

Quarterly Activities Report and Appendix 5B - 31 March 2022

28 April 2022

ASX Markets Announcement Office
Australian Securities Exchange
Central Park, 152-158 St Georges Terrace
Perth WA 6000

BY ELECTRONIC LODGEMENT

Quarterly Activities Report and Appendix 5B - 31 March 2022

Please find attached for release to the market, Xanadu Mining Ltd.'s *Quarterly Activities Report and Appendix 5B* for the quarter ended 31 March 2022.

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For further information, please contact:

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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.

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

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QUARTERLY ACTIVITIES REPORT

for the three months ended 31 March 2022
(figures are unaudited and in A\$ except where stated)

28 April 2022

March 2022 Quarter Highlights

During the March Quarter, Xanadu Mines Ltd (**Xanadu** or the **Company**) was focused on work to progress the Kharmagtai Copper-Gold Project into its next stage of development. This included completion of the updated Kharmagtai National Instrument 43-101 Technical Report, completing technical work for the Kharmagtai Scoping Study and transitioning the Executive and Board to a development footing.

Subsequent to the March Quarter, Xanadu published the Kharmagtai Scoping Study, demonstrating a long-life, low-cost project that can be developed in the near term. The project features strong economics, driven by scale and gold by-product credits, relatively low risk, driven by well proven technologies and favourable environmental, social and governance (**ESG**) parameters, and significant upside opportunities identified and currently being evaluated.

After the Scoping Study publication, the Company announced a strategic partnership with Zijin Mining Group Co., Ltd (**Zijin Mining**), a global top-10 copper producer and experienced developer of new copper mines, which, subject to required approvals, will inject approximately A\$11 million into Xanadu and US\$35 million into the Kharmagtai project, funding it through Pre-Feasibility Study (**PFS**) to a final decision to construct.

Kharmagtai Project

- Completed and filed a National Instrument 43-101 Technical Report for its Mineral Resource Estimate.
- Completed technical work for the Scoping Study, with 20% IRR (range 16-25%), US\$630 million net present value (**NPV**) @ 8% (range US\$ 405-850 million), first quartile all-in sustaining cost over initial 5 years, and 4-year payback (range 4-7 years) over 30 year mine life¹.
- Scoping Study was published subsequent to the quarter. The Xanadu Board endorsed the Scoping Study, and subject to funding, to progress to the Pre-Feasibility (**PFS**) Stage.

Corporate

- Board and Management were reconfigured to progress Kharmagtai into the development phase, including Mr. Colin Moorhead becoming Executive Chairman and Managing Director and Dr. Andrew Stewart becoming Vice President Exploration.
- Subsequent to the quarter, the Company announced a strategic partnership with Zijin Mining, a global top-10 copper producer, providing funding and technical expertise to progress the Kharmagtai Copper-Gold Project (**Kharmagtai**) through PFS to a decision to construct.
- Subject to approvals, the Zijin Mining partnership includes a 19.9% stake in Xanadu at an approx. 38% premium to market for approx. A\$11 million and an approx. US\$35 million investment directly into the Kharmagtai project for a 50% stake in Khuiten Metals Pte Ltd., equivalent to a 38.25% stake in Kharmagtai.²

¹ ASX/TSX Announcement 6 April 2022 - Scoping Study Kharmagtai Copper-Gold Project

² ASX/TSX Announcement 19 April 2022 - Strategic Partnership with Zijin Mining Group

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Executive Chairman & Managing Director, Colin Moorhead, said:

"This next phase for Kharmagtai is exciting. With our updated Mineral Resource Estimate and Scoping Study completed, we look forward to sharing what we have here at Kharmagtai - which we believe is a globally competitive copper-gold project, located in a mining friendly jurisdiction and on the doorstep of the world's largest copper market. As a mining professional with a long history in large porphyry projects, I am excited to be taking this project forward."

"We are delighted to have attracted Zijin, a global top 10 copper producer and highly capable mine developer as our partner, and we look forward to finalising negotiations to move Kharmagtai forward and realise its potential on an accelerated path. This partnership is a good outcome for our shareholders, for Mongolia and for a world looking to fill a global copper supply gap."

I particularly thank Andrew Stewart for his hard work and dedication, under his stewardship, the Company secured and has grown Kharmagtai into a globally significant copper gold resource, ready to progress to the next phase of development. Critically, we aren't losing Andrew, and as VP Exploration, he will continue to leverage his skills and knowledge for the Company, aiming to discover and define the next major development project in our portfolio, whilst ensuring continuity and growth of our deposit knowledge at Kharmagtai."

Xanadu Mines Ltd (ASX:XAM | TSX:XAM) (**Xanadu** or the **Company**) is pleased to provide an update on exploration and associated activities undertaken during the quarter ended 31 March 2022.

Kharmagtai Copper-Gold Project

Independent National Instrument 43-101 Technical Report

During the March quarter, the Company filed an Independent National Instrument 43-101 Technical report (**NI 43-101 Technical Report**)³ titled *Mineral Resource Estimation, Kharmagtai Project, Omnogovi Province, Mongolia*, in support of the Company's ASX/TSX Announcement dated 8 December 2021⁴ and as required by Canadian Securities Administrators (**CSA**) and the Toronto Stock Exchange (**TSX**).

The NI 43-101 Technical Report⁵ was authored by Independent Qualified Person, Mr. Robert Spiers of Spiers Geological Consultants Pty Ltd (**SGC**) who is a Qualified Person as defined by NI 43-101. The Mineral Resource Estimate has been classified in accordance with the Canadian Institute of Mining Metallurgy and Petroleum (**CIM**) Definition Standards - Standards for Disclosure for Mineral Projects (May 9, 2016) and with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code, 2012**).

The updated Mineral Resource Estimate for Kharmagtai has an effective date of 8 December 2021 and is supported by information from 120 diamond drill holes for 69,479 metres between 2018 and 2021.

- The Indicated Mineral Resources for Kharmagtai total 455 million tonnes grading 0.3% copper and 0.2g/t gold.
- The Inferred Mineral Resources for Kharmagtai total 664 million tonnes grading 0.3% copper and 0.2g/t gold.

The NI 43-101 Technical Report, dated 28 February 2022, may be found under the Company's profile on SEDAR at <https://www.sedar.com> and on the Xanadu Mines website: <https://www.xanadumines.com/technical-reports/>

Kharmagtai Copper-Gold Project, Scoping study

Subsequent to the Quarter end, the Company released its Scoping Study⁶ (**Study**) for its flagship Kharmagtai Copper-Gold Project, based on an updated 2021 Mineral Resource Estimate.

³ ASX/TSX Announcement 28 February 2022 - Technical Report to Support Kharmagtai Mineral Resource Upgrade

⁴ ASX/TSX Announcement 8 December 2021 - Kharmagtai Resource Grows to 1.1 billion tonnes

⁵ This NI 43-101 Technical Report updates the ASX/TSX Announcement 8 December 2021 - Kharmagtai Resource Grows to 1.1 billion Tonnes, including amendments to the resource classified as Indicated within the smaller Zephyr deposit.

⁶ ASX/TSX Announcement 6 April 2022 - Scoping Study – Kharmagtai Copper-Gold Project

The summary of findings is herewith, presented in 100% terms (Xanadu share 76.5%):

Large Scale, Low-Cost Copper and Gold Production, in an Established Mining Jurisdiction

- Total ore processed of 760Mt, producing 1.5Mt of copper and 3.3Moz of gold
- Average annual production of 50kt copper and 110koz gold over the Life of Mine (**LOM**)
- Average annual production of 37kt copper and 110koz of gold for first five years
- First quartile all-in sustaining (C1) cost of US\$1.02/lb Cu for the first five years

Strong Investment Returns

- Estimated initial capital expenditure of approximately US\$690 million for pit development, process plant and infrastructure
- Internal Rate of Return (**IRR**) of 20%, after tax (range 16% to 25%)
- Payback of 4 years (range 4 to 7 years)
- 30-year mine life at an initial mill throughput of 15Mtpa, expanding to 30Mtpa
- Net Present Value (**NPV**) of US\$630 million (range US\$405 million to US\$850 million)

Low Technical Complexity

- Open pit mine, with low 0.9:1 strip ratio for first 5 years and 1.1:1 over LOM
- Limited (25-30Mt) pre-strip of oxidised material required
- Conventional gravity and flotation process plant
- Flat terrain enabling low risk tailings solution
- Grid power and rail links already in place near the tenement

Globally Competitive Time to Production

- Relatively low ESG risk due to sparse population and flat terrain permitting and approvals process established and achievable
- Established road, rail, power and water infrastructure
- Mining is an important part of the Mongolian economy, with well-educated population and access to required skills

Significant Upside Opportunities

- Processing oxide ore types using glycine leach technology has potential to reduce stripping and generate early cash
- Application of new technologies such as in pit crush and convey, beneficiation, ore sorting, coarse particle separation and flotation, and electric mining equipment to increase size of pits and extend mine life
- Exploration Upside with mineralisation open in all directions, potential to grow the resource and extend higher-grade zones
- Potential for future mass underground mining to access deeper higher-grade zones

The Study underpins Xanadu Board's decision to gate the project to Pre-Feasibility Study (**PFS**). Parallel studies are underway to assess further upside at depth, considering high grade found in deeper drill holes, and for new discoveries across the district. Similar to other large porphyry copper districts, Xanadu expects there to be significant opportunity for future growth and value creation over the mine life.

The next major project milestone will be the Kharmagtai PFS, planned to commence in Q2 2022 and expected to complete in Q4 of 2023, subject to funding.

The full report is available on the Xanadu Mines website: <https://www.xanadumines.com/asx-announcements/>

Red Mountain Copper-Gold Project

No exploration activity was undertaken in this period.

June 2022 Quarter Planned Activities

Key activities during the June 2022 Quarter include:

- Completing negotiations and finalising the Company's strategic partnership with Zijin Mining for approval by regulators in Australia and China;
- Developing updated exploration plans for Kharmagtai and Red Mountain, to commence on receipt of funds from Zijin Mining;
- Finalising the Project Execution Plan including drilling, metallurgy, engineering and infrastructure work for the Kharmagtai PFS, to commence upon completion of the Joint Venture with Zijin Mining; and
- Updating the Kharmagtai National Instrument 43-101 to include the recently released Scoping Study.

Results of Operations

Selected Quarterly Information

	Quarter Ending				
	31 Mar 2022 \$'000	31 Dec 2021 \$'000	30 Sep 2021 \$'000	30 Jun 2021 \$'000	31 Mar 2021 \$'000
Gross Exploration Expenditure					
Kharmagtai	492	1,834	2,756	2,297	1,640
Red Mountain	101	144	1,090	480	885
Exploration expenditures capitalised *	593	2,178	3,092	2,457	1,640
Impairment of deferred exploration expenditure	-	4,637	-	-	-
Corporate general and administration	551	854	930	606	1,187
Share-based payments	-	815	-	-	-
Depreciation and amortisation	-	17	11	13	14
Loss after income tax attributable to owners of XAM	537	6,320	1,098	666	1,221
Basic loss per share	0.04	0.50	0.09	0.05	0.11
Diluted loss per share	0.04	0.50	0.09	0.05	0.11
Kharmagtai drill metres [^]	-	5,716	11,146	8,760	7,984
Red Mountain drill metres	-	-	2,950	-	4,039

* Red Mountain exploration funded by JOGMEC under the Joint Exploration Agreement was not capitalised

[^] Reflects invoiced metres paid during the quarter under drilling contract. Physical metres drilled during the quarter may vary due to invoice timing.

Finance and Corporate

Capital Structure

On 31 March 2021, the Company had 1,265,071,356 fully paid ordinary shares and 46,950,000 options over ordinary shares on issue and approximately A\$1.96 million in cash.

Management Changes

The Company announced an internal restructure of its Board and leadership teams as it progresses its flagship Kharmagtai project into the development phase⁷. Changes took effect from 31 March 2022.

- Former Non-Executive Chairman Colin Moorhead became Executive Chairman and Managing Director.
- Former Chief Executive Officer (**CEO**) Andrew Stewart transitioned into a newly created role of Vice President (**VP**) Exploration, leading Xanadu's continuing exploration for new deposits at both Red Mountain and Kharmagtai.
- Chief Financial Officer (**CFO**) Spencer Cole gained additional duties, with an expanded title of Chief Development Officer and CFO.

Strategic partnership with Zijin Mining Group

On 19 April 2022, the Company announced it had agreed a strategic partnership (**Agreement**) with Zijin Mining Group Co., Ltd (**Zijin**) to progress the Company's flagship Kharmagtai Copper-Gold Project (**Kharmagtai**) through its next phase of project evaluation and decision on future development⁸.

Under the Agreement, Zijin will invest in both the Xanadu corporate level and the Kharmagtai project level through a series of transactions commencing with the subscription of 139 million fully paid ordinary shares in Xanadu (**New Shares**) to provide Zijin with a 9.9% shareholding in the Company (**Phase 1 Placement**). The Phase 1 Placement was conducted at an issue price of A\$0.04 per share, representing approximately a 38% premium to Xanadu's last traded price of A\$0.029 prior to the Announcement, and raised A\$5.56 million. The 139,000,000 shares were issued on 27 April 2022.

Two subsequent phases are then proposed (subject to formal documentation) including a second placement of ordinary shares at A\$0.04 per share to increase Zijin's total shareholding in the Company to 19.99% (**Phase 2 Placement**) and the creation of a 50/50 Joint Venture in Khuiten Metals Pte. Ltd., the entity currently 100% owned by Xanadu that holds a 76.5% effective interest in Kharmagtai (**Phase 3 JV**)⁹, for a cash payment of US\$35 million¹⁰

Uses of Funds

The proceeds of the Phase 1 Placement, together with the Company's existing cash resources, will be applied towards working capital during the exclusive negotiation period prior to commencement of the Pre-Feasibility Study (**PFS**) at the Kharmagtai copper-gold project. Funds from the Phase 2 Placement, along with remaining funds from Phase 1, will be used to fund Red Mountain exploration and Xanadu corporate operating costs.

Proceeds from the Phase 3 JV will be used to fund the Kharmagtai PFS and continued exploration at Kharmagtai.

⁷ ASX/TSX Announcement 23 March 2022 - Xanadu enters exciting new phase

⁸ ASX/TSX Announcement 19 April 2022 - Strategic partnership with Zijin Mining Group

⁹ The Phase 1 Placement Agreement provides that the parties will negotiate in good faith formal documentation for the Phase 2 Placement and Phase 3 JV. These further transactions are subject to regulatory and shareholder approvals and the parties agreeing formal documentation.

¹⁰ Assuming AUD/YSD exchange rate of \$0.74

ASX Announcements

This Quarterly Activities Report contains information reported in accordance with JORC Code, 2012 in the following announcements released during the March quarter.

ASX/TSX Announcement 8 Dec 2021 - Kharmagtai Resource Grows to 1.1 billion tonnes

ASX/TSX Announcement 6 Apr 2022 - Scoping Study – Kharmagtai Copper-Gold Project

ASX/TSX Announcement 28 Feb 2022 - Technical Report to Support Kharmagtai Mineral Resource Upgrade

ASX/TSX Announcement 23 Mar 2022 - Xanadu enters exciting new phase

ASX/TSX Announcement 19 Apr 2022 - Strategic partnership with Zijin Mining Group

Mongolia Mining Industry

Foreign Direct Investment

In January 2022, a comprehensive agreement¹¹ was reached between Rio Tinto and the Government of Mongolia to progress the US\$7 billion underground mine expansion at Oyu Tolgoi, located approximately 100km south of Kharmagtai in the South Gobi Desert. This included a waiver of US\$2.4 billion in debt owed by the Mongolian Government, alignment on requirements for power generation, and agreement to progress the undercut for the block cave at Oyu Tolgoi. Rio Tinto subsequently expanded its potential investment in Mongolia through an offer to purchase all minority shares in Turquoise Hill.¹²

Xanadu believes this removes a major hurdle to new foreign investment in the Mongolian mining sector. The market had considered the dispute between Rio Tinto and the Government of Mongolia at Oyu Tolgoi as a key reason to discount other projects located in Mongolia. Resolution of this dispute removes a key driver for that discount.

COVID-19

Like many countries around the world, COVID-19 is becoming endemic in Mongolia, and with a high vaccination rate across the country, Mongolia has returned to a form of normalcy including commercial travel to and from the country. Mining and exploration facilities continue to operate without interruption from the pandemic.

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.

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

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

¹¹ Rio Tinto Media Release 25 Jan 2022 - Oyu Tolgoi partners reach comprehensive agreement and approve commencement of underground mining operations

¹² Rio Tinto Media Release 14 March 2022 - Rio Tinto Makes All-Cash Proposal to Acquire Full Ownership of Turquoise Hill

APPENDIX 2: STATEMENTS AND DISCLAIMERS

MINERAL RESOURCES AND ORE RESERVES REPORTING REQUIREMENTS

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

MINERAL RESOURCES AND ORE RESERVES

Previously reported Mineral Resource Estimates for Kharmagtai have changed as reported within this document. For information regarding these resources please see the Company's ASX/TSX Announcement dated 28 February 2022, including the National Instrument 43-101 Technical Report¹³. There are no reported Ore Reserves.

LIST OF TENEMENTS

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

Table 1. Licenses and Projects Held by Xanadu

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

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 2012 Edition of the *Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves* 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.

¹³ ASX/TSX Announcement 28 February 2022 - Technical Report to Support Kharmagtai Mineral Resource Upgrade

COPPER EQUIVALENT CALCULATIONS

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

Copper equivalent (CuEq or eCu) grade values were calculated using the following formula:

$$\text{CuEq or eCu} = \text{Cu} + \text{Au} * 0.60049 * 0.86667,$$

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%.

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 \$293,571 in the quarter ended 31 March 2022. 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 Chairman Colin Moorhead) in relation to Xanadu's Melbourne office, geology and sustainability consultants; and rent paid to Bastion Minerals (a company in which Xanadu CEO and Executive Director 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.

Appendix 5B

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

Name of entity

Xanadu Mines Ltd

ABN

92 114 249 026

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(381)	(381)
(e) administration and corporate costs	(437)	(437)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(9)	(9)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(827)	(827)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(1,044)	(1,044)
(e) investments		
(f) other non-current assets		

Appendix 5B

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 (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	17	17
	(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	(1,027)	(1,027)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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) <i>repayment of leases and other finance cost paid</i>	(27)	(27)
3.10	Net cash from / (used in) financing activities	(27)	(27)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,321	3,321
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(827)	(827)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,027)	(1,027)

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 (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(27)	(27)
4.5	Effect of movement in exchange rates on cash held	(185)	(185)
4.6	Cash and cash equivalents at end of period	1,255	1,255

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	1,255	3,321
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)	1,255	3,321

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	294
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. 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)	(827)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,044)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,871)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,255
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,255
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.7
<i>Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Xanadu announced to ASX/TSX on 19 April 2022 a strategic partnership with Zijin Mining including a two-phase placement of 19.99% (approximately \$11 million) and a Joint Venture for US\$35 million. The first phase placement of 9.9% (approximately \$5.6 million) was received on 27 April 2022. The second phase placement and the Joint Venture will follow after regulatory approvals.	
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: Yes. See answer to 8.8.1.	

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: 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: 28 April 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.