Confirms Kharmagtai Potential
- 19 July 2023 – New High-Grade Copper-Gold Zone Emerging at White Hill
- 27 July 2023 – Investor Webinar – Quarterly Update
- 31 July 2023 – Quarterly Activities Report & Appendix 5B – 30 June 2023
- 9 August 2023 – Further Higher-Grade Drilling Results at Stockwork Hill
- 24 August 2023 – Kharmagtai Grid Connection Fully Commissioned
- 6 September 2023 – Second Quarter 2023 Financial Statements and MD&A
- 7 September 2023 – Sydney Mining Club Presentation
- 12 September 2023 – Investor Presentation – September 2023
- 13 September 2023 – Interim Report – June 2023
- 4 October 2023 – High Grade Core Shaping Up at White Hill
- 26 October 2023 – New Gold Zone Discovered at Golden Eagle

December 2023 Quarter Planned Activities

Key activities planned during the quarter ending 31 December 2023 (**December Quarter**) include:

- Follow-up infill drilling for Kharmagtai PFS including data collection for sterilisation, metallurgy and geotechnical.
- Continued Kharmagtai Shallow and Deep Discovery Exploration drilling programmes.
- Water reserve drilling and geophysical study work.
- Complete the construction of new core processing facility.
- Commence Mining and Process Engineering Studies.
- Progress metallurgical studies including sulphide variability, HydroFloat, and oxide leaching.
- Publish the following results:
 - Updated Kharmagtai MRE.
 - Preliminary sulphide metallurgical test results.
 - Shallow and Deep Exploration drill assays.
 - Follow-up infill drilling assays.

Results of Operations

	50% Ownership of Khuiten Metals Pte Ltd ¹			100% Ownership of Khuiten Metals Pte Ltd	
	Quarter Ended				
	30 Sep 2023 \$'000	30 Jun 2023 \$'000	31 Mar 2023 \$'000	31 Dec 2022 \$'000	30 Sep 2022 \$'000
JV: Gross Exploration Expenditure ^a					
Kharmagtai	10,515	8,360	1,850	402	749
Drill metres ^{b,c}	29,388	28,032	6,111	-	-
Gross Exploration Expenditure					
Red Mountain	90	32	29	261	343
Drill metres ^{b,c}	-	-	-	-	-
Exploration expenditures capitalised	90 ^d	32 ^d	29 ^d	663	1,092
Corporate general and administration	1,365	2,712 ^e	1,267	1,095	1,042
Less JV Operator Overhead recovery	<u>(970) ^f</u>	<u>(1,001) ^f</u>	<u>-</u>		
Net Corporate general and administration	395	1,712	1,267		

- a. The Company issued new shares in its subsidiary Khuiten Metals Pte Ltd (Khuiten) on the 10th of March as part of the Zijin Strategic Partnership for consideration of US\$35M. This transaction reduces the Company's shareholding from 100% to 50% in Khuiten, and in effect loss of majority control. The March, June and September Quarter 2023 results above are presented on the basis of the treatment of the investment of Khuiten as a 50% JV under the equity accounting method (i.e., the Khuiten operational results are not included on consolidation). The prior period quarters have not been restated.
- b. Reflects invoiced metres paid during the quarter under drilling contract. Physical metres drilled during the quarter may vary due to invoice timing.
- c. Excludes horizontal trenching metres.
- d. Excludes Kharmagtai JV Gross exploration expenditure no longer consolidated in the Company's results.
- e. Includes success fee of AUD\$753k paid to Jeffries in April 2023 following completion of Khuiten JV with Zijin.
- f. As operator of Khuiten JV, the operator overheads are recoverable in accordance with the Shareholders Joint Venture Agreement.

Financial

Capital Structure

On 30 September 2023, the Company had 1,637,824,191 fully paid ordinary shares and 121,860,000 options over ordinary shares on issue and approximately A\$4.7 million in cash. The Khuiten JV, which controls the Kharmagtai project, had US\$18.0 million in cash available to progress the Kharmagtai PFS and exploration.

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 jointly control a globally significant copper-gold deposit in our flagship Kharmagtai project.

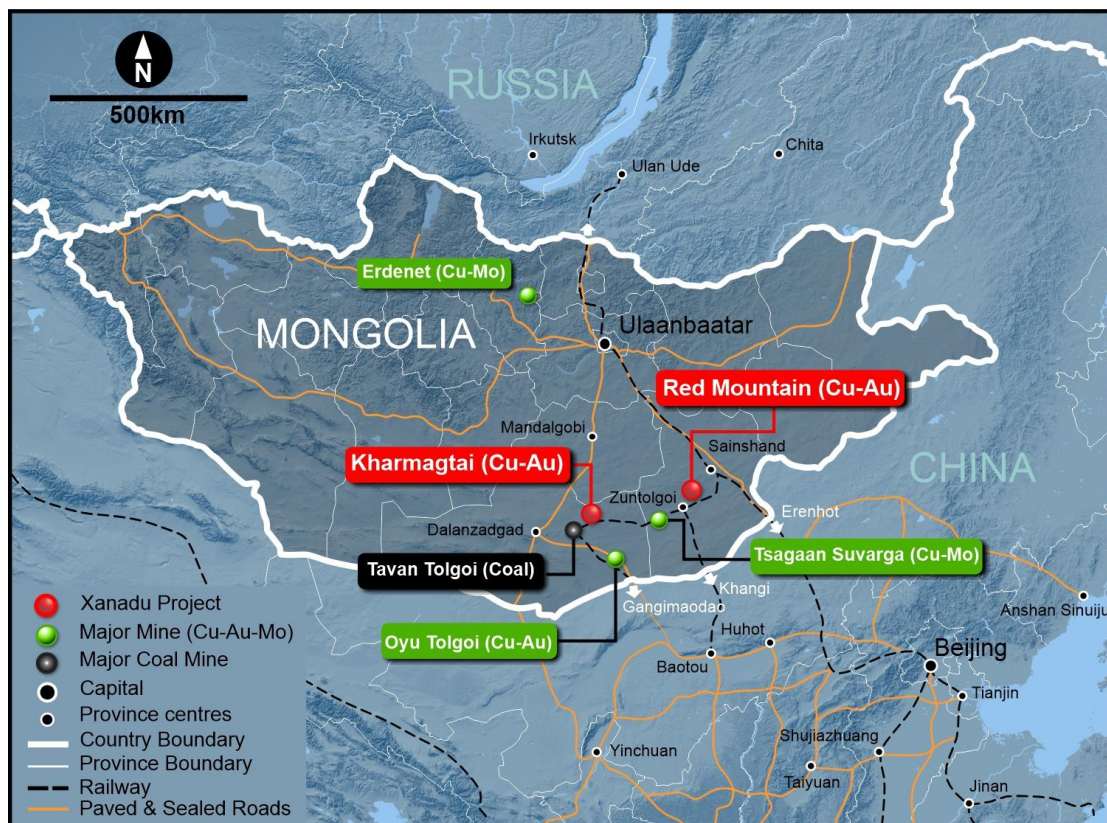


Figure 1: Location of Xanadu Projects in the South Gobi region of Mongolia

For information on Xanadu visit: www.xanadumines.com.

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

Colin Moorhead
Executive Chairman & Managing Director
E: colin.moorhead@xanadumines.com
P: +61 2 8280 7497

Spencer Cole
Chief Financial & Development Officer
E: spencer.cole@xanadumines.com
P: +61 2 8280 7497

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

APPENDIX 1: Kharmagtai Infill Drilling

Four diamond drill rigs are currently focussed on Kharmagtai infill drilling, with the objective to target areas with potential for future Mineral Resource to Ore Reserve conversion. The infill drilling program is planned to increase the Resource confidence category from Inferred to Indicated. As such, the planned drill holes aim to remove any mineralisation knowledge gaps around the edges of existing deposits.

During the quarter approximately 18,800m of diamond drilling was conducted on the infill drilling program, focused on White Hill, Copper Hill, Golden Eagle, and Zephyr (**Appendix 3**).

Kharmagtai currently has an Inferred and Indicated Resource of 1.1Bt containing 0.3% Cu & 0.2g/t Au (3Mt Cu and 8Moz Au)⁹. As part of the Kharmagtai PFS, the Resource will be upgraded to Indicated classification, enabling a maiden, JORC compliant Ore Reserve to be reported. To achieve this, the infill drilling program is designed to upgrade and extend strike length of the shallow open pit Resource areas and selected deeper high-grade zones (**Figure 2**), including investigation of near-mine, higher-grade extensions.

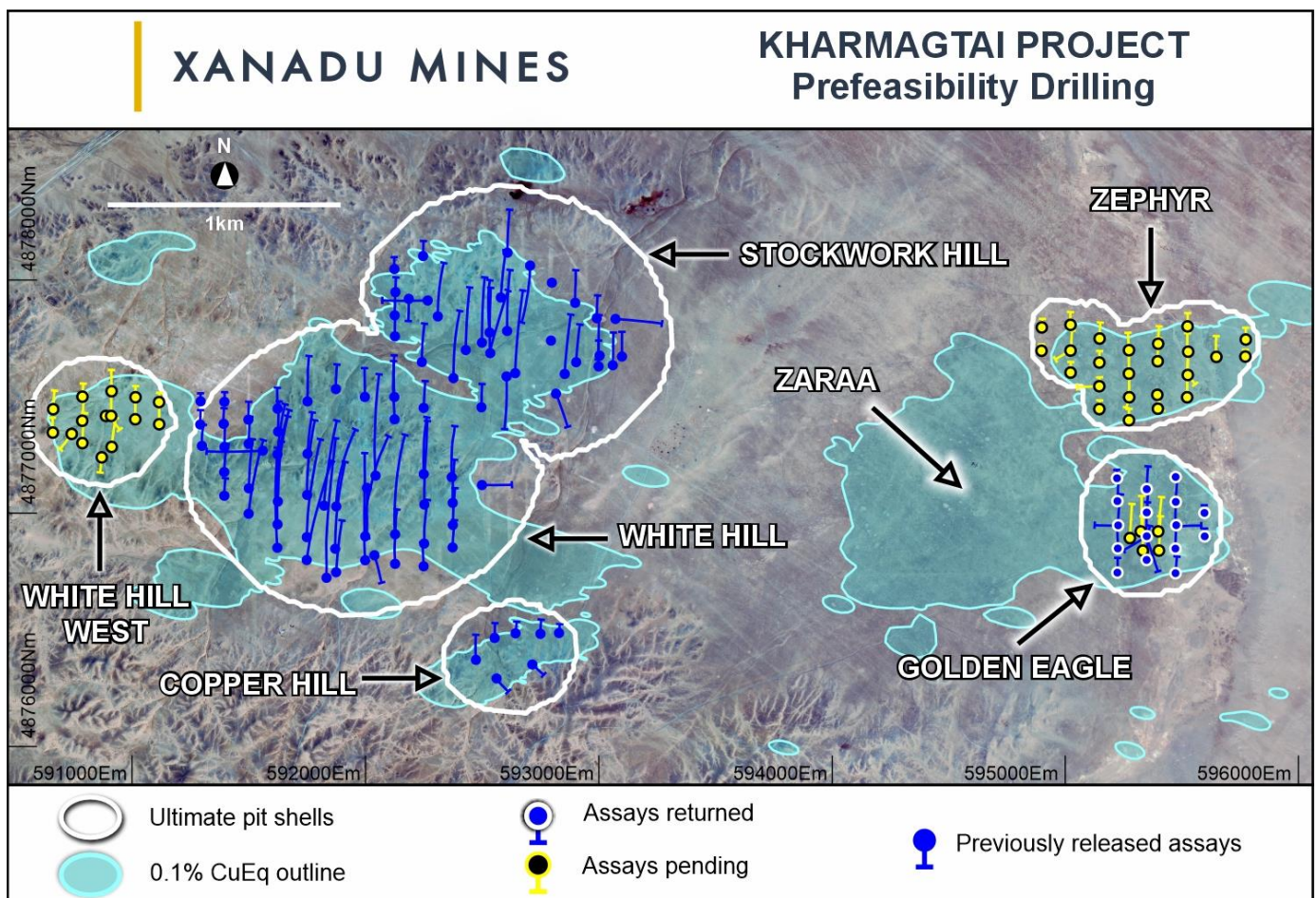


Figure 2: Kharmagtai copper-gold district showing currently defined mineral deposits and infill drill holes.¹⁰

⁹ ASX/TSX Announcement 08 December 2021 - Kharmagtai resource grows to 1.1 billion tonnes, containing 3Mt Cu and 8Moz Au

¹⁰ ASX/TSX Announcement 7 June 2023 – New Higher-Grade Zones Found in Kharmagtai Infill Drilling

Infill Drilling at White Hill

Approximately 10,000m of Infill drilling has been conducted at the White Hill Deposit during the quarter, returning results generally better than, or in line with, 2021 MRE grades. Numerous drill holes are also encountering materially better grade relative to the 2021 White Hill MRE resource.^{11,12} These holes are defining a large zone of higher-grade Cu-Au mineralisation (+0.6% eCu) at the base of the 2021 Scoping Study Open Pit Design. These results are likely to have an impact on both the grade of the new resource and change the shape and size of optimised open pit designs.

Drill hole KHDDH638, located on the southern margin of the White Hill deposit intersected a significantly higher-grade zone of copper and gold mineralisation that is located below the current optimised pit design (**Figure 3**).

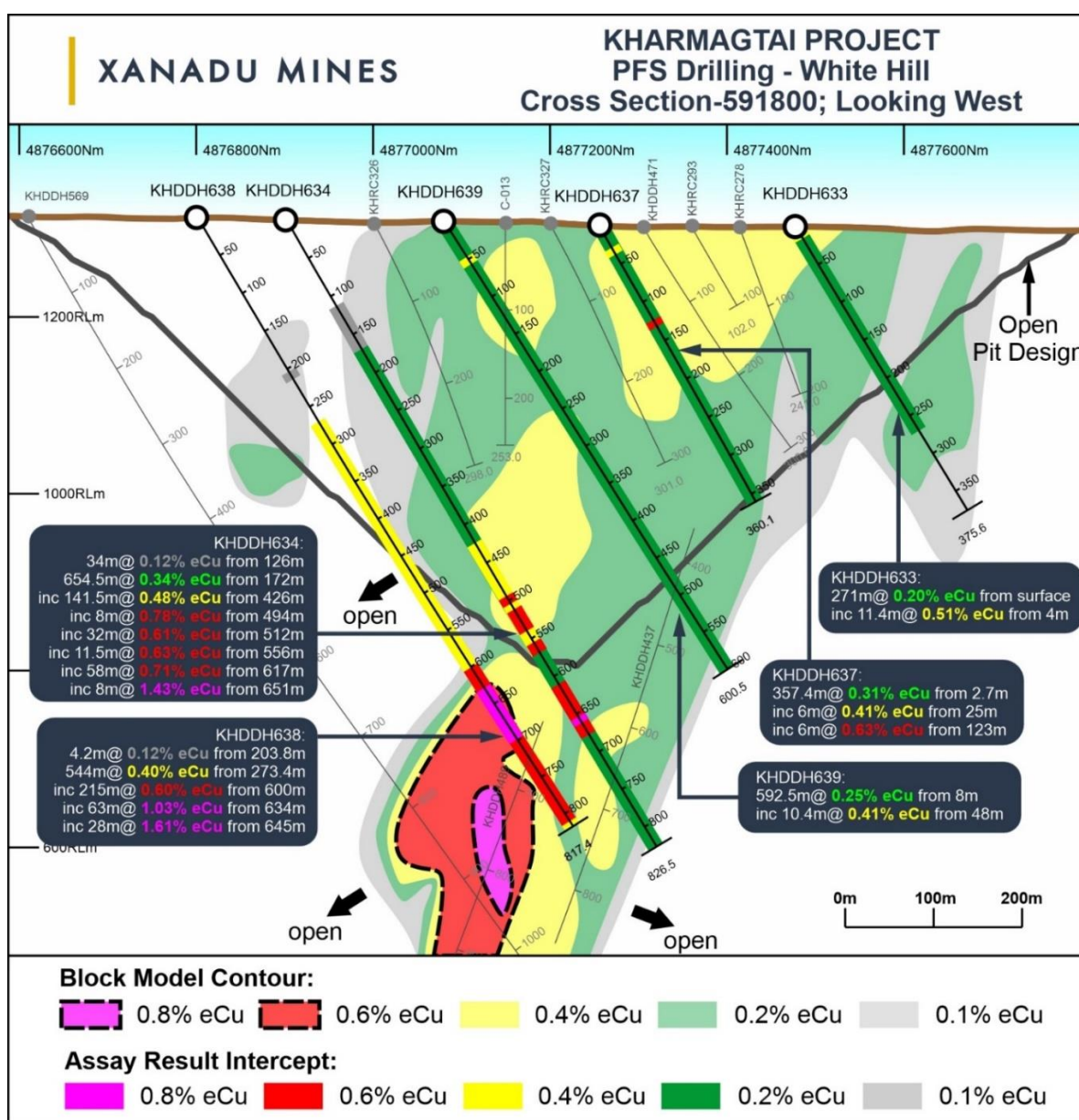


Figure 3: Cross section 591800mE through the White Hill deposit.

¹¹ ASX/TSX Announcement 7 June 2023 – New Higher-Grade Zones found in Kharmagtai Infill Drilling

¹² ASX/TSX Announcement 19 July 2023 – New High-Grade Copper-Gold Zone Emerging at White Hill

Hole ID	Deposit	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH638	White Hill	203.8	208	4.2	0.02	0.11	0.12	0.24
<i>and</i>		273.4	817.4	544	0.12	0.34	0.40	0.79
<i>including</i>		360	364	4	0.12	0.28	0.34	0.67
<i>including</i>		422	525	103	0.16	0.32	0.40	0.78
<i>including</i>		541.1	588	46.9	0.12	0.27	0.33	0.65
<i>including</i>		600	815	215	0.15	0.52	0.60	1.17
<i>including</i>		634	697	63	0.23	0.92	1.03	2.02
<i>including</i>		645	673	28	0.32	1.45	1.61	3.15
<i>including</i>		711	723	12	0.19	0.44	0.54	1.05
<i>including</i>		736.5	747.8	11.3	0.16	0.66	0.74	1.45

Drill hole **KHDDH634** intersected the top of the new high-grade zone and returned the following interval (**Figure 3**):

Hole ID	Deposit	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH634	White Hill	126	160	34	0.03	0.11	0.12	0.24
<i>and</i>		172	826.5	654.5	0.11	0.28	0.34	0.67
<i>including</i>		352	360.09	8.09	0.14	0.25	0.32	0.63
<i>including</i>		392	410.32	18.32	0.14	0.27	0.34	0.67
<i>including</i>		426	567.5	141.5	0.18	0.39	0.48	0.94
<i>including</i>		494	502	8	0.29	0.63	0.78	1.53
<i>including</i>		512	544	32	0.25	0.48	0.61	1.19
<i>including</i>		556	567.5	11.5	0.19	0.54	0.63	1.24
<i>including</i>		617	675	58	0.23	0.59	0.71	1.38
<i>including</i>		651	659	8	0.50	1.17	1.43	2.79

Drill hole KHDDH661, located on the southern margin of the White Hill deposit, intersected a significantly higher-grade zone of copper and gold mineralisation, on the margin of the current optimised pit design (**Figure 4**).

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH661	White Hill	143	558.2	415.2	0.10	0.22	0.27	0.52
<i>including</i>		478	495.2	17.2	0.30	0.57	0.73	1.43
<i>including</i>		482	490	8	0.41	0.70	0.91	1.78
<i>including</i>		554	558.2	4.2	0.18	0.63	0.72	1.41
<i>including</i>		576	608	32	0.22	0.55	0.66	1.29
<i>including</i>		757	763	6	0.28	0.65	0.79	1.55
<i>including</i>		792.3	816	23.7	0.20	0.74	0.84	1.65
<i>including</i>		794	806	12	0.26	0.87	1.00	1.96
<i>including</i>		830	840	10	0.12	0.85	0.92	1.79
<i>including</i>		834	838	4	0.16	1.20	1.28	2.50

Drill hole **KHDDH665** targeted definition and expansion of White Hill mineralisation. Intersecting a new high-grade zone, it returned the following interval, including broad zones where the 2021 MRE had predicted significantly lower grades (**Figure 5**):

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH665	White Hill	80	813	733	0.15	0.31	0.39	0.77
<i>including</i>		353	361	8	0.30	0.55	0.70	1.37
<i>including</i>		411.3	622	210.7	0.23	0.43	0.55	1.07
<i>including</i>		462.8	474	11.2	0.27	0.48	0.62	1.21
<i>including</i>		490	546	56	0.37	0.66	0.85	1.67
<i>including</i>		521	544	23	0.46	0.92	1.16	2.26
<i>including</i>		564	572	8	0.28	0.71	0.85	1.67
<i>including</i>		582	604	22	0.23	0.55	0.67	1.32
<i>including</i>		682	696	14	0.16	0.53	0.61	1.20
<i>including</i>		741	746.76	5.76	0.13	0.99	1.05	2.06
<i>including</i>		741	745	4	0.14	1.09	1.16	2.28

Drill holes **KHDDH669** and **KHDDH670** targeted areas of low drill density within the eastern portion of the scoping study open pit. Both holes returned significantly higher results than the previous MRE had predicted (**Figure 6**):

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH669	White Hill	2.8	600.5	597.7	0.22	0.32	0.43	0.84
<i>and</i>		48	538	490	0.25	0.34	0.47	0.92
<i>including</i>		198	209	11	0.35	0.43	0.61	1.18
<i>including</i>		308	347.6	39.6	0.49	0.45	0.70	1.37
<i>including</i>		312	316	4	1.03	0.66	1.19	2.32
<i>including</i>		506	514	8	0.29	0.53	0.68	1.32
<i>and</i>		548	598	50	0.08	0.23	0.27	0.54

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH670	White Hill	0.3	763	762.7	0.21	0.32	0.42	0.83
<i>including</i>		71	96.6	25.6	0.38	0.44	0.63	1.23
<i>including</i>		511.3	523	11.7	0.33	0.53	0.70	1.38
<i>including</i>		564	622	58	0.33	0.55	0.72	1.41
<i>including</i>		608	614	6	0.41	0.70	0.91	1.78
<i>including</i>		672	682	10	0.18	0.76	0.85	1.66
<i>including</i>		672	680	8	0.19	0.76	0.86	1.68
<i>including</i>		713	745	32	0.62	0.45	0.76	1.49
<i>including</i>		731	741	10	0.12	0.70	0.76	1.49

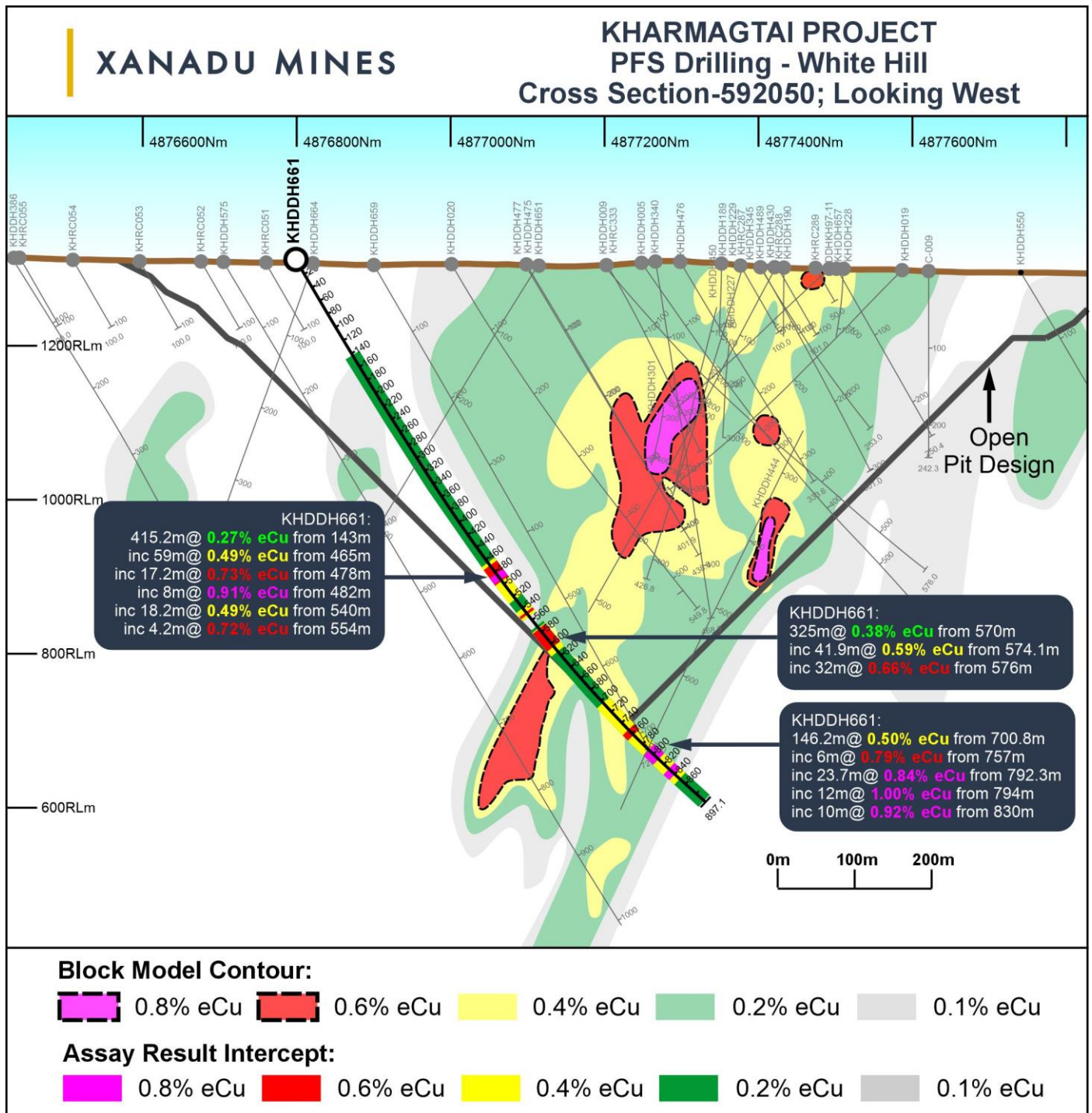


Figure 4: Cross section 592050mE through the White Hill deposit.

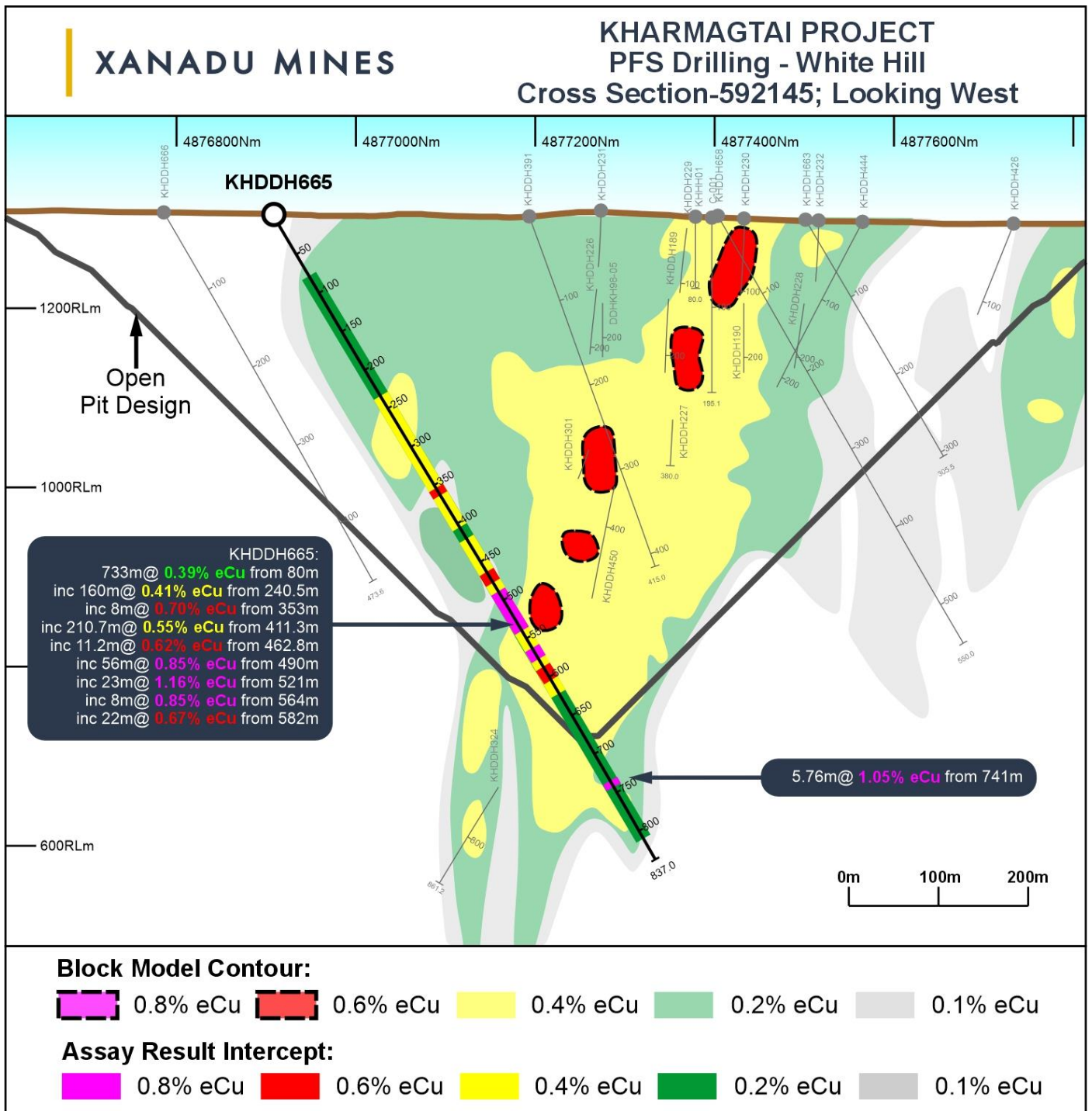


Figure 5: Cross section 592145mE through the White Hill deposit.

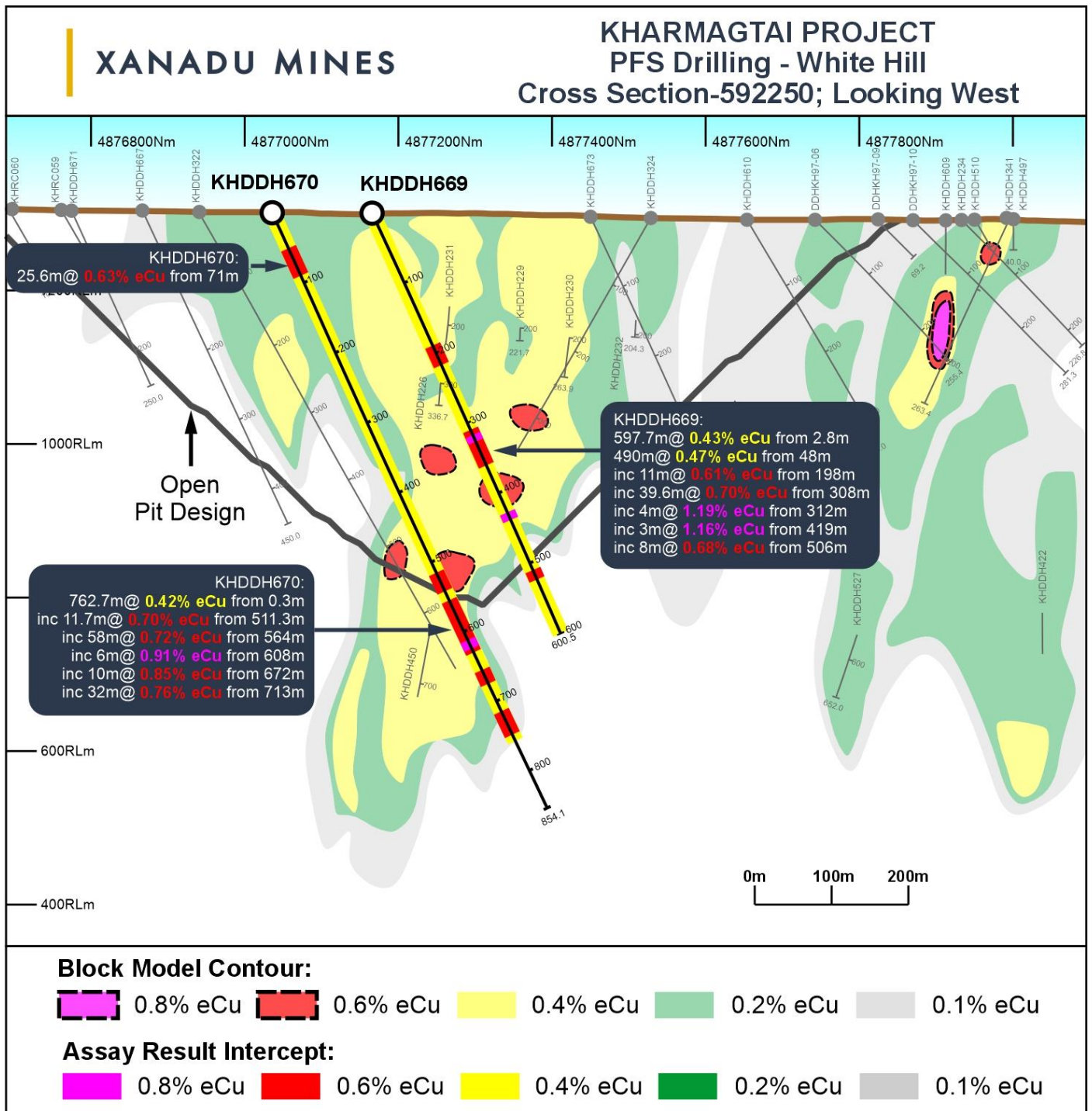


Figure 6: Cross section 592250mE through the White Hill deposit.

Infill drilling at Stockwork Hill

Infill drilling was completed at Stockwork Hill during Q2, 2023, however assay results were returned during the current quarter.¹³

KHDDH649 was drilled to expand upon the recently identified extensions of the tourmaline breccia zone. KHDDH649 intersected a significant interval of **424m @ 0.36% eCu** (0.26% Cu & 0.21g/t Au) from 126m, which:

1. broadened the shallow, gold-rich Southern Stockwork Zone relative to the 2021 MRE, with **72.2m @ 0.72% eCu** (0.41% Cu and 0.60g/t Au) from 126m, and
2. expanded the higher-grade tourmaline breccia zone, with **6m @ 0.96% eCu** (0.86% Cu and 0.19g/t Au) from 348m and **18m @ 0.66% eCu** (0.54% Cu and 0.23g/t Au) from 466m (**Figure 6**).

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH649	Stockwork Hill	26	38	12	0.07	0.08	0.11	0.22
<i>and</i>		50	60	10	0.08	0.09	0.13	0.26
<i>and</i>		108	112	4	0.14	0.11	0.18	0.36
<i>and</i>		126	550	424	0.21	0.26	0.36	0.71
<i>including</i>		126	198.2	72.2	0.60	0.41	0.72	1.40
<i>including</i>		134.3	154	19.7	0.83	0.51	0.93	1.82
<i>including</i>		168	198.2	30.2	0.76	0.50	0.89	1.73
<i>including</i>		186	198.2	12.2	1.10	0.69	1.25	2.44
<i>including</i>		220	226	6	0.61	0.31	0.62	1.22
<i>including</i>		276	296	20	0.28	0.30	0.45	0.88
<i>including</i>		318	382	64	0.15	0.41	0.48	0.94
<i>including</i>		348	378	30	0.16	0.51	0.59	1.16
<i>including</i>		348	354	6	0.19	0.86	0.96	1.88
<i>including</i>		396	452	56	0.12	0.27	0.33	0.64
<i>including</i>		400	404	4	0.16	0.62	0.70	1.37
<i>including</i>		466	484	18	0.23	0.54	0.66	1.29
<i>including</i>		470	484	14	0.25	0.60	0.73	1.42
<i>including</i>		504	514	10	0.13	0.18	0.24	0.47

¹³ ASX/TSX Announcement 7 June 2023 – New Higher-Grade Zones found in Kharmagtai Infill Drilling

KHDDH650 was also drilled to expand upon the recently identified extensions of the tourmaline breccia zone. The results from KHDDH650 have broadened the shallow, gold-rich Southern Stockwork Zone, delineating:

1. An area of high-grade tourmaline breccia with **29m @ 1.00% eCu** (0.92% Cu and 0.14g/t Au) from 185m, where the previous MRE reported 0.1% eCu, and
2. A deeper zone of gold-rich stockwork mineralisation with **41.7m @ 0.94% eCu** (0.53% Cu and 0.81g/t Au) from 347m, where the previous MRE estimated 0.2 to 0.3% eCu (**Figure 7**).

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH650	Stockwork Hill	6	282	276	0.36	0.33	0.52	1.01
<i>including</i>		6	137	131	0.67	0.35	0.70	1.36
<i>including</i>		26	102	76	1.00	0.45	0.96	1.88
<i>including</i>		58	96.5	38.5	1.44	0.51	1.24	2.43
<i>including</i>		161	169	8	0.11	0.29	0.35	0.68
<i>including</i>		185	214	29	0.14	0.92	1.00	1.95
<i>including</i>		187	207.3	20.3	0.16	1.16	1.24	2.43
<i>including</i>		187	205	18	0.17	1.23	1.31	2.57
<i>including</i>		264	282	18	0.04	0.36	0.38	0.74
<i>and</i>		292	419	127	0.33	0.28	0.46	0.89
<i>including</i>		297	320.65	23.65	0.16	0.33	0.41	0.80
<i>including</i>		315	319	4	0.36	0.72	0.90	1.76
<i>including</i>		347	388.7	41.7	0.81	0.53	0.94	1.85
<i>including</i>		349	388.7	39.7	0.84	0.54	0.97	1.91
<i>including</i>		353	386	33	0.89	0.55	1.01	1.97
<i>and</i>		437	446.29	9.29	0.10	0.06	0.12	0.23

KHDDH660 was also drilled to expand upon the recently identified extensions of the tourmaline breccia zone. The results from KHDDH660 have broadened the shallow, gold-rich Southern Stockwork Zone, delineating an area of high-grade tourmaline breccia with **62.25m @ 1.05% eCu** (0.56% Cu & 0.97g/t Au) from 196.75m, where the previous MRE reported 0.2 to 0.3% eCu (**Figure 7**).

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH660	Stockwork Hill	9	15	6	0.21	0.11	0.22	0.43
<i>and</i>		76	111	35	0.10	0.08	0.14	0.27
<i>and</i>		152.75	547	394.25	0.30	0.36	0.51	1.00
<i>including</i>		168	273	105	0.71	0.45	0.81	1.59
<i>including</i>		172	185	13	0.51	0.50	0.76	1.48
<i>including</i>		196.75	259	62.25	0.97	0.56	1.05	2.06
<i>including</i>		211	249	38	1.17	0.64	1.24	2.43
<i>including</i>		285	527	242	0.16	0.36	0.44	0.87
<i>including</i>		295	299	4	0.30	0.62	0.77	1.50
<i>including</i>		315	327	12	0.13	0.27	0.33	0.65
<i>including</i>		349	393	44	0.13	0.72	0.79	1.54
<i>including</i>		387	391	4	0.16	2.64	2.72	5.31
<i>including</i>		403	411	8	0.15	0.87	0.95	1.85
<i>including</i>		447	472	25	0.31	0.33	0.49	0.96
<i>including</i>		491	497	6	0.45	0.50	0.73	1.44
<i>and</i>		559	563	4	0.14	0.07	0.14	0.27

KHDDH653 was drilled on the far eastern edge of the 2022 PEA designed open pit. This hole returned a series of narrow high-grade gold and copper intercepts showing mineralisation remains open along from the current MRE:

1. **6.2m @ 2.08% eCu** (1.42% Cu and 1.31g/t Au) from 183.8m, and
2. **14m @ 0.83% eCu** (0.15% Cu and 1.32g/t Au) from 202m (**Figure 8**).

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH653	Stockwork Hill	134	142	8	0.12	0.06	0.12	0.23
<i>and</i>		156	160	4	0.04	0.09	0.11	0.22
<i>and</i>		183.8	190	6.2	1.31	1.42	2.08	4.08
<i>including</i>		183.8	186.3	2.5	2.62	3.11	4.45	8.70
<i>and</i>		202	216	14	1.32	0.15	0.83	1.62
<i>including</i>		210.3	214.8	4.5	3.91	0.36	2.36	4.61
<i>and</i>		269	275	6	0.23	0.02	0.14	0.27

KHDDH655 was drilled to the east of the tourmaline breccia zone, and successfully extended this zone, delivering:

1. broad intercept of high-grade tourmaline breccia with **106m @ 0.80% eCu** (0.56% Cu and 0.48g/t Au) from 386m, and
2. importantly a much deeper zone of high-grade tourmaline breccia extending directly below the planned pit, with **46m @ 0.85% eCu** (0.69% Cu and 0.32g/t Au) from 544m, including **12m @ 1.35% eCu** (1% Cu and 0.69g/t Au) from 578m (**Figure 9**).

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH655	Stockwork Hill	72	78	6	0.13	0.06	0.13	0.25
<i>and</i>		178	210	32	0.04	0.08	0.11	0.21
<i>and</i>		236	606	370	0.28	0.41	0.55	1.08
<i>including</i>		242	590	348	0.29	0.43	0.58	1.13
<i>including</i>		250	254	4	0.70	0.30	0.66	1.29
<i>including</i>		296	300	4	0.16	0.63	0.71	1.38
<i>including</i>		346	350	4	0.41	0.44	0.65	1.27
<i>including</i>		364	376	12	0.65	0.52	0.85	1.66
<i>including</i>		386	492	106	0.48	0.56	0.8	1.57
<i>including</i>		392	396	4	0.58	1.15	1.44	2.82
<i>including</i>		426	450	24	0.71	0.80	1.16	2.27
<i>including</i>		522	534	12	0.10	0.45	0.5	0.97
<i>including</i>		544	590	46	0.32	0.69	0.85	1.66
<i>including</i>		548	554	6	0.23	1.09	1.21	2.36
<i>including</i>		578	590	12	0.69	1.00	1.35	2.63
<i>and</i>		616	650	34	0.10	0.16	0.21	0.41
<i>including</i>		642	648	6	0.24	0.34	0.46	0.91
<i>and</i>		672	696	24	0.14	0.13	0.21	0.41
<i>including</i>		678	682	4	0.17	0.26	0.35	0.68

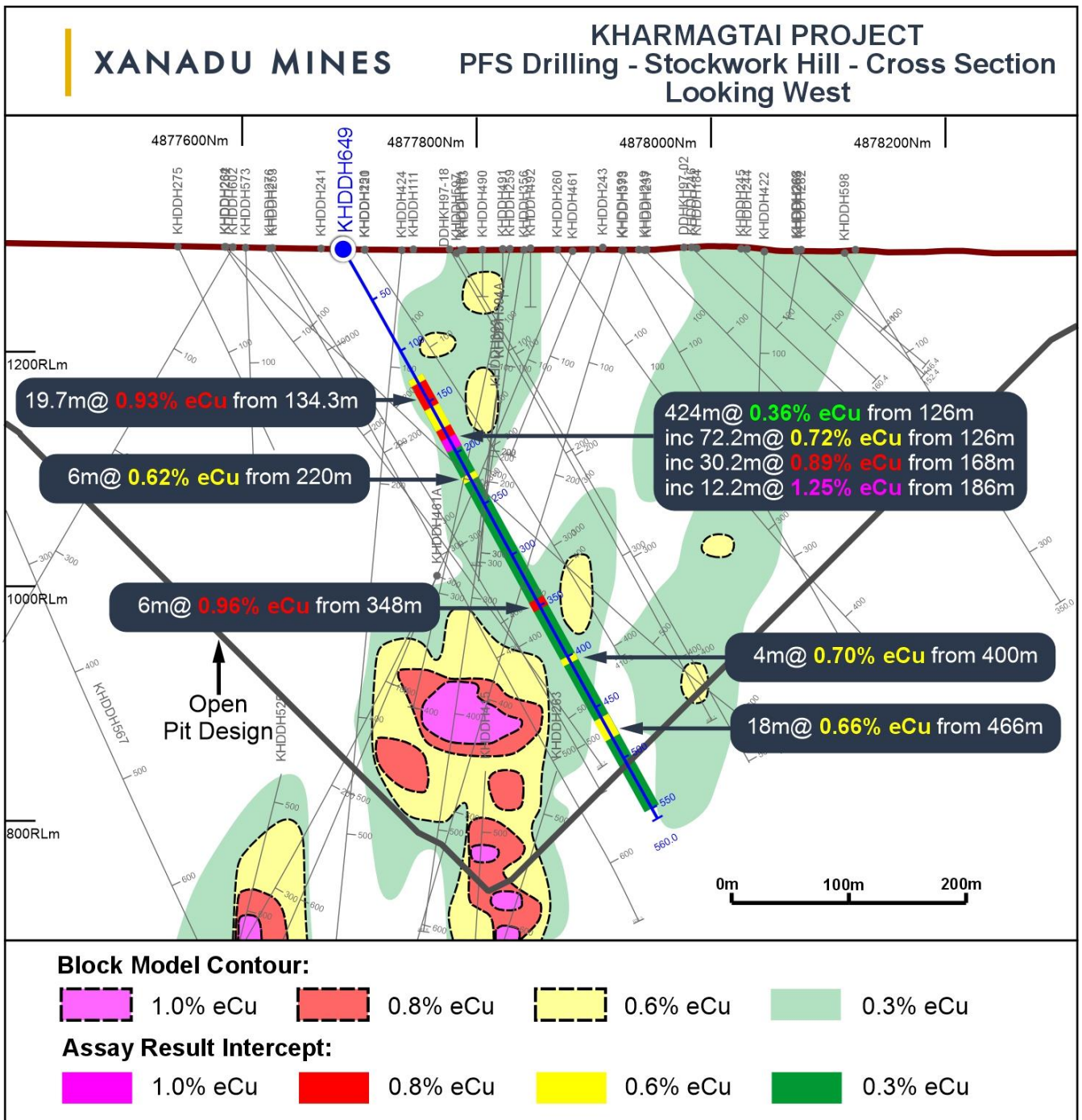


Figure 7: Cross section through the Stockwork Hill deposit showing drill hole KHDDH649.

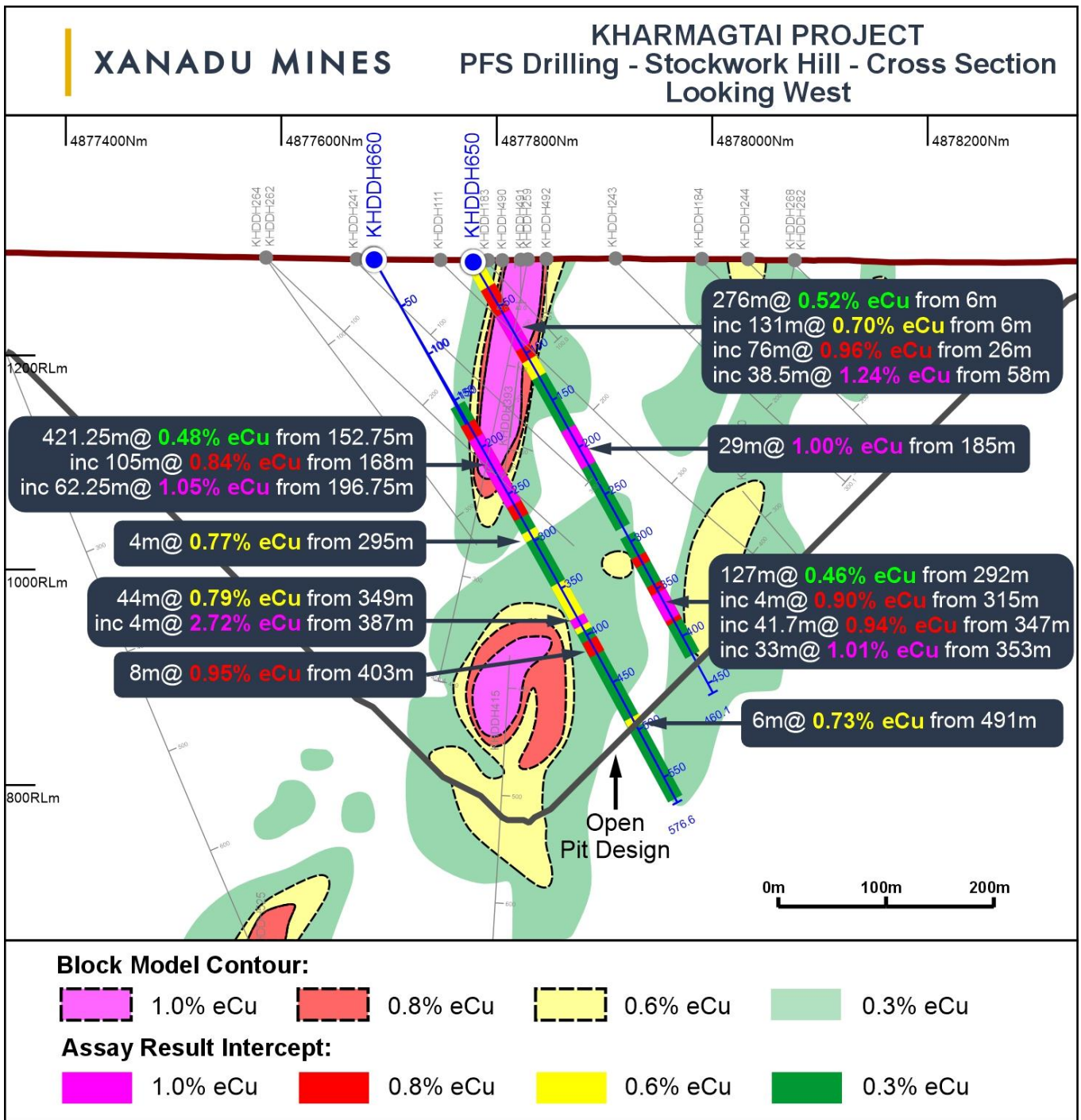


Figure 8: Cross section through the Stockwork Hill deposit showing drill hole KHDDH650 and KHDDH660.

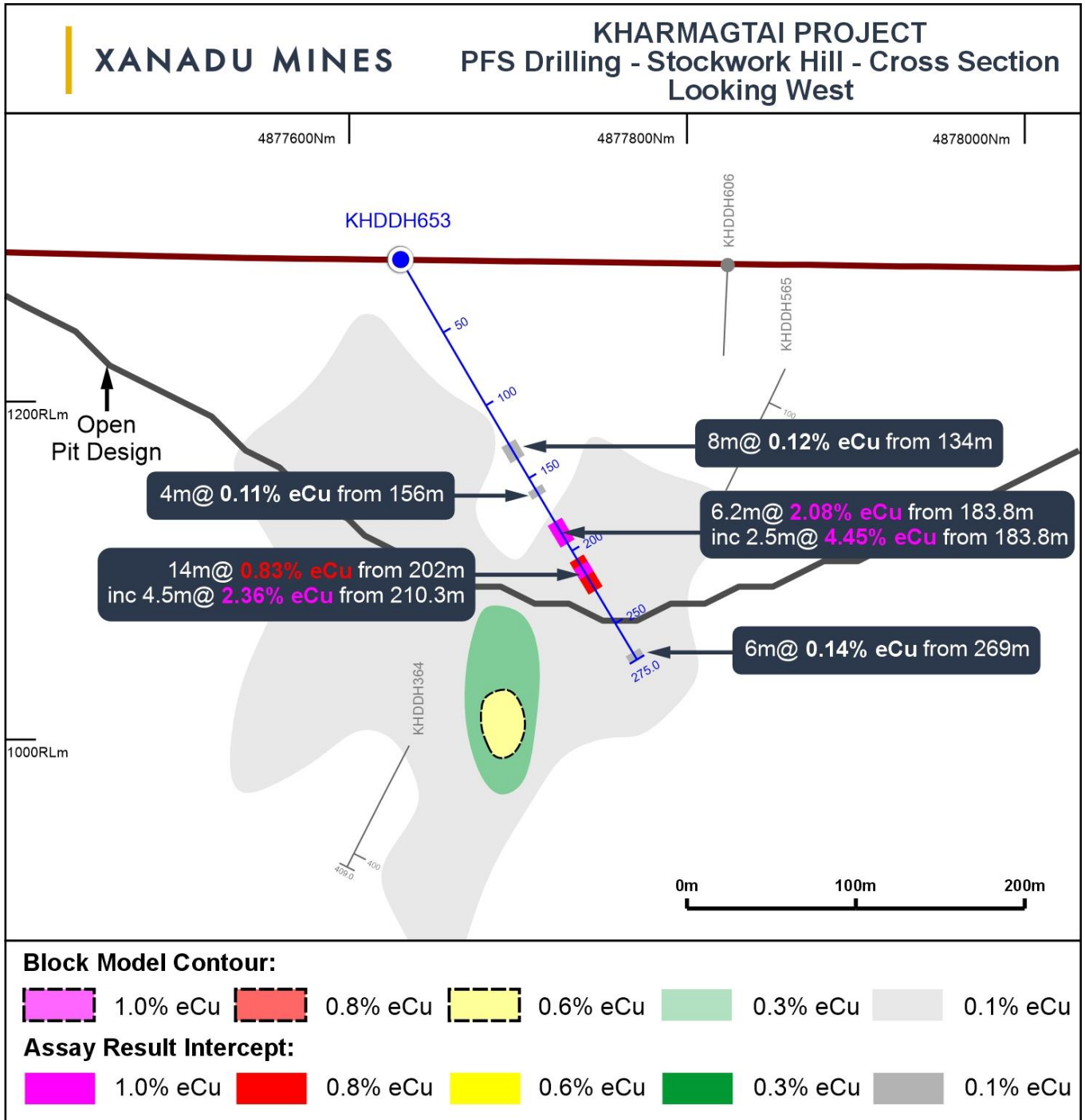


Figure 9: Cross section through the Stockwork Hill deposit showing drill hole KHDDH653.

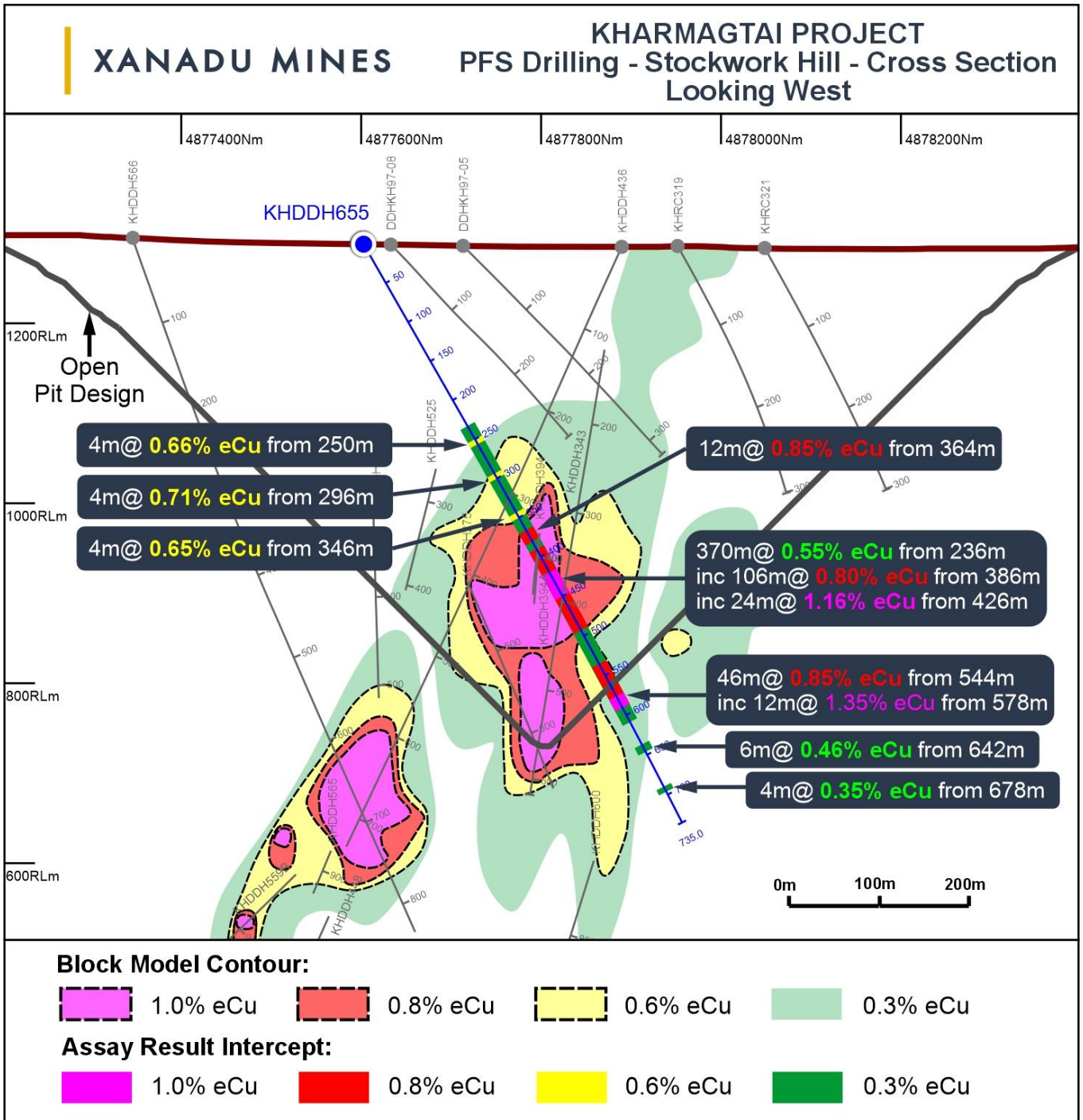


Figure 10: Cross section through the Stockwork Hill deposit showing drill hole KHDDH655.

Infill Drilling at Golden Eagle and Zephyr

Approximately 3,800m of infill drilling has been conducted at Golden Eagle during the quarter. Assays are being returned and passing through QAQC. Results will be released as these are finalised.

Approximately 4,150m of infill drilling has been conducted at Zephyr during the quarter. Assays are being returned and passing through QAQC. Results will be released as these are finalised.

Subsequent to the Quarter, drill results were announced for Golden Eagle as follows¹⁴.

KHDDH691 intersected 205.3m @ 0.44g/t Au and 0.14% Cu (0.71g/t eAu) from 37.7m (Figure 11)

Including **31m @ 1.21g/t Au and 0.24% Cu (1.68g/t eAu) from 96m**

Including **4m @ 2.58g/t Au and 0.52% Cu (3.60g/t eAu) from 100m**

And **6m @ 2.58g/t Au and 0.49% Cu (3.55g/t eAu) from 119m**

which indicated the following:

1. Shallow gold-rich quartz mineralisation is hosted in the upper part of an untested mineralised porphyry.
2. Follow-up drill program underway to test newly identified gold zone at Golden Eagle.

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH691	Golden Eagle	37.7	243	205.3	0.44	0.14	0.36	0.71
	<i>including</i>	48.3	80	31.7	0.49	0.12	0.37	0.73
	<i>including</i>	96	127	31	1.21	0.24	0.86	1.68
	<i>including</i>	96	175	79	0.71	0.20	0.56	1.09
	<i>including</i>	100	104	4	2.58	0.52	1.84	3.60
	<i>including</i>	119	125	6	2.58	0.49	1.81	3.55
	<i>including</i>	185	189	4	0.32	0.14	0.31	0.60
	<i>including</i>	221	231	10	0.34	0.12	0.30	0.58

¹⁴ ASX/TSX Announcement 26 October 2023 – New Gold Zone Discovered at Golden Eagle

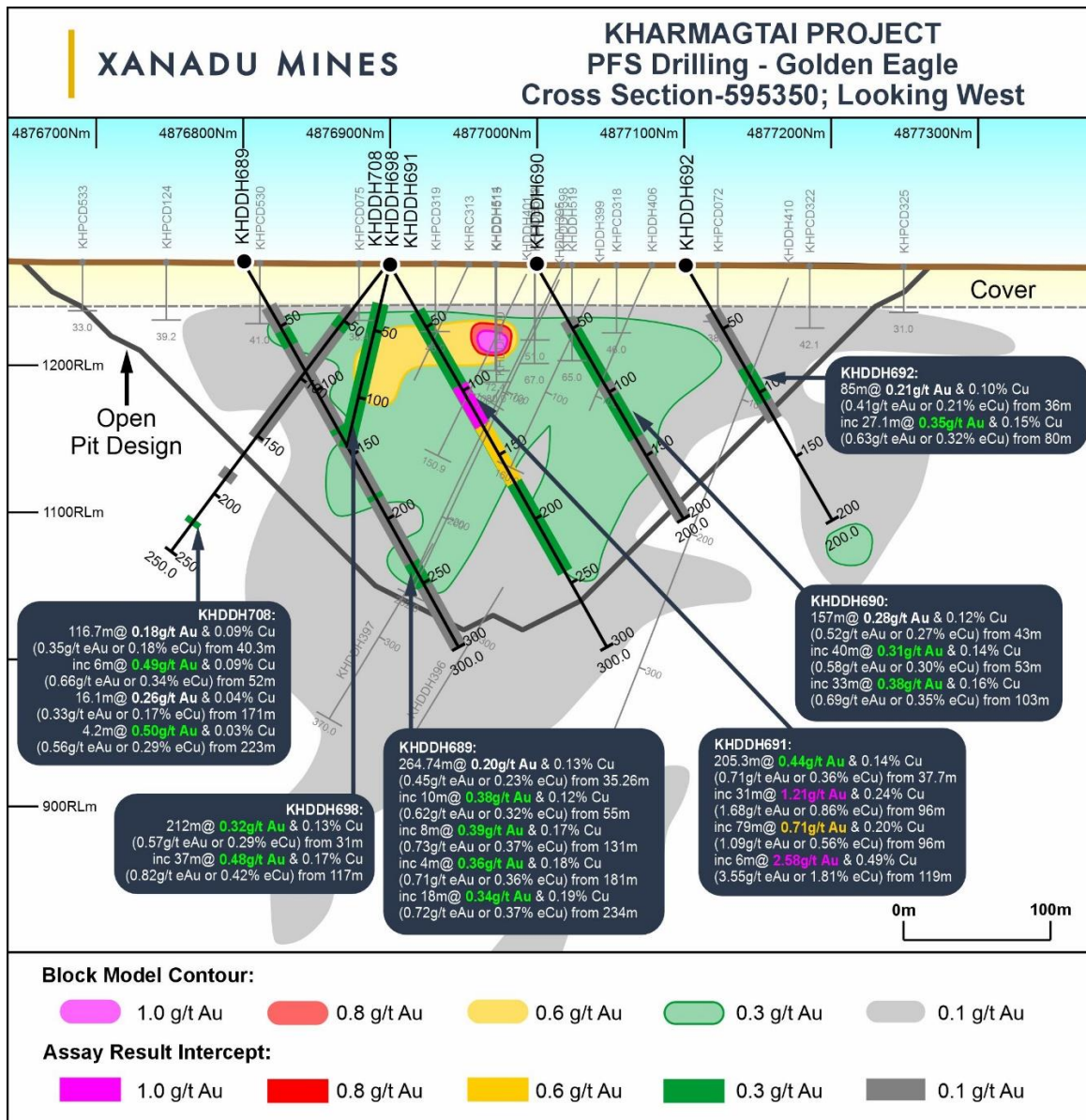


Figure 11: Cross section 595350mE through the Golden Eagle deposit.

APPENDIX 2: Discovery Exploration Program

Aggressive 18,000m growth and discovery drill discovery programme underway. Discovery exploration program includes two additional diamond drill rigs.¹⁵

- 1x diamond rig will drill 8,000m in Phase 1 of deep exploration program targeting high-grade, large-scale mineralisation at depth in an analogue to Oyu Tolgoi. Additional 6,000m in Phase 2 is pending Phase 1 results.
- 1x diamond rig will drill 10,000m of shallow holes, targeting open pit style resources in five unexplored porphyry clusters within the wider Kharmagtai district

Deep Exploration Program

Existing geochemical, geological, and geophysical datasets point to known mineralisation at Kharmagtai (1.1Bt containing 3Mt Cu & 8Moz Au)¹⁶ which represents a shallow surface expression of a much larger porphyry system at depth (Figures 1 and 2).

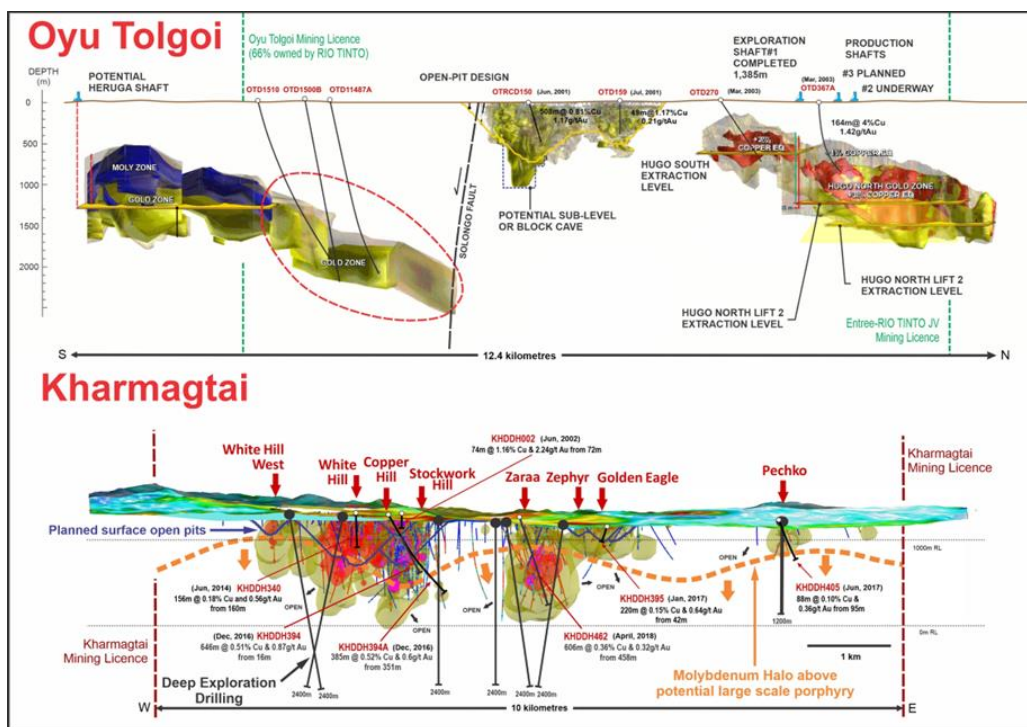


Figure 12: Long Sections through the Oyu Tolgoi Porphyry System and The Kharmagtai Porphyry System. Deep high-grade exploration drill program geochemical zonation points to much larger system beneath Kharmagtai.¹⁷

¹⁵ ASX/TSX Announcement 23 May 2023 – High Impact Drilling Program for New Discoveries at Kharmagtai

¹⁶ ASX/TSX Announcement – 8 December 2021, Kharmagtai Resource Grows to 1.1 Billion Tonnes, Containing 3Mt Cu and 8Moz Au

¹⁷ ASX/TSX Announcement 16 May 2023 – RIU Sydney Resources Roundup Presentation

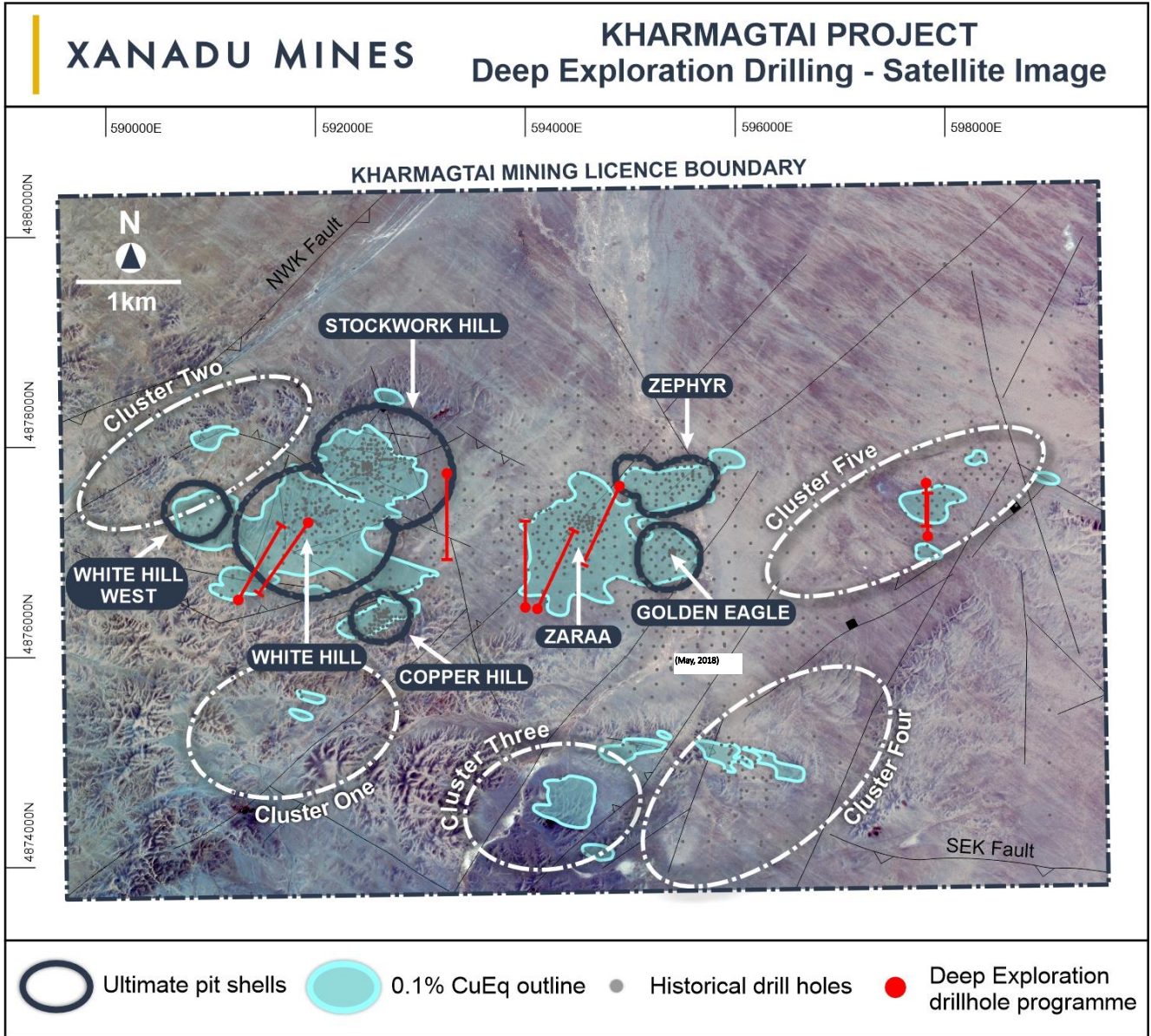


Figure 13: Kharmagtai copper-gold district showing currently defined mineral deposits and planned deep exploration holes.

Shallow Exploration Program

Shallow exploration drilling at Kharmagtai is targeting additional porphyry copper-gold deposits outside the currently defined MRE volume. This programme also serves to inform future infrastructure location decisions associated with the potential development of the Kharmagtai Project into a large-scale mining operation.^{18, 19}

Approximately 7,250m (of 10,000m planned) has been completed during the quarter in thirty-three holes (**Figure 3, Tables 1 and 2**).

Table 1: Geological characteristics of the five copper-gold and gold clusters.

Cluster	Style	Size	Depth	Host	Max Copper from drilling	Max Gold from drilling	Comments
Cluster One	Porphyry Stockwork	1.5km by 1km	Outcrop	Diorite intrusive in siltstone	2m @ 0.35% Cu	2m @ 0.74g/t Au	Outcropping high-density sheeted porphyry veining with malachite staining.
Cluster Two	Porphyry Stockwork and Epithermal Gold	2km by 1km	Outcrop	Diorite intrusive in sandstone	2m @ 0.2% Cu	2m @ 4.17g/t Au	Outcropping high-density sheeted porphyry veining with malachite staining.
Cluster Three	Porphyry Stockwork and Tourmaline Breccia	1.5km by 1.5km	Outcrop	Diorite intrusive in siltstone	1.95m @ 5.38% Cu and 1.15m @ 5.59% Cu	2m @ 1.06g/t Au	Outcropping porphyry veining and tourmaline breccia with malachite staining.
Cluster Four	Porphyry Stockwork and Tourmaline Breccia	3km by 2km	10m of cover	Diorite intrusive in siltstone	2m @ 0.69% Cu	2m @ 1.06g/t Au	Previous broad intercepts of porphyry mineralisation
Cluster Five	Porphyry Stockwork and Tourmaline Breccia	3km by 2km	Between 5 and 20m of cover	Diorite Intrusive	Drilling imminent	Drilling imminent	Previously undrilled

¹⁸ ASX/TSX Announcement 23 May 2023 – High Impact Drilling Program for New Discoveries at Kharmagtai

¹⁹ ASX/TSX Announcement 5 July 2023 – Shallow Drilling Confirms Kharmagtai Potential

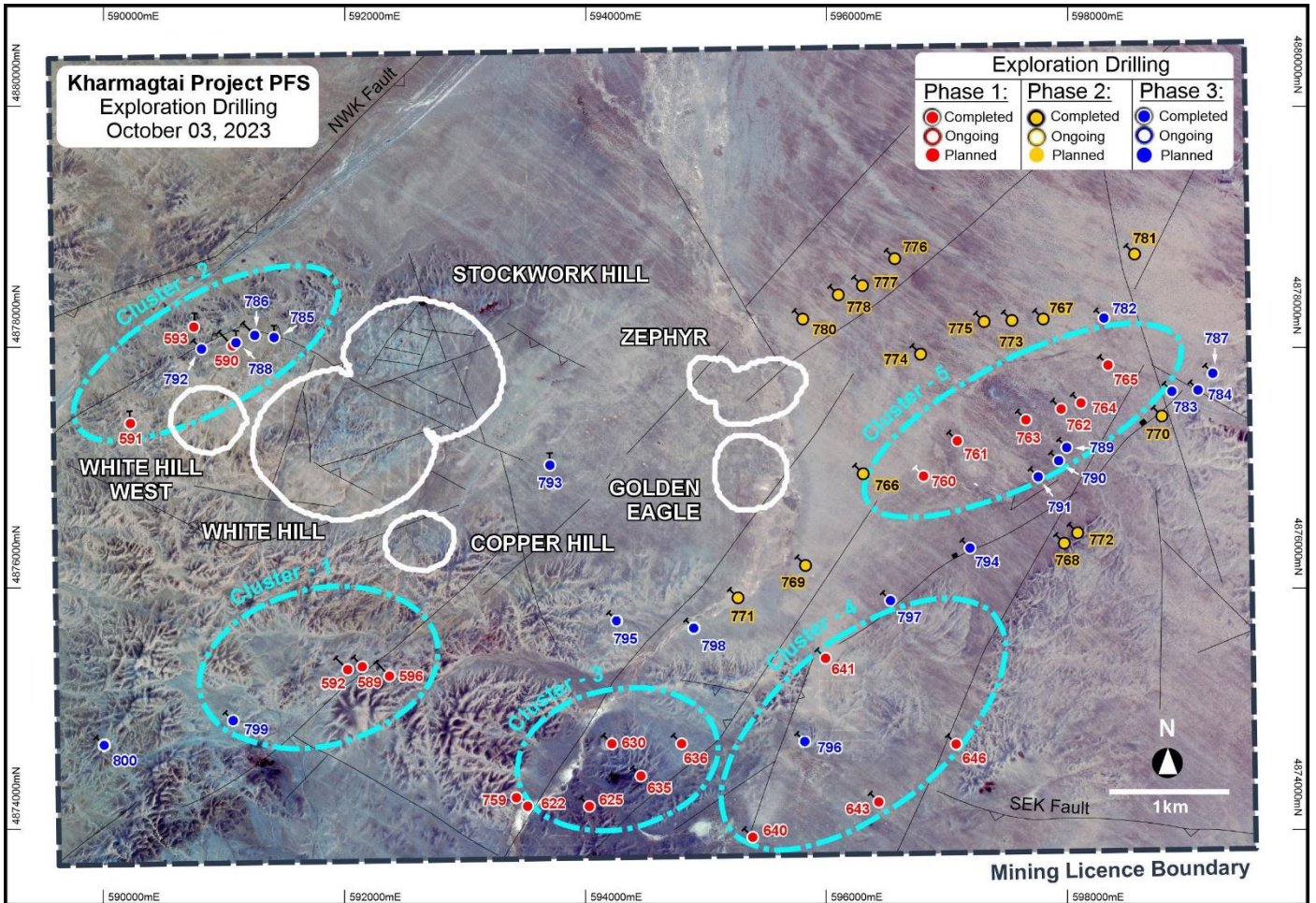


Figure 14: Kharmagtai copper-gold district showing currently defined mineral deposits and planned and completed shallow exploration drill holes. Blue dashed outlines define porphyry cluster target areas.

Shallow Drilling Results to Date

At **Cluster One (Figure 3)**, drilling targeted surface copper anomalism and outcropping porphyry veining. Drill Hole **KHDDH589** intercepted a broad zone of low-grade porphyry mineralisation from surface, suggesting the hole has passed over and to the north of a potential shallow porphyry (**Figure 4**). Drill hole **KHDDH589** returned:

Hole ID	Interval (m)	Cu (%)	Au (g/t)	eCu (%)	From (m)
KHDDH589	28.3	0.16	0.16	0.25	2.2
and	26	0.06	0.18	0.15	42

Drilling is planned to test behind this intercept for higher-grade material at Cluster One.

Drilling at **Cluster Two (Figure 3)** targeted previous shallow porphyry stockwork mineralisation and was prioritised given the area is adjacent to existing planned open pits and planned infrastructure. Drill hole **KHDDH590** targeted a previous porphyry intercept (**Figure 5**) and encountered a broad zone of low-grade porphyry mineralisation with an additional high-grade gold intercept near end of hole.

Hole ID	Interval (m)	Cu (%)	Au (g/t)	eCu (%)	From (m)
KHDDH590	113.2	0.10	0.18	0.19	163.8
and	8	-	1.59	-	289
including	4	-	3.04	-	291

The copper gold ratio of these intercepts and nature of mineralisation is like the nearby Southern Stockwork Zone at Stockwork Hill, with additional drilling to be planned as this appears to be on the edge of a potentially shallow, mineralised porphyry.

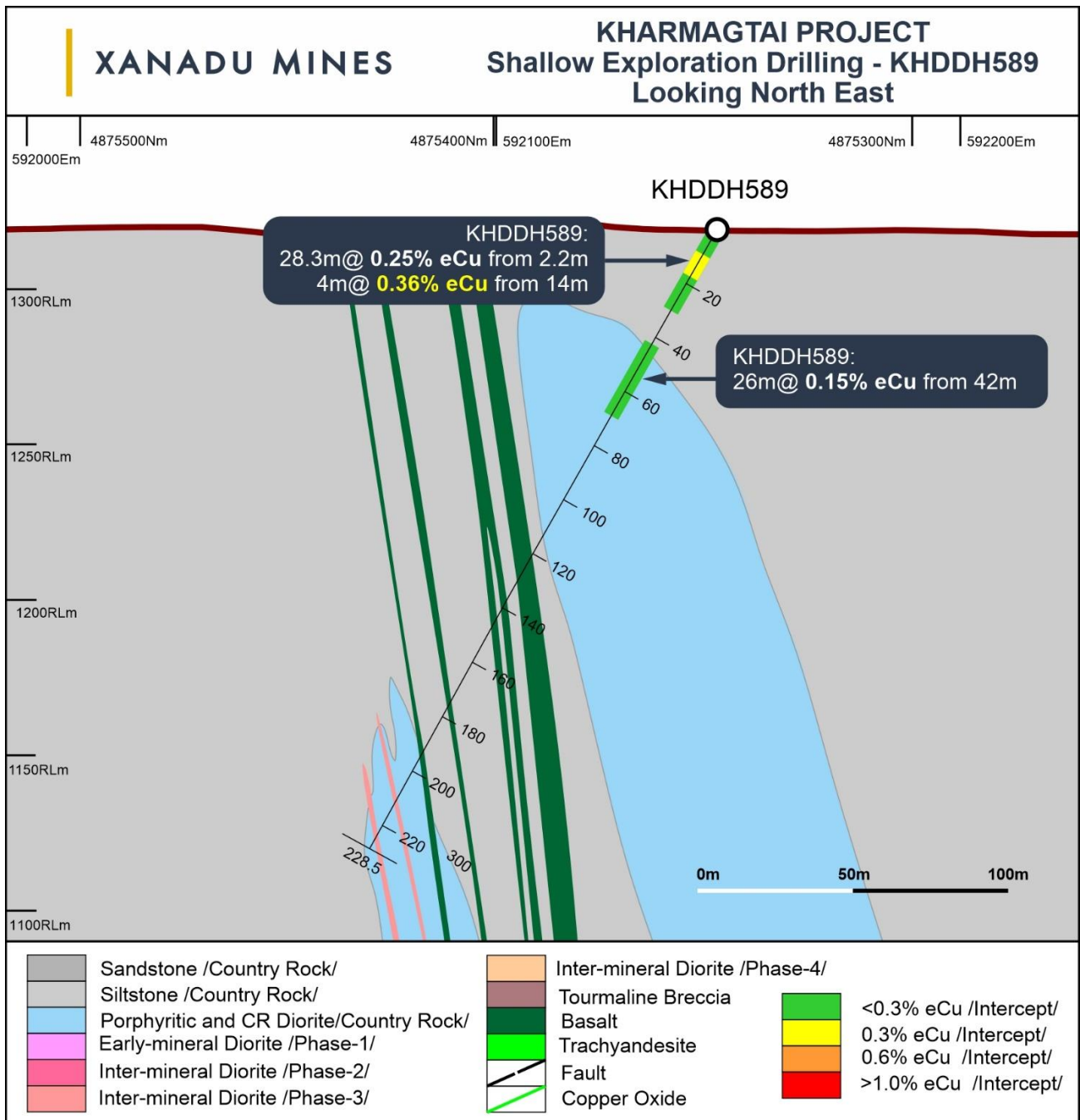


Figure 15: Cross Section Drill Hole KHDDH589.

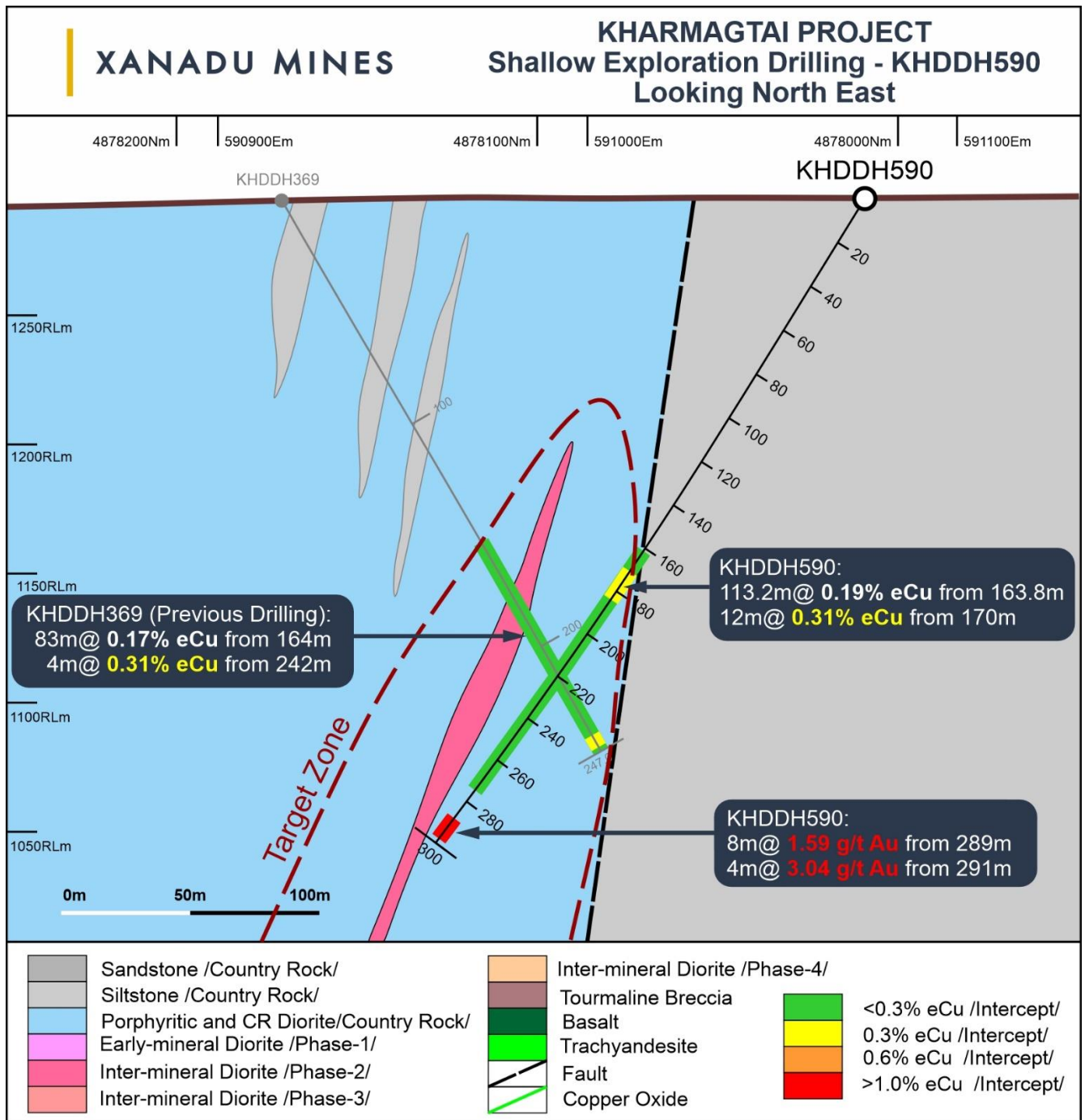


Figure 16: Cross Section Drill Hole KHDDH590.

At **Cluster Three (Figure 3)**, drilling is targeting previous broad porphyry intercepts in trenching and drilling, along with key structural features characterising existing deposits at Kharmagtai. Three drill holes at Cluster 3 have returned significant results to date, which are encouraging for a potential shallow high-grade core to be identified.

Drill hole **KHDDH622 (Figure 6)** targeted a structure in the west of the cluster and returned high-grade copper intercepts. This intercept is significant in its width and grade, and additional drilling is planned to test along strike, up and down dip.

Hole ID	Interval (m)	Cu (%)	Au (g/t)	eCu (%)	From (m)
KHDDH622	15	1.26	0.09	1.31	127
including	5.95	2.97	0.21	3.08	132

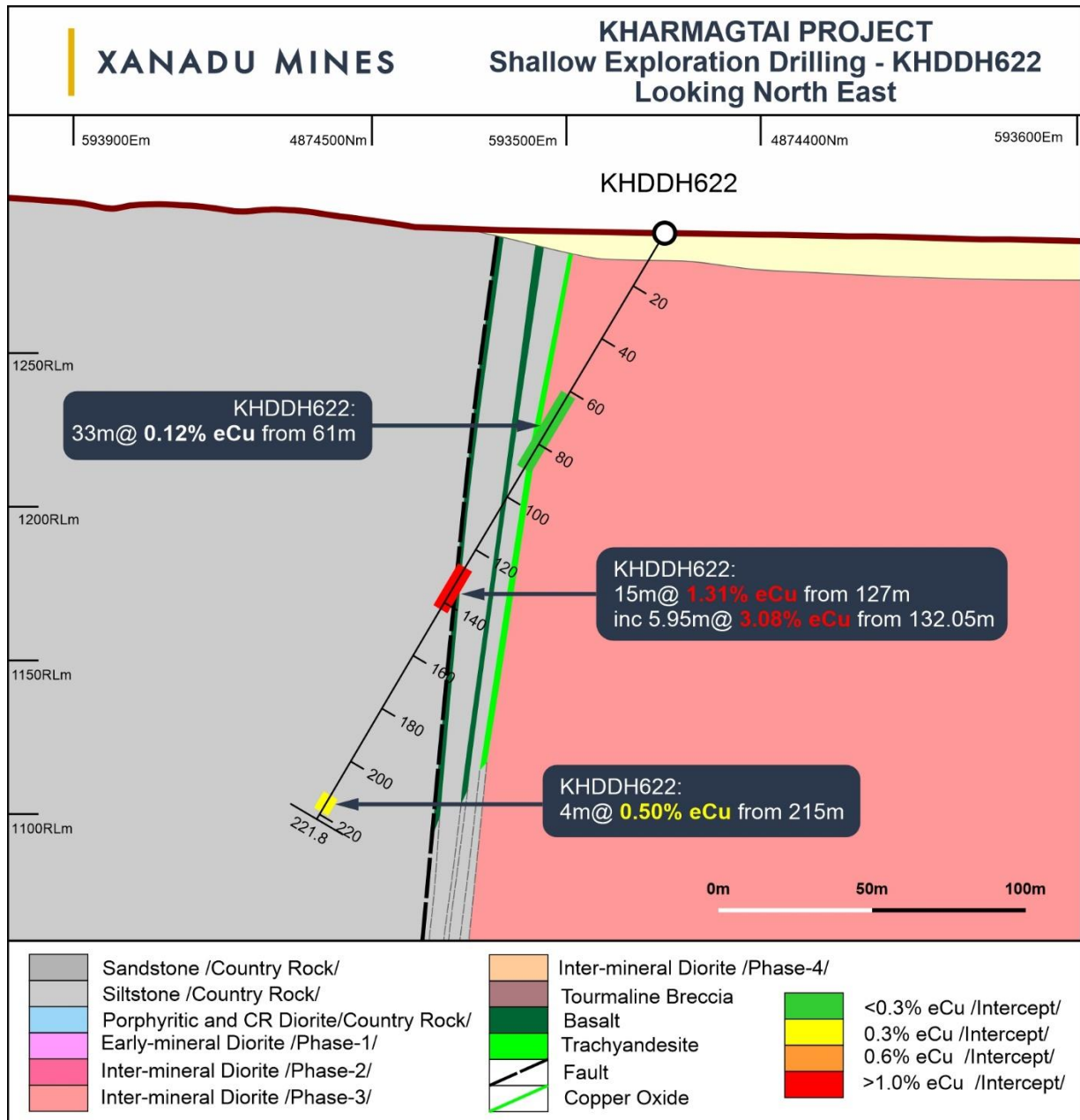


Figure 17: Cross Section Drill Hole KHDDH622.

Drill Hole **KHDDH625** targeted surface copper in the south of Cluster 3 (**Figure 3 and 7**). This hole encountered several broad zones of low-grade porphyry mineralisation and a shallower moderate grade intercept.

Hole ID	Interval (m)	Cu (%)	Au (g/t)	eCu (%)	From (m)
KHDDH625	20.3	0.29	0.10	0.30	28
and	59.8	0.16	0.02	0.16	80
and	70	0.15	0.03	0.17	150

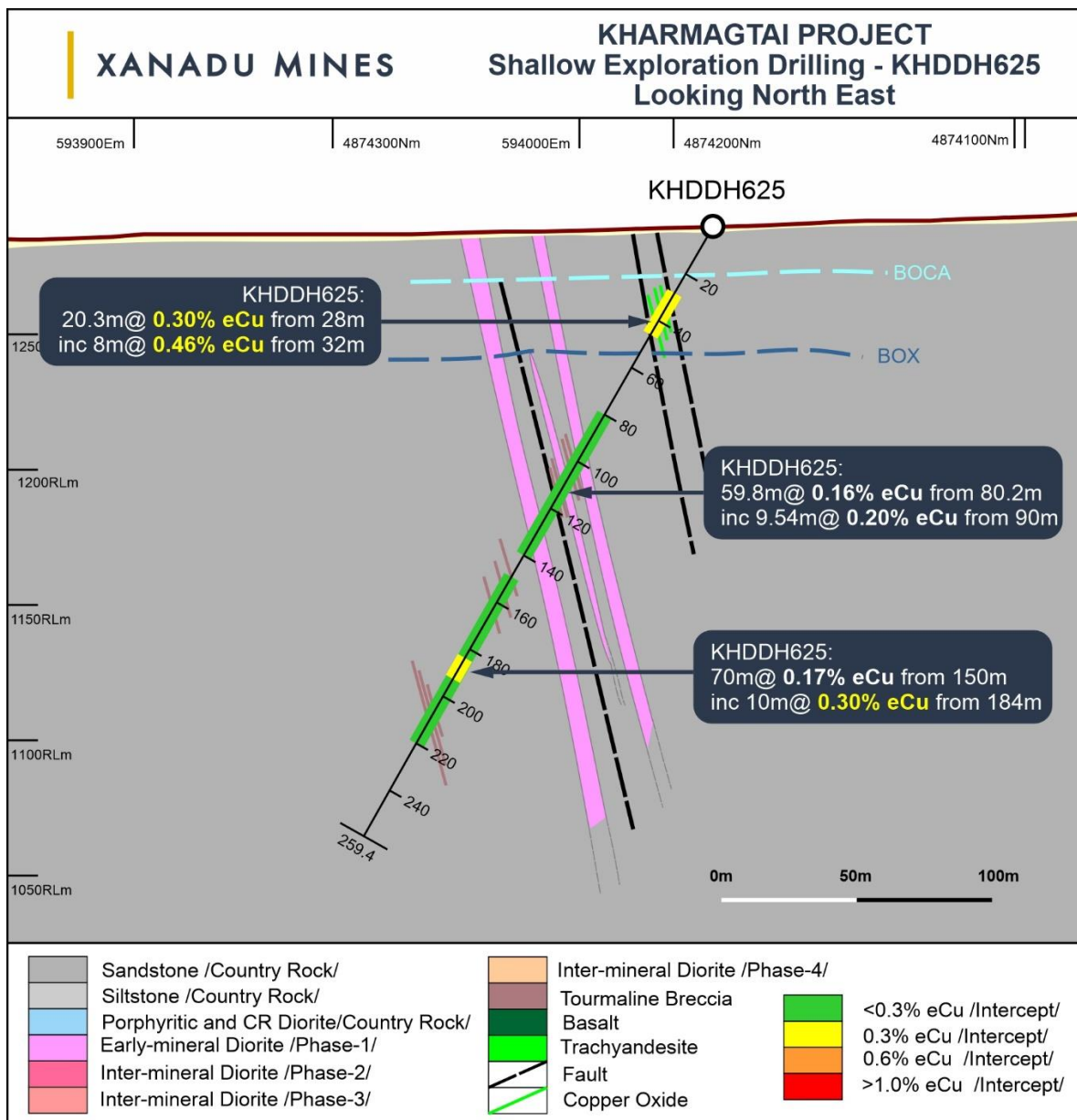


Figure 18: Cross Section Drill Hole KHDDH625.

Drill Hole **KHDDH630** also targets surface copper anomalism and has returned a broad interval of low-grade copper porphyry mineralisation (**Figure 6**). This drilling all points to Cluster 3 having the potential for a large-scale shallow copper porphyry with a high-grade core. Additional drilling is being planned to follow up on these results.

Hole ID	Interval (m)	Cu (%)	Au (g/t)	eCu (%)	From (m)
KHDDH630	61	0.10	0.03	0.11	7

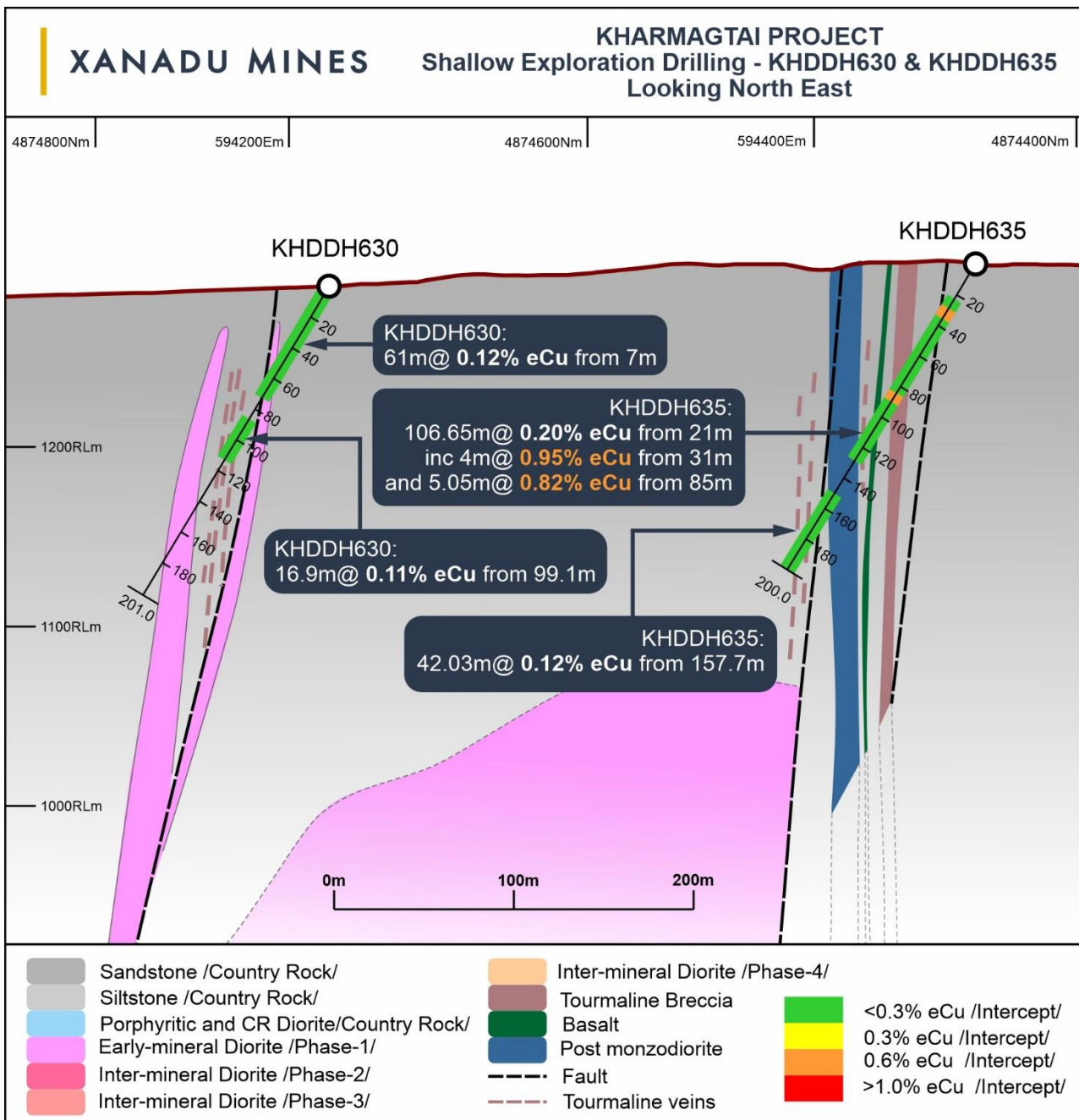


Figure 19: Cross Section Drill Hole KHDDH630 and KHDDH635.

APPENDIX 3: TABLES

For original announcements please refer to the following:

- ASX/TSX Announcement 5 July 2023 – Shallow Drilling Confirms Kharmagtai Discovery Potential
- ASX/TSX Announcement 19 July 2023 – New High-Grade Copper-Gold Zone Emerging at White Hill
- ASX/TSX Announcement 9 August 2023 – High Grade Extensions at Stockwork Hill
- ASX/TSX Announcement 4 October 2023 – High Grade Core Shaping Up at White Hill
- ASX/TSX Announcement 26 October 2023 – New Gold Zone Discovered at Golden Eagle

Table 1. Drill hole details from the quarter (KH prefix = Kharmagtai, OU prefix = Red Mountain, *excludes drill holes completed in the prior quarter*).

Hole ID	Prospect	East	North	RL	Azimuth (°)	Inc (°)	Depth (m)
KHDDH671	White Hill	592250	4876773	1304	0	-65	250.0
KHDDH672	Copper Hill	592751	4876484	1304	0	-60	120.0
KHDDH673	White Hill	592250	4877449	1297	0	-65	279.7
KHDDH674	White Hill	592370	4877153	1300	0	-65	501.6
KHDDH675	Copper Hill	592474	4876372	1305	0	-55	180.0
KHDDH676	White Hill	592374	4877045	1301	0	-65	425.0
KHDDH677	White Hill	592375	4876950	1300	0	-65	375.2
KHDDH678	Copper Hill	592715	4876352	1308	130	-65	150.2
KHDDH679	White Hill	592374	4876851	1301	0	-65	275.0
KHDDH680	Copper Hill	592644	4876486	1303	0	-55	100.0
KHDDH681	Copper Hill	592554	4876466	1302	0	-60	126.2
KHDDH682	Copper Hill	592830	4876487	1305	0	-60	75.0
KHDDH683	Copper Hill	592566	4876284	1304	190	-65	150.0
KHDDH684	Golden Eagle	595224	4876746	1270	359	-60	125.0
KHDDH685	Golden Eagle	595226	4876847	1269	360	-60	225.9
KHDDH686	Golden Eagle	595227	4876948	1269	360	-60	267.6
KHDDH687	Golden Eagle	595222	4877148	1268	360	-60	75.4
KHDDH688	Golden Eagle	595224	4877048	1268	359	-60	216.0
KHDDH689	Golden Eagle	595349	4876800	1270	358	-60	300.0
KHDDH690	Golden Eagle	595350	4876999	1268	0	-60	200.0
KHDDH691	Golden Eagle	595350	4876899	1269	0	-60	300.0
KHDDH692	Golden Eagle	595350	4877101	1268	0	-60	200.0
KHDDH693	Golden Eagle	595226	4876948	1269	270	-55	175.0
KHDDH694	Golden Eagle	595473	4876741	1270	0	-60	150.0
KHDDH695	Golden Eagle	595473	4876849	1269	0	-60	228.6
KHDDH696	Golden Eagle	595473	4876947	1269	0	-60	192.5
KHDDH697	Golden Eagle	595474	4877049	1269	0	-60	185.2
KHDDH698	Golden Eagle	595349	4876900	1269	240	-65	275.0
KHDDH699	Golden Eagle	595474	4877151	1268	0	-60	50.0
KHDDH700	Golden Eagle	595598	4876901	1269	0	-60	67.1
KHDDH701	Golden Eagle	595597	4877002	1268	0	-60	65.0
KHDDH702	Golden Eagle	595473	4876945	1269	90	-60	220.0
KHDDH703	Zephyr	594899	4877696	1265	0	-60	52.7
KHDDH704	Zephyr	594900	4877796	1264	0	-60	72.7

Hole ID	Prospect	East	North	RL	Azimuth (°)	Inc (°)	Depth (m)
KHDDH705	Zephyr	595023	4877598	1265	0	-60	100.0
KHDDH706	Zephyr	595024	4877698	1265	0	-60	175.0
KHDDH707	Zephyr	595146	4877446	1266	0	-60	75.0
KHDDH708	Golden Eagle	595349	4876898	1269	160	-50	250.0
KHDDH709	Zephyr	595147	4877646	1265	0	-60	100.0
KHDDH710	Zephyr	595148	4877746	1264	0	-60	140.0
KHDDH711	Zephyr	595274	4877399	1266	0	-60	100.0
KHDDH712	Zephyr	595023	4877697	1265	240	-60	150.0
KHDDH713	Zephyr	595273	4877598	1265	0	-60	189.4
KHDDH714	Zephyr	595274	4877697	1265	0	-60	150.0
KHDDH715	Zephyr	595023	4877800	1264	0	-60	125.1
KHDDH716	Zephyr	595149	4877544	1266	0	-60	75.0
KHDDH717	Zephyr	595275	4877498	1266	0	-60	235.0
KHDDH718	Zephyr	595397	4877445	1267	0	-60	125.0
KHDDH719	Zephyr	595146	4877544	1266	270	-55	160.0
KHDDH720	Zephyr	595399	4877750	1265	0	-60	100.0
KHDDH721	Zephyr	595523	4877497	1266	0	-60	400.0
KHDDH722	Zephyr	595524	4877698	1265	0	-60	150.0
KHDDH723	Zephyr	595649	4877663	1266	0	-60	205.0
KHDDH724	Zephyr	595275	4877497	1266	190	-75	190.0
KHDDH725	Zephyr	595773	4877664	1269	0	-60	75.0
KHDDH726	White Hill West	590660	4877346	1269	0	-60	125.0
KHDDH727	White Hill West	590662	4877446	1266	0	-60	159.3
KHDDH728	White Hill West	590787	4877301	1317	0	-60	250.0
KHDDH729	White Hill West	590786	4877397	1263	0	-60	240.0
KHDDH730	White Hill West	590787	4877500	1264	0	-60	110.0
KHDDH731	Zephyr	595394	4877512	1266	170	-60	160.0
KHDDH732	Zephyr	595397	4877651	1266	0	-60	200.0
KHDDH733	White Hill West	590912	4877281	1315	0	-65	300.0
KHDDH734	White Hill West	590910	4877418	1310	0	-60	197.0
KHDDH735	White Hill West	591015	4877497	1308	0	-60	95.0
KHDDH736	Zephyr	595524	4877596	1265	0	-60	214.0
KHDDH737	White Hill West	591116	4877381	1310	0	-60	150.0
KHDDH738	White Hill West	591116	4877476	1307	0	-60	80.0
KHDDH739	White Hill	591299	4877289	1310	0	-60	175.0
KHDDH740	Zephyr	595525	4877797	1265	0	-60	125.0
KHDDH741	White Hill	591292	4877380	1308	0	-60	125.0
KHDDH742	White Hill	591294	4877477	1305	0	-60	75.0
KHDDH743	White Hill	591395	4877075	1312	0	-60	150.0
KHDDH744	White Hill	591395	4877177	1312	0	-60	250.0
KHDDH745	Zephyr	595774	4877744	1270	0	-60	100.0
KHDDH746	White Hill	591396	4877284	1309	0	-60	185.0
KHDDH747	White Hill	591392	4877383	1307	0	-60	135.0
KHDDH748	White Hill	591396	4877478	1304	0	-60	85.0

Hole ID	Prospect	East	North	RL	Azimuth (°)	Inc (°)	Depth (m)
KHDDH749	White Hill	591623	4876852	1314	0	-60	850.0
KHDDH750	White Hill	591833	4876724	1312	0	-65	1315.6
KHDDH751	White Hill	591823	4877033	1307	0	-65	850.0
KHDDH752	Zephyr	595524	4877595	1265	140	-75	210.0
KHDDH753	White Hill West	590912	4877523	1307	0	-60	180.0
KHDDH754	White Hill West	591014	4877403	1311	0	-60	225.0
KHDDH755	White Hill West	590741	4877340	1265	215	-65	200.0
KHDDH756	White Hill	592044	4877161	1303	0	-63	954.0
KHDDH757	White Hill West	590897	4877421	1310	140	-70	237.8
KHDDH758	White Hill West	590870	4877240	1318	180	-65	150.0
KHDDH759	Target 10	593445	4874259	1292	135	-58	219.0
KHDDH760	Exploration	596805	4876930	1272	315	-60	250.0
KHDDH761	Exploration	597087	4877219	1266	315	-60	369.5
KHDDH762	Exploration	597943	4877488	1265	315	-60	205.7
KHDDH763	Exploration	597655	4877395	1262	315	-60	200.0
KHDDH764	Exploration	598109	4877537	1266	315	-60	210.5
KHDDH765	Exploration	598332	4877850	1265	315	-60	200.0
KHDDH766	Exploration	596305	4876949	1272	315	-60	200.0
KHDDH767	Exploration	597797	4878235	1262	315	-60	200.0
KHDDH768	Exploration	597974	4876374	1284	315	-60	210.0
KHDDH769	Exploration	595825	4876189	1276	315	-60	200.0
KHDDH770	Exploration	598779	4877433	1274	315	-60	200.0
KHDDH771	Exploration	595262	4875925	1274	315	-60	200.0
KHDDH772	Exploration	598083	4876458	1286	315	-60	200.0
KHDDH773	Exploration	597536	4878223	1262	315	-60	200.0
KHDDH774	Exploration	596778	4877943	1266	315	-60	200.0
KHDDH775	Exploration	597306	4878213	1263	315	-60	200.0
KHDDH776	Exploration	596562	4878738	1264	315	-60	200.0
KHDDH777	Exploration	596296	4878513	1265	315	-60	200.0
KHDDH778	Exploration	596093	4878438	1266	315	-60	200.0
KHDDH780	Exploration	595801	4878235	1265	315	-60	200.0
KHDDH781	Exploration	598555	4878772	1264	315	-60	200.0
KHDDH782	Exploration	598301	4878241	1264	315	-60	200.0
KHDDH783	Exploration	598864	4877631	1271	315	-60	215.6
KHDDH784	Exploration	599083	4877646	1275	315	-60	279.5
KHDDH785	Exploration	591415	4878081	1294	0	-60	200.0
KHDDH786	Exploration	591256	4878095	1294	315	-60	300.0
KHDDH787	Exploration	599204	4877781	1284	315	-60	200.0
KHDDH788	Exploration	591099	4878042	1294	0	-60	222.5
KHDDH789	Exploration	597993	4877166	1268	315	-60	276.9
KHDDH790	Exploration	597927	4877057	1267	315	-60	214.5
KHDDH791	Exploration	597758	4876919	1265	315	-60	247.0
KHDDH792	Exploration	590809	4877992	1299	315	-60	221.5
KHDDH793	Exploration	593706	4877021	1283	315	-60	232.0

Table 2. Significant drill results from the quarter (KH prefix = Kharmagtai, OU prefix = Red Mountain)

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH648		29	123	94	0.08	0.14	0.18	0.35
<i>including</i>		99	111	12	0.10	0.18	0.23	0.45
<i>and</i>		139	221	82	0.04	0.12	0.14	0.28
<i>and</i>		241	269	28	0.02	0.07	0.08	0.16
<i>and</i>		287	311	24	0.03	0.09	0.10	0.19
<i>and</i>		325	345	20	0.03	0.13	0.14	0.28
<i>and</i>		423.2	479	55.8	0.05	0.16	0.18	0.36
<i>including</i>		423.2	439	15.8	0.07	0.23	0.27	0.53
<i>including</i>		451	457	6	0.08	0.26	0.31	0.60
<i>including</i>		491	1571	1080	0.06	0.17	0.21	0.41
<i>including</i>		509	527	18	0.07	0.27	0.31	0.60
<i>including</i>		619	707	88	0.08	0.28	0.32	0.63
<i>including</i>		627	635	8	0.17	0.64	0.73	1.43
<i>including</i>		717	798	81	0.09	0.29	0.34	0.66
<i>including</i>		759	763.4	4.4	0.19	0.63	0.73	1.43
<i>including</i>		824	836	12	0.07	0.20	0.24	0.47
<i>including</i>		848	872	24	0.10	0.30	0.35	0.69
<i>including</i>		964	976	12	0.09	0.22	0.27	0.52
<i>including</i>		1004	1020	16	0.18	0.22	0.32	0.62
<i>including</i>		1114.8	1124	9.2	0.06	0.20	0.24	0.46
<i>including</i>		1160	1196	36	0.07	0.24	0.28	0.55
<i>including</i>		1269	1278	9	0.13	0.29	0.35	0.69
<i>and</i>		1440	1444	4	0.12	0.24	0.30	0.59
<i>and</i>		1589	1613	24	0.06	0.08	0.11	0.21
<i>and</i>		1623	1635	12	0.06	0.07	0.10	0.20
<i>and</i>		1689	1693	4	0.07	0.10	0.13	0.25
<i>and</i>		1703	1737	34	0.11	0.03	0.09	0.18
<i>and</i>		1761	1769.3	8.3	0.22	0.19	0.30	0.59
<i>and</i>		1828	1840	12	0.07	0.08	0.12	0.23
<i>and</i>		1876	1912	36	0.27	0.12	0.25	0.50
<i>and</i>		1902	1912	10	0.13	0.24	0.31	0.60
<i>and</i>		1928	1964	36	0.05	0.06	0.09	0.17
<i>and</i>		2029	2048.3	19.3	0.08	0.02	0.07	0.13
<i>and</i>		2115.8	2124	8.2	0.35	0.05	0.23	0.44
KHDDH658	White Hill	2	29	27	0.17	0.23	0.32	0.62
<i>including</i>		2	21	19	0.20	0.27	0.38	0.73
<i>and</i>		41	300	259	0.17	0.22	0.31	0.61
<i>including</i>		48.13	88	39.87	0.26	0.37	0.50	0.98
<i>including</i>		64.05	78	13.95	0.48	0.50	0.74	1.46
<i>including</i>		98	203	105	0.26	0.28	0.41	0.81

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
<i>including</i>		106.55	115	8.45	0.70	0.75	1.10	2.16
<i>including</i>		108	114	6	0.89	0.82	1.27	2.49
<i>including</i>		156	170	14	0.32	0.29	0.46	0.89
<i>and</i>		314	322	8	0.08	0.08	0.12	0.23
<i>and</i>		335	345	10	0.19	0.05	0.14	0.28
<i>and</i>		379	481	102	0.05	0.12	0.14	0.27
KHDDH659	White Hill	40	56	16	0.04	0.09	0.11	0.21
<i>and</i>		77	721.6	644.6	0.09	0.21	0.25	0.49
<i>including</i>		105	109	4	0.09	0.28	0.33	0.64
<i>including</i>		277	289.4	12.4	0.16	0.22	0.30	0.60
<i>including</i>		343	449	106	0.17	0.29	0.37	0.73
<i>including</i>		398.1	408	9.9	0.29	0.31	0.46	0.90
<i>including</i>		459	467	8	0.07	0.13	0.16	0.32
<i>including</i>		507	517	10	0.09	0.25	0.29	0.57
<i>including</i>		526.4	546.5	20.1	0.14	0.35	0.43	0.84
<i>including</i>		556	586	30	0.07	0.35	0.38	0.75
<i>including</i>		644	658	14	0.05	0.25	0.28	0.54
<i>including</i>		678	701	23	0.09	0.30	0.34	0.67
<i>including</i>		713.4	721.6	8.2	0.09	0.30	0.35	0.68
KHDDH660	Stockwork Hill	9	15	6	0.21	0.11	0.22	0.43
<i>and</i>		76	111	35	0.10	0.08	0.14	0.27
<i>and</i>		152.75	547	394.25	0.30	0.36	0.51	1.00
<i>including</i>		168	273	105	0.71	0.45	0.81	1.59
<i>including</i>		172	185	13	0.51	0.50	0.76	1.48
<i>including</i>		196.75	259	62.25	0.97	0.56	1.05	2.06
<i>including</i>		211	249	38	1.17	0.64	1.24	2.43
<i>including</i>		285	527	242	0.16	0.36	0.44	0.87
<i>including</i>		295	299	4	0.30	0.62	0.77	1.50
<i>including</i>		315	327	12	0.13	0.27	0.33	0.65
<i>including</i>		349	393	44	0.13	0.72	0.79	1.54
<i>including</i>		387	391	4	0.16	2.64	2.72	5.31
<i>including</i>		403	411	8	0.15	0.87	0.95	1.85
<i>including</i>		447	472	25	0.31	0.33	0.49	0.96
<i>including</i>		491	497	6	0.45	0.50	0.73	1.44
<i>and</i>		559	563	4	0.14	0.07	0.14	0.27
KHDDH661	White Hill	69.6	82	12.4	0.08	0.06	0.09	0.18
<i>and</i>		143	558.2	415.2	0.10	0.22	0.27	0.52
<i>including</i>		159	166	7	0.08	0.27	0.31	0.60
<i>including</i>		302	308	6	0.12	0.25	0.31	0.61
<i>including</i>		373	451	78	0.15	0.28	0.36	0.70
<i>including</i>		465	524	59	0.22	0.37	0.49	0.95
<i>including</i>		478	495.2	17.2	0.30	0.57	0.73	1.43

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
<i>including</i>		482	490	8	0.41	0.70	0.91	1.78
<i>including</i>		540	558.2	18.2	0.12	0.42	0.49	0.95
<i>including</i>		554	558.2	4.2	0.18	0.63	0.72	1.41
<i>and</i>		570	895	325	0.11	0.33	0.38	0.74
<i>including</i>		574.1	616	41.9	0.19	0.49	0.59	1.16
<i>including</i>		576	608	32	0.22	0.55	0.66	1.29
<i>including</i>		631.5	640	8.5	0.12	0.33	0.39	0.76
<i>including</i>		654	658	4	0.10	0.31	0.36	0.71
<i>including</i>		700.8	847	146.2	0.13	0.43	0.50	0.97
<i>including</i>		757	763	6	0.28	0.65	0.79	1.55
<i>including</i>		792.3	816	23.7	0.20	0.74	0.84	1.65
<i>including</i>		794	806	12	0.26	0.87	1.00	1.96
<i>including</i>		830	840	10	0.12	0.85	0.92	1.79
<i>including</i>		834	838	4	0.16	1.20	1.28	2.50
KHDDH662	White Hill	196	206	10	0.06	0.06	0.10	0.19
KHDDH663	White Hill	0	171	171	0.13	0.21	0.27	0.53
<i>including</i>		0	30	30	0.35	0.38	0.56	1.09
<i>including</i>		1	9	8	0.68	0.60	0.95	1.85
<i>including</i>		1	5.8	4.8	0.91	0.64	1.10	2.16
<i>including</i>		40	60	20	0.12	0.24	0.30	0.58
<i>including</i>		96	102	6	0.10	0.28	0.34	0.66
<i>and</i>		183	187	4	0.05	0.10	0.12	0.24
<i>and</i>		199	241	42	0.05	0.10	0.13	0.25
<i>and</i>		284	292	8	0.08	0.06	0.10	0.20
KHDDH664	White Hill	167	182.7	15.7	0.03	0.07	0.09	0.17
<i>and</i>		243	305	62	0.04	0.11	0.13	0.26
<i>and</i>		315	350	35	0.05	0.13	0.16	0.31
KHDDH665	White Hill	48	52	4	0.04	0.10	0.12	0.23
<i>and</i>		66	70	4	0.05	0.14	0.16	0.32
<i>and</i>		80	813	733	0.15	0.31	0.39	0.77
<i>including</i>		114	120	6	0.11	0.33	0.38	0.75
<i>including</i>		218	228	10	0.12	0.22	0.28	0.54
<i>including</i>		240.5	400.5	160	0.22	0.30	0.41	0.80
<i>including</i>		353	361	8	0.30	0.55	0.70	1.37
<i>including</i>		411.3	622	210.7	0.23	0.43	0.55	1.07
<i>including</i>		462.8	474	11.2	0.27	0.48	0.62	1.21
<i>including</i>		490	546	56	0.37	0.66	0.85	1.67
<i>including</i>		521	544	23	0.46	0.92	1.16	2.26
<i>including</i>		564	572	8	0.28	0.71	0.85	1.67
<i>including</i>		582	604	22	0.23	0.55	0.67	1.32
<i>including</i>		632	646.2	14.2	0.09	0.31	0.35	0.69
<i>including</i>		662.95	797	134.05	0.09	0.40	0.44	0.87

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
<i>including</i>		682	696	14	0.16	0.53	0.61	1.20
<i>including</i>		741	746.76	5.76	0.13	0.99	1.05	2.06
<i>including</i>		741	745	4	0.14	1.09	1.16	2.28
KHDDH666	White Hill	87.35	98.1	10.75	0.03	0.08	0.09	0.18
<i>and</i>		166	323.2	157.2	0.09	0.19	0.23	0.45
<i>including</i>		233	239	6	0.12	0.33	0.39	0.76
<i>including</i>		252	258	6	0.12	0.31	0.37	0.72
<i>including</i>		268	318.05	50.05	0.16	0.27	0.36	0.70
<i>including</i>		283.15	301	17.85	0.20	0.34	0.45	0.87
<i>and</i>		332.25	444.3	112.05	0.15	0.30	0.38	0.74
<i>including</i>		336	366.6	30.6	0.17	0.36	0.45	0.87
<i>including</i>		378	416.5	38.5	0.21	0.37	0.48	0.94
<i>including</i>		430.2	443	12.8	0.12	0.33	0.39	0.75
KHDDH667	White Hill	12	218.7	206.7	0.09	0.23	0.27	0.53
<i>including</i>		30	34	4	0.21	0.22	0.33	0.65
<i>including</i>		72	94	22	0.20	0.71	0.81	1.58
<i>including</i>		82	94	12	0.32	1.12	1.29	2.52
<i>including</i>		82	92	10	0.35	1.23	1.41	2.75
<i>including</i>		104	121	17	0.09	0.22	0.27	0.52
<i>and</i>		246.4	254.9	8.5	0.09	0.24	0.29	0.56
<i>including</i>		248	252	4	0.10	0.27	0.32	0.62
KHDDH668	White Hill	1	494.1	493.1	0.08	0.17	0.21	0.42
<i>including</i>		132	144	12	0.16	0.23	0.31	0.61
<i>including</i>		212	219	7	0.12	0.21	0.27	0.54
<i>including</i>		231	241	10	0.11	0.24	0.30	0.58
<i>including</i>		298	328	30	0.13	0.30	0.36	0.70
<i>including</i>		356	360	4	0.13	0.26	0.32	0.63
<i>including</i>		389	460	71	0.11	0.26	0.32	0.63
KHDDH669	White Hill	2.8	600.5	597.7	0.22	0.32	0.43	0.84
<i>and</i>		19	38	19	0.20	0.17	0.27	0.53
<i>and</i>		48	598	550	0.23	0.33	0.45	0.88
<i>including</i>		95.6	138	42.4	0.33	0.41	0.58	1.14
<i>including</i>		148	160	12	0.34	0.40	0.58	1.13
<i>including</i>		198	209	11	0.35	0.43	0.61	1.18
<i>including</i>		308	347.6	39.6	0.49	0.45	0.70	1.37
<i>including</i>		312	316	4	1.03	0.66	1.19	2.32
<i>including</i>		376.1	437	60.9	0.30	0.41	0.56	1.10
<i>including</i>		506	514	8	0.29	0.53	0.68	1.32
KHDDH670	White Hill	0.3	763	762.7	0.21	0.32	0.42	0.83
<i>including</i>		16	20	4	0.13	0.27	0.33	0.65
<i>including</i>		67	202	135	0.24	0.34	0.46	0.90
<i>including</i>		71	96.6	25.6	0.38	0.44	0.63	1.23

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
<i>including</i>		217	336.7	119.7	0.26	0.31	0.45	0.87
<i>including</i>		265	287	22	0.41	0.34	0.56	1.09
<i>including</i>		346	634	288	0.23	0.38	0.49	0.97
<i>including</i>		354	369.3	15.3	0.28	0.39	0.53	1.03
<i>including</i>		434	455	21	0.25	0.41	0.54	1.06
<i>including</i>		511.3	523	11.7	0.33	0.53	0.70	1.38
<i>including</i>		564	622	58	0.33	0.55	0.72	1.41
<i>including</i>		608	614	6	0.41	0.70	0.91	1.78
<i>including</i>		656	684	28	0.11	0.45	0.51	0.99
<i>including</i>		672	682	10	0.18	0.76	0.85	1.66
<i>including</i>		672	680	8	0.19	0.76	0.86	1.68
<i>including</i>		713	745	32	0.62	0.45	0.76	1.49
<i>including</i>		731	741	10	0.12	0.70	0.76	1.49
KHDDH671	White Hill	66	248	182	0.05	0.13	0.15	0.30
KHDDH672	Copper Hill	10.1	34	23.9	0.05	0.14	0.17	0.33
<i>and</i>		77	92	15	0.03	0.07	0.09	0.18
KHDDH673	White Hill	1	197	196	0.06	0.12	0.15	0.30
<i>including</i>		1	13.2	12.2	0.20	0.35	0.45	0.88
<i>and</i>		207	268	61	0.05	0.10	0.12	0.23
KHDDH674	White Hill	1.6	95.4	93.8	0.13	0.25	0.31	0.61
<i>including</i>		3	47	44	0.15	0.26	0.33	0.65
<i>including</i>		72	95.4	23.4	0.13	0.28	0.34	0.67
<i>and</i>		104.68	117.92	13.24	0.19	0.35	0.44	0.87
<i>and</i>		174	194.4	20.4	0.09	0.16	0.21	0.40
<i>including</i>		176.4	194.4	18	0.09	0.17	0.22	0.42
<i>and</i>		209.6	454	244.4	0.08	0.16	0.20	0.40
<i>including</i>		209.6	225	15.4	0.16	0.25	0.33	0.64
<i>including</i>		365	375	10	0.09	0.19	0.23	0.45
<i>including</i>		415	431	16	0.14	0.20	0.27	0.52
<i>and</i>		465.4	476	10.6	0.06	0.11	0.14	0.28
<i>and</i>		486	501.6	15.6	0.30	0.22	0.37	0.72
KHDDH675	Copper Hill	13.5	84	70.5	0.04	0.17	0.19	0.38
<i>including</i>		24	32	8	0.06	0.27	0.30	0.58
KHDDH676	White Hill	0	56.15	56.15	0.17	0.28	0.36	0.71
<i>and</i>		224	234	10	0.11	0.02	0.07	0.15
KHDDH677	White Hill	3.2	119	115.8	0.17	0.30	0.39	0.76
<i>including</i>		9.3	15.7	6.4	0.09	0.39	0.43	0.84
<i>including</i>		28	44	16	0.18	0.33	0.42	0.83
<i>including</i>		40	44	4	0.29	0.59	0.74	1.44
<i>including</i>		62	117	55	0.24	0.37	0.49	0.96
<i>including</i>		84	105	21	0.29	0.46	0.61	1.19
KHDDH678	Copper Hill	34	53	19	0.07	0.08	0.12	0.23

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH679	White Hill	5	167	162	0.05	0.15	0.18	0.34
	<i>including</i>	54.2	62.6	8.4	0.14	0.31	0.38	0.75
KHDDH680	Copper Hill	3.6	70	66.4	0.10	0.23	0.29	0.56
	<i>including</i>	3.6	32	28.4	0.19	0.42	0.51	1.00
	<i>including</i>	8	16	8	0.33	0.55	0.72	1.40
KHDDH681	Copper Hill	11	18	7	0.04	0.12	0.14	0.28
	<i>and</i>	34	40	6	0.05	0.11	0.13	0.26
	<i>and</i>	64	68	4	0.03	0.09	0.11	0.21
KHDDH682	Copper Hill	4	53	49	0.04	0.12	0.14	0.28
KHDDH683	Copper Hill	20	30	10	0.07	0.08	0.12	0.23
KHDDH684	Golden Eagle				<i>Assays pending</i>			
KHDDH685	Golden Eagle				<i>Assays pending</i>			
KHDDH686	Golden Eagle				<i>Assays pending</i>			
KHDDH687	Golden Eagle				<i>Assays pending</i>			
KHDDH688	Golden Eagle				<i>Assays pending</i>			
KHDDH689	Golden Eagle				<i>Assays pending</i>			
KHDDH690	Golden Eagle				<i>Assays pending</i>			
KHDDH691	Golden Eagle				<i>Assays pending</i>			
KHDDH692	Golden Eagle				<i>Assays pending</i>			
KHDDH693	Golden Eagle				<i>Assays pending</i>			
KHDDH694	Golden Eagle				<i>Assays pending</i>			
KHDDH695	Golden Eagle				<i>Assays pending</i>			
KHDDH696	Golden Eagle				<i>Assays pending</i>			
KHDDH697	Golden Eagle				<i>Assays pending</i>			
KHDDH698	Golden Eagle				<i>Assays pending</i>			
KHDDH699	Golden Eagle				<i>Assays pending</i>			
KHDDH700	Golden Eagle				<i>Assays pending</i>			
KHDDH701	Golden Eagle				<i>Assays pending</i>			
KHDDH702	Golden Eagle				<i>Assays pending</i>			
KHDDH703	Zephyr				<i>Assays pending</i>			
KHDDH704	Zephyr				<i>Assays pending</i>			
KHDDH705	Zephyr				<i>Assays pending</i>			
KHDDH706	Zephyr				<i>Assays pending</i>			
KHDDH707	Zephyr				<i>Assays pending</i>			
KHDDH708	Golden Eagle				<i>Assays pending</i>			
KHDDH709	Zephyr				<i>Assays pending</i>			
KHDDH710	Zephyr				<i>Assays pending</i>			
KHDDH711	Zephyr				<i>Assays pending</i>			
KHDDH712	Zephyr				<i>Assays pending</i>			
KHDDH713	Zephyr				<i>Assays pending</i>			
KHDDH714	Zephyr				<i>Assays pending</i>			
KHDDH715	Zephyr				<i>Assays pending</i>			

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH716	Zephyr				<i>Assays pending</i>			
KHDDH717	Zephyr				<i>Assays pending</i>			
KHDDH718	Zephyr				<i>Assays pending</i>			
KHDDH719	Zephyr				<i>Assays pending</i>			
KHDDH720	Zephyr				<i>Assays pending</i>			
KHDDH721	Zephyr				<i>Assays pending</i>			
KHDDH722	Zephyr				<i>Assays pending</i>			
KHDDH723	Zephyr				<i>Assays pending</i>			
KHDDH724	Zephyr				<i>Assays pending</i>			
KHDDH725	Zephyr				<i>Assays pending</i>			
KHDDH726	White Hill West				<i>No significant intercepts</i>			
KHDDH727	White Hill West				<i>No significant intercepts</i>			
KHDDH728	White Hill West	108	141	33	0.04	0.08	0.11	0.21
<i>and</i>		157	250	93	0.05	0.10	0.13	0.25
KHDDH729	White Hill West	12	32	20	0.08	0.10	0.14	0.28
<i>and</i>		86	109	23	0.04	0.08	0.10	0.19
<i>and</i>		119	235	116	0.06	0.12	0.15	0.30
<i>including</i>		192.1	204	11.9	0.13	0.25	0.32	0.62
KHDDH730	White Hill West	28	40	12	0.04	0.07	0.09	0.17
<i>and</i>		52	107.2	55.2	0.06	0.11	0.14	0.28
KHDDH731	Zephyr				<i>Assays pending</i>			
KHDDH732	Zephyr				<i>Assays pending</i>			
KHDDH733	White Hill West	24	52	28	0.04	0.10	0.11	0.22
<i>and</i>		64	300	236	0.11	0.17	0.22	0.44
<i>including</i>		159	241	82	0.20	0.24	0.34	0.67
KHDDH734	White Hill West	0	193	193	0.11	0.18	0.23	0.46
<i>including</i>		42.1	76	33.9	0.16	0.22	0.31	0.60
<i>including</i>		90.6	124.85	34.25	0.18	0.25	0.34	0.67
KHDDH735	White Hill West	4.3	68.15	63.85	0.14	0.17	0.25	0.48
<i>including</i>		16	59.25	43.25	0.16	0.20	0.28	0.55
<i>and</i>		82	90	8	0.07	0.07	0.10	0.20
KHDDH736	Zephyr				<i>Assays pending</i>			
KHDDH737	White Hill West	8	150	142	0.18	0.16	0.25	0.49
<i>including</i>		65	107.3	42.3	0.33	0.24	0.41	0.81
<i>including</i>		87	95	8	0.66	0.38	0.72	1.40
KHDDH738	White Hill West	0.1	74	73.9	0.06	0.12	0.16	0.30

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
<i>including</i>		1.3	10.7	9.4	0.14	0.20	0.28	0.54
KHDDH739	White Hill	73	171	98	0.05	0.13	0.16	0.31
<i>including</i>		147	153.5	6.5	0.08	0.24	0.28	0.54
KHDDH740	Zephyr	<i>Assays pending</i>						
KHDDH741	White Hill	17	26	9	0.04	0.10	0.12	0.24
<i>and</i>		42	108	66	0.05	0.14	0.16	0.32
<i>including</i>		58.8	62.8	4	0.13	0.26	0.33	0.64
<i>and</i>		119.1	125	5.9	0.06	0.18	0.21	0.41
KHDDH742	White Hill	0.9	7	6.1	0.06	0.17	0.20	0.40
KHDDH743	White Hill	146	150	4	0.03	0.10	0.12	0.23
KHDDH744	White Hill	114	118	4	0.03	0.11	0.12	0.24
<i>and</i>		142.5	250	107.5	0.06	0.15	0.18	0.36
<i>including</i>		205	211	6	0.12	0.29	0.35	0.69
KHDDH745	Zephyr	<i>Assays pending</i>						
KHDDH746	White Hill	100	180	80	0.04	0.11	0.13	0.26
KHDDH747	White Hill	11	15	4	0.06	0.09	0.12	0.23
<i>and</i>		29	85	56	0.04	0.11	0.14	0.26
KHDDH748	White Hill	<i>No significant intercepts</i>						
KHDDH749	White Hill	79	83	4	0.04	0.14	0.16	0.30
<i>and</i>		199	850	651	0.08	0.20	0.24	0.48
<i>including</i>		255	263	8	0.09	0.29	0.34	0.66
<i>including</i>		346	352	6	0.09	0.24	0.28	0.55
<i>including</i>		410	489	79	0.11	0.28	0.33	0.65
<i>including</i>		507	521	14	0.08	0.24	0.28	0.54
<i>including</i>		557	575	18	0.14	0.30	0.37	0.72
<i>including</i>		601	617	16	0.17	0.27	0.35	0.69
<i>including</i>		627	647	20	0.09	0.25	0.29	0.57
<i>including</i>		717.4	766	48.6	0.11	0.34	0.40	0.78
<i>including</i>		813	825	12	0.07	0.30	0.33	0.65
KHDDH750	White Hill	312	327	15	0.04	0.07	0.09	0.18
<i>and</i>		341.5	363	21.5	0.04	0.11	0.13	0.25
<i>and</i>		377	1155	778	0.10	0.31	0.37	0.72
<i>including</i>		429	443	14	0.09	0.29	0.34	0.66
<i>including</i>		511	645.1	134.1	0.13	0.37	0.44	0.85
<i>including</i>		575	592	17	0.26	0.57	0.70	1.37
<i>including</i>		612	627	15	0.17	0.45	0.53	1.04
<i>including</i>		657	813.4	156.4	0.15	0.44	0.52	1.01
<i>including</i>		706	758	52	0.20	0.63	0.73	1.43
<i>including</i>		734	746	12	0.32	0.77	0.93	1.82
<i>including</i>		784	796	12	0.27	0.65	0.78	1.53
<i>including</i>		826.3	1018.2	191.9	0.14	0.39	0.46	0.91
<i>including</i>		832	850	18	0.29	0.73	0.88	1.71

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
<i>including</i>		838	842	4	0.38	0.97	1.16	2.27
<i>including</i>		864	891	27	0.19	0.53	0.63	1.22
<i>including</i>		909	927	18	0.21	0.57	0.67	1.32
<i>including</i>		1033	1063	30	0.06	0.20	0.24	0.46
<i>including</i>		1077	1115	38	0.05	0.24	0.26	0.52
<i>Assays pending</i>								
KHDDH751	White Hill	8	821	813	0.09	0.22	0.27	0.53
<i>including</i>		92	100.25	8.25	0.12	0.29	0.35	0.68
<i>including</i>		111.75	132	20.25	0.09	0.21	0.26	0.50
<i>including</i>		154	183	29	0.14	0.23	0.30	0.59
<i>including</i>		193	210.8	17.8	0.16	0.24	0.32	0.63
<i>including</i>		220.5	295	74.5	0.13	0.26	0.32	0.63
<i>including</i>		348	412	64	0.17	0.29	0.38	0.75
<i>including</i>		372	382	10	0.34	0.48	0.66	1.29
<i>including</i>		464	468	4	0.14	0.34	0.41	0.79
<i>including</i>		478	504	26	0.06	0.26	0.29	0.56
<i>including</i>		514	571	57	0.14	0.39	0.46	0.90
<i>including</i>		524	532	8	0.17	0.49	0.57	1.11
<i>including</i>		599	625	26	0.09	0.27	0.31	0.61
<i>including</i>		649	687	38	0.09	0.29	0.34	0.67
<i>including</i>		703	724	21	0.09	0.25	0.30	0.58
<i>including</i>		739.5	757	17.5	0.07	0.25	0.29	0.57
<i>including</i>		779	785	6	0.04	0.37	0.39	0.77
KHDDH752	Zephyr	<i>Assays pending</i>						
KHDDH753	White Hill West	6	79	73	0.06	0.10	0.14	0.26
<i>and</i>		7.8	12	4.2	0.20	0.34	0.44	0.86
<i>and</i>		113	123	10	0.08	0.04	0.08	0.15
KHDDH754	White Hill West	16	225	209	0.10	0.15	0.20	0.40
<i>including</i>		74	90	16	0.14	0.19	0.26	0.51
<i>including</i>		111	143	32	0.19	0.22	0.31	0.61
KHDDH755	White Hill West	96.8	107	10.2	0.03	0.07	0.09	0.17
KHDDH756	White Hill	2.5	668	665.5	0.18	0.26	0.35	0.68
<i>including</i>		36	40	4	0.12	0.29	0.35	0.69
<i>including</i>		55	59	4	0.18	0.27	0.36	0.70
<i>including</i>		79	103	24	0.17	0.26	0.35	0.68
<i>including</i>		143	378	235	0.32	0.32	0.49	0.96
<i>including</i>		182	192.4	10.4	0.34	0.44	0.61	1.20
<i>including</i>		242	276	34	0.56	0.52	0.80	1.57
<i>including</i>		244	252	8	0.83	0.87	1.29	2.52
<i>including</i>		327	331.1	4.1	0.78	0.47	0.87	1.70

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
<i>including</i>		345	378	33	0.35	0.38	0.56	1.09
<i>including</i>		401	591	190	0.13	0.28	0.35	0.69
<i>including</i>		605	621	16	0.08	0.23	0.27	0.53
<i>and</i>		678	791	113	0.06	0.12	0.15	0.30
<i>and</i>		801	813	12	0.05	0.09	0.12	0.23
<i>and</i>		837	843	6	0.08	0.10	0.14	0.27
<i>and</i>		873	887	14	0.04	0.06	0.08	0.16
<i>and</i>		897	953	56	0.08	0.08	0.12	0.24
KHDDH757	White Hill West	0	237.8	237.8	0.18	0.21	0.30	0.60
<i>including</i>		100	237.8	137.8	0.25	0.27	0.40	0.78
<i>including</i>		162.3	182	19.7	0.38	0.35	0.54	1.06
KHDDH758	White Hill West	<i>No significant intercepts</i>						
KHDDH759	Target 10	6	28	22	0.01	0.20	0.20	0.39
<i>including</i>		16	22	6	0.01	0.41	0.41	0.81
<i>and</i>		38	52	14	0.01	0.13	0.13	0.26
<i>and</i>		92	97	5	0.03	0.13	0.15	0.28
<i>and</i>		106.2	118	11.8	0.01	0.29	0.30	0.58
KHDDH760	Exploration	189	198.9	9.9	0.03	0.13	0.15	0.28
KHDDH761	Exploration	<i>Assays pending</i>						
KHDDH762	Exploration	<i>Assays pending</i>						
KHDDH763	Exploration	<i>Assays pending</i>						
KHDDH764	Exploration	<i>Assays pending</i>						
KHDDH765	Exploration	<i>Assays pending</i>						
KHDDH766	Exploration	<i>Assays pending</i>						
KHDDH767	Exploration	<i>Assays pending</i>						
KHDDH768	Exploration	<i>Assays pending</i>						
KHDDH769	Exploration	<i>Assays pending</i>						
KHDDH770	Exploration	<i>Assays pending</i>						
KHDDH771	Exploration	<i>Assays pending</i>						
KHDDH772	Exploration	<i>Assays pending</i>						
KHDDH773	Exploration	<i>Assays pending</i>						
KHDDH774	Exploration	<i>Assays pending</i>						
KHDDH775	Exploration	<i>Assays pending</i>						
KHDDH776	Exploration	<i>Assays pending</i>						
KHDDH777	Exploration	<i>Assays pending</i>						
KHDDH778	Exploration	<i>Assays pending</i>						
KHDDH780	Exploration	<i>Assays pending</i>						
KHDDH781	Exploration	<i>Assays pending</i>						
KHDDH782	Exploration	<i>Assays pending</i>						
KHDDH783	Exploration	<i>Assays pending</i>						
KHDDH784	Exploration	<i>Assays pending</i>						

Hole ID	Prospect	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	eCu (%)	eAu (g/t)
KHDDH785	Exploration				<i>Assays pending</i>			
KHDDH786	Exploration				<i>Assays pending</i>			
KHDDH787	Exploration				<i>Assays pending</i>			
KHDDH788	Exploration				<i>Assays pending</i>			
KHDDH789	Exploration				<i>Assays pending</i>			
KHDDH790	Exploration				<i>Assays pending</i>			
KHDDH791	Exploration				<i>Assays pending</i>			
KHDDH792	Exploration				<i>Assays pending</i>			
KHDDH793	Exploration				<i>Assays pending</i>			

APPENDIX 4: 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 not changed. There are no reported Ore Reserves.

MINING ACTIVITIES

There were no mine production or development activities during the September 2023 Quarter.

LIST OF TENEMENTS

Xanadu held licenses for the following tenements during the September 2023 Quarter. 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	38.25% ²⁰	38.25%	Mongolia, Umnugobi province, Tsogttsetsii soum

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 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.

²⁰ 38.25% represents 50% of Khuiten Metals via the Khuiten JV with Zijin. Khuiten Metals controls Kharmagtai and holds 76.5% of the Kharmagtai mining lease.

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. \$145,000 in the September 2023 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; and rent fees paid to Colin Moorhead & Associates (a company associated with Xanadu's Executive Chairman and Managing Director, Colin Moorhead) in relation to a share of Xanadu's Melbourne office.

COPPER EQUIVALENT CALCULATIONS

The copper equivalent (eCu, CuEq) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage with a metallurgical recovery factor applied.

Copper equivalent grade values were calculated using the formula: $CuEq = Cu + Au * 0.60049 * 0.86667$.

Where Cu - copper grade (%); Au - gold grade (g/t); 0.60049 - conversion factor (gold to copper); 0.86667 - relative recovery of gold to copper (86.67%).

The copper equivalent formula was based on the following parameters (prices are in USD): Copper price 3.4 \$/lb; Gold price 1400 \$/oz; Copper recovery 90%; Gold recovery 78%; Relative recovery of gold to copper = $78\% / 90\% = 86.67\%$.

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.

Appendix 5B

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

Name of entity

Xanadu Mines Ltd

ABN

92 114 249 026

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(403)	(1,828)
(e) administration and corporate costs	(729)	(3,163)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	(1)	-
1.5 Interest and other costs of finance paid	(9)	(32)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
Operator overhead received from Joint Venture	970	1,971
1.9 Net cash from / (used in) operating activities	(172)	(3,052)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(65)	(7)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) exploration & evaluation	(64)	(150)
	(e) investments	0	(288)
	(f) other non-current assets	-	-
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)	-	-
2.6	Net cash from / (used in) investing activities	(129)	(511)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	8,296
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	-	(75)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	8,221

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,077	118
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(172)	(3,052)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(129)	(511)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	8,221
4.5	Effect of movement in exchange rates on cash held	(14)	(14)
4.6	Cash and cash equivalents at end of period	4,762	4,762

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	4,762	5,077
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)	4,762	5,077

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	145
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

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

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(172)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(64)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(236)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,762
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	4,762
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	20.2
	<i>Note: if the entity has reported positive relevant outgoings (i.e., a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: 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	

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

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: 31 October 2023

Authorised 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.