18 April 2016

SIGNIFICANT HIGH-GRADE GOLD TRENCH RESULTS FROM OYUT ULAAN

HIGHLIGHTS

- **Trench results with assays up to 145g/t of gold confirm the existence of a continuous zone of shallow high-grade narrow vein gold mineralisation;**
- **Geophysics indicates the prospective area of mineralisation is 4.5km long and 300m wide;**
- **Further geologic work, including a drilling program, is planned once assay results from additional nearby mineralised zones have been received and assessed.**

Xanadu Mines Ltd (**ASX: XAM – "Xanadu"**) is pleased to announce that it has received new high-grade gold results from trench channel sampling undertaken at the Stockwork Zone II discovery at its 90% owned Oyut Ulaan copper-gold project located within the Dornogovi Province of southern Mongolia, approximately 420km southeast of Ulaanbaatar (Figure 1).

Following the previously reported discovery of multiple zones of potentially significant outcropping quartz-sulphide vein mineralisation (see XAM's ASX announcement – 2 March 2016) at the Oyut Ulaan Project, the Company has now completed initial trenching and detailed trench channel sampling of the three parallel epithermal lode structures that occur within 1.5km of each other (Stockwork Zone I, Stockwork Zone II and Bavuu Zone; Figures 2 and 3).

New samples received from trench sampling at the Stockwork Zone II vein reported here have delivered exceptional gold results with assays up to 145g/t confirming the existence of continuous sub-outcropping high-grade gold mineralisation. The systematic sampling within this zone displays remarkable continuity along the entire 33m strike of the exposed vein and structure (Figure 4). Sampling over 33 continuous metres along strike (subparallel) orientations to the vein supports a conclusion of very continuous gold mineralisation within the vein. No conclusion regarding width and grade of the mineralised vein can be drawn from this data.

Xanadu's Chief Executive Officer, Dr Andrew Stewart, said "*The rapid delineation of high-grade gold, in multiple structures, at surface and now confirmed through trenching is an outstanding achievement by the Company's exploration team. The nature of the high-grade gold vein target type and weathering environment is such that surface exposure is limited, however because of the en-echelon mineralisation style it is possible that veins repeat frequently with depth. Abundant ancient pitting found in the trenches indicates the surrounding altered volcanic rock may also contain gold mineralisation. Although early-stage these untested possibilities and the high gold grades of surface rock samples and the first trench results combine to suggest that the targets may form potentially mineable bodies.*"

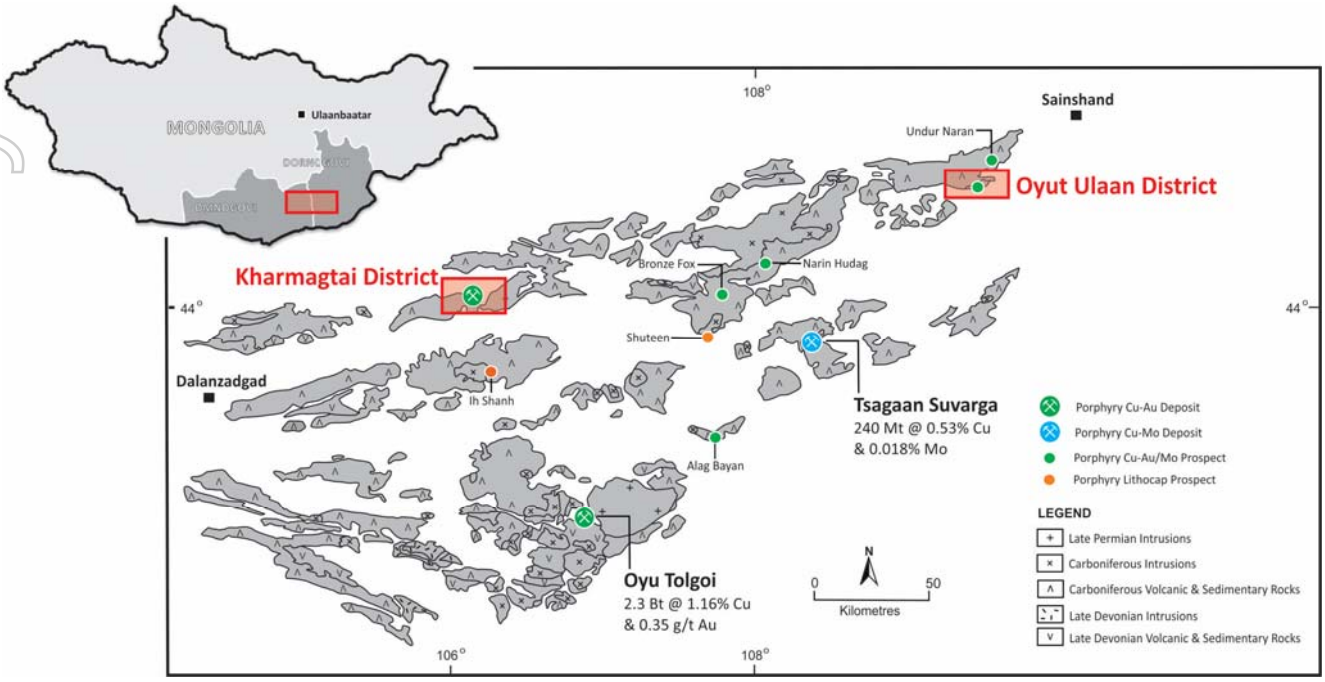

FIGURE 1: South Gobi copper province, showing location of Oyut Ulaan and Kharmagtai.

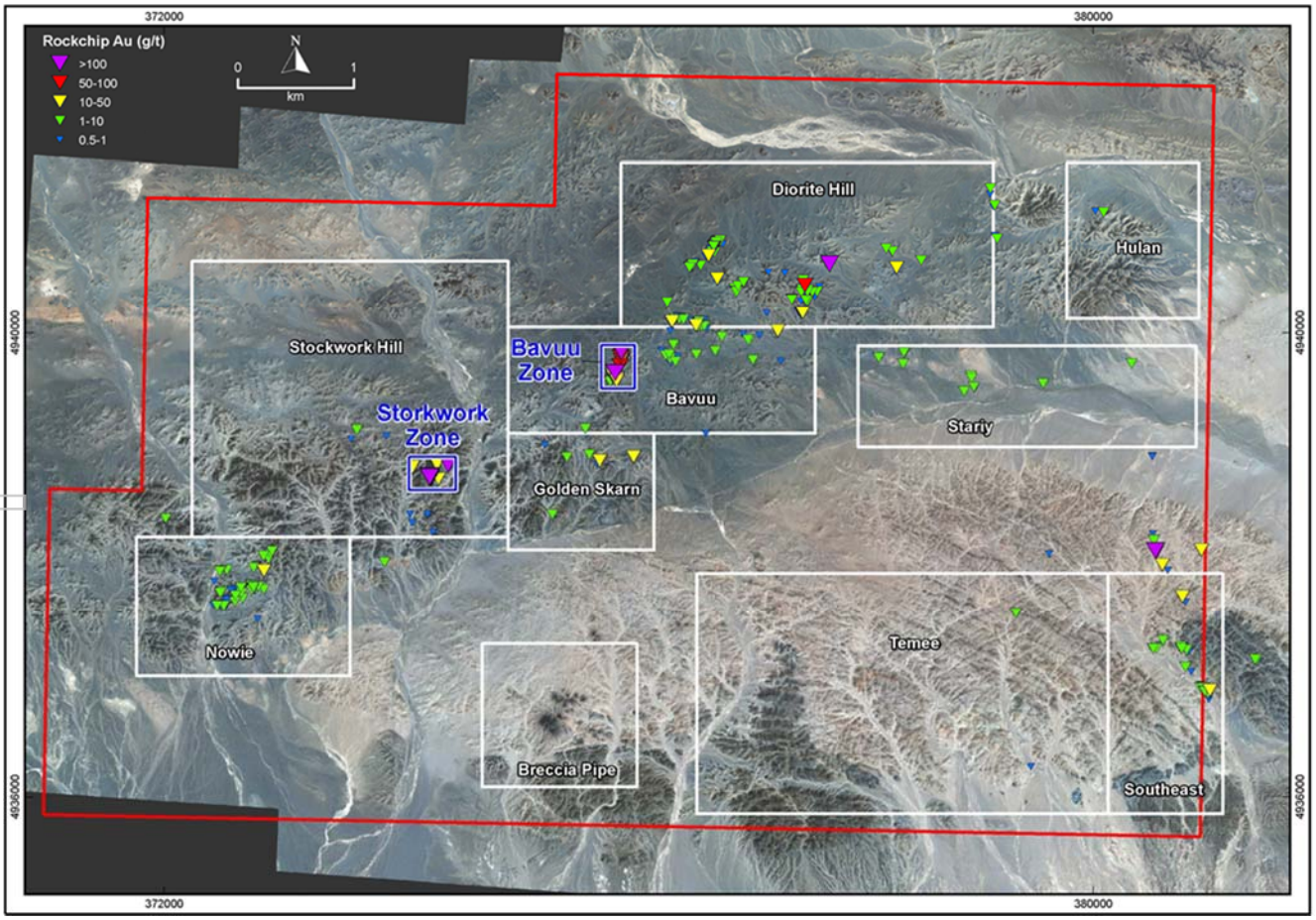

FIGURE 2: Oyut Ulaan copper-gold project, showing main prospects and location of new gold mineralisation at Bavuu Zone and Stockwork Zone.

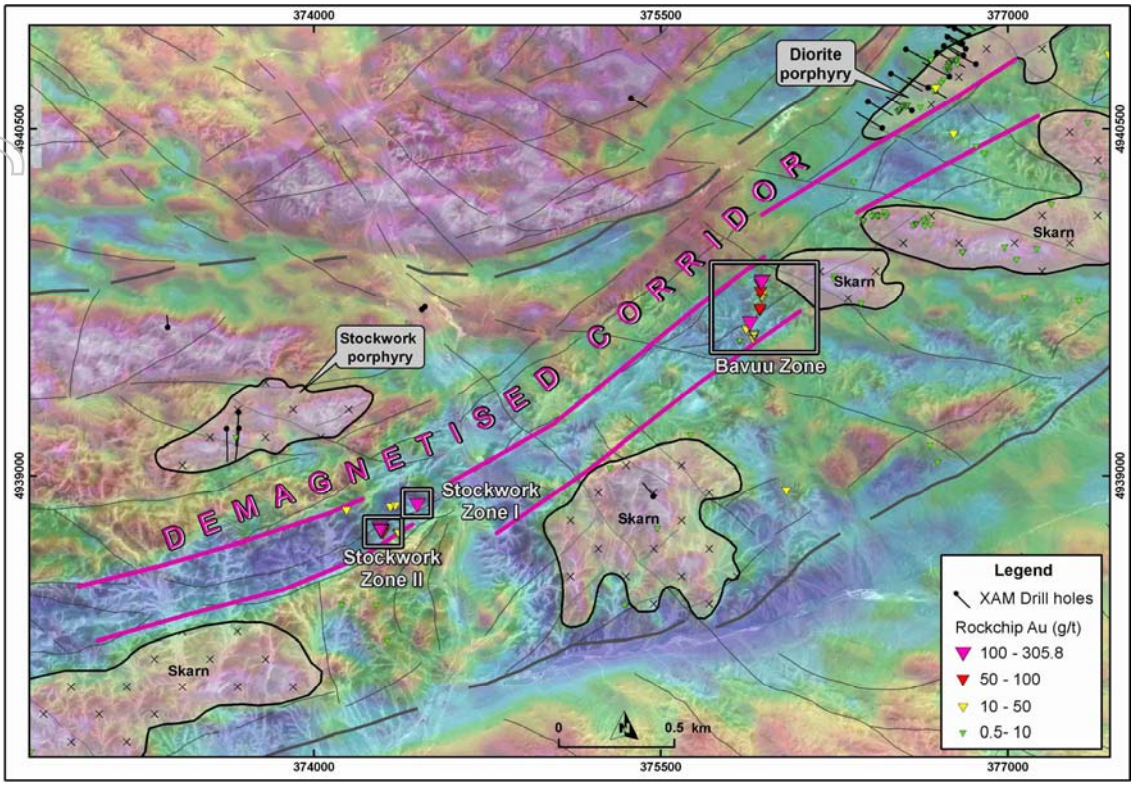

FIGURE 3: Ground magnetic data showing the prospective area for the gold mineralisation is greater than 4.5km long by approximately 300m wide.

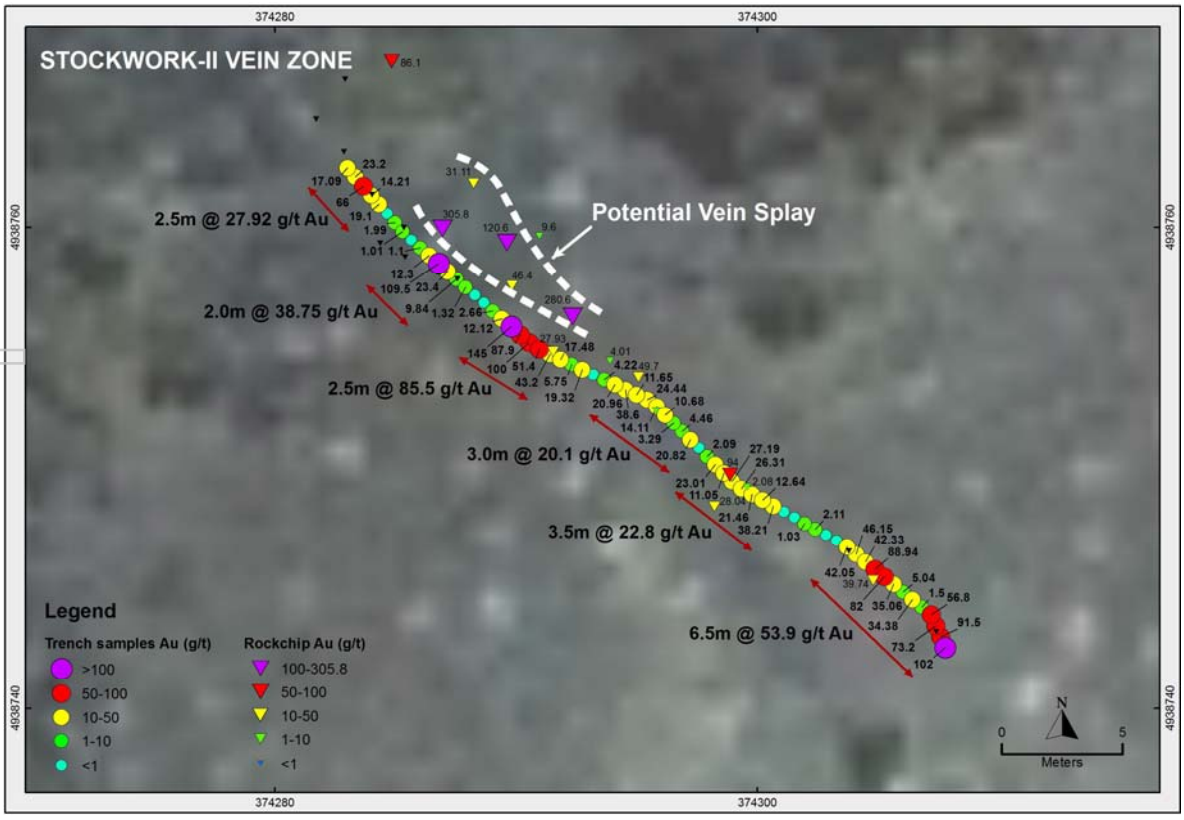

FIGURE 4: Stockwork II vein zone, showing location of rock chip samples.

GOLD MINERALISATION - STOCKWORK II ZONE

High-grade gold mineralisation is typically associated with a series of discontinuous shallow dipping en-echelon quartz-sulphide (now gossan) veins that range from 20cm up to 80cm wide and are hosted by intensely chlorite-sericite-pyrite altered host volcanic rocks (Figures 5 to 7). The Stockwork Zone II vein strikes at least 33m and the vein orientation is north-northwest. At several locations in the trench fault gouge was removed either by erosion or by ancient mining and was subsequently backfilled by sand prior to the current transported cover (Figure 7). From the 66 channel samples collected along the entire length the average gold grade is 27.4g/t Au and the highest grade sample is 145g/t Au. The mineralisation is characterised by moderate silver grades (averaging 16g/t Ag) and low base metal contents (Tables 2 and 3; Figures 8 to 10). Mineralisation with the Stockwork II zone remains open along strike and at depth.

Field conditions allowed trenches to be excavated in both across and along strike (subparallel) orientations to the vein. Channel sampling reported here is along the vein and comprises contiguous 50cm samples taken subparallel to the vein exposed in the trench (Tables 1 to 3). No conclusion regarding width and grade of the mineralised vein can be drawn from this data. However, the sampling over 33 continuous metres supports a conclusion of very continuous gold mineralisation within the vein. The results from the cross strike sampling and true width sampling will be available shortly and will be valuable in assessing the distribution of mineralisation within the vein.

TABLE 1: Trench details.

Zone	Trench ID	Length (m)	Azimuth (°)
Stockwork Zone-II	OUCS001	33	342

TABLE 2: Average grades for newly discovered veins.

Zone	Length (m)	Number of samples taken	Au (g/t)		Cu (%)	As (ppm)	Ag (g/t)	Pb (ppm)	Zn (ppm)	Mo (ppm)
			Average	Highest						
Stockwork Zone-II	33	66	27.4	145	0.30	149.37	16	81.57	140.2	14.87

FIGURE 5: Typical shallow dipping quartz sulphide vein at within the Stockwork Zone II.

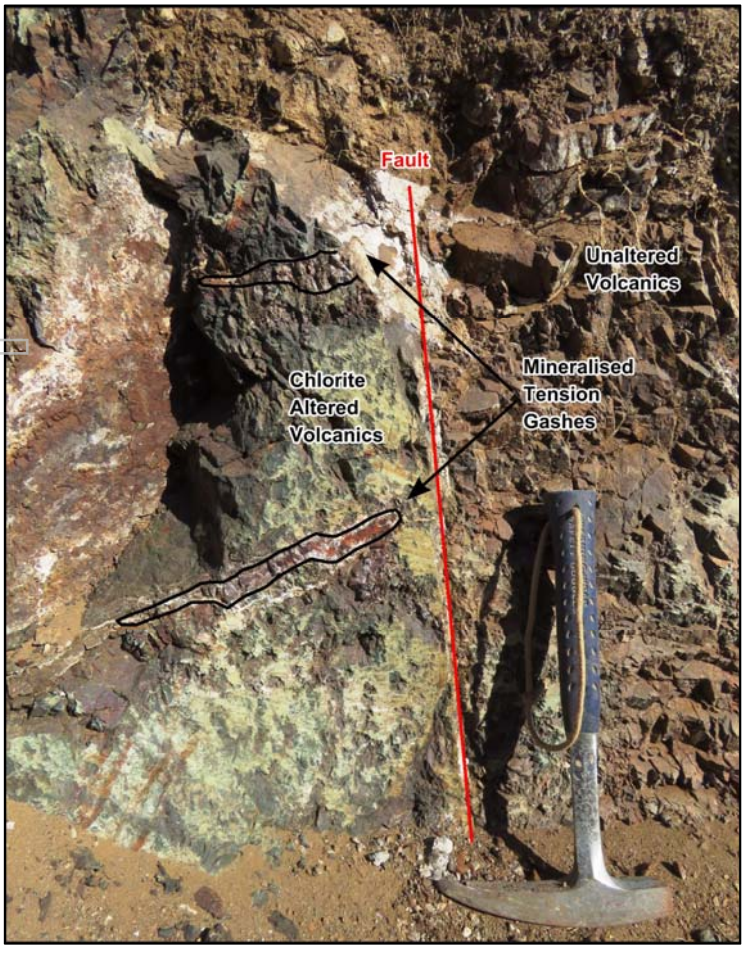

FIGURE 6: Small stacked tension gashes formed against a minor fault with north-east vertical orientation within the Stockwork Zone II. This could represent a small scale example of the larger quartz sulphide filled tension gashes opened in trenches and being sampled.

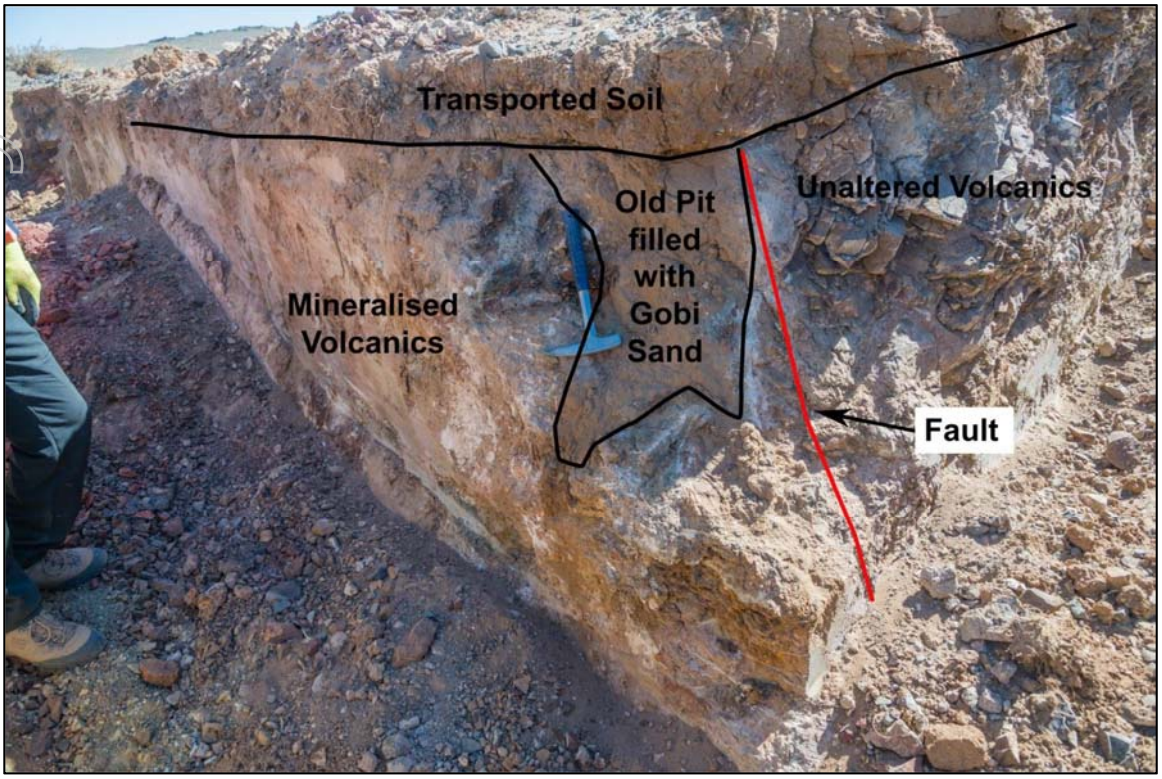

FIGURE 7: Possible ancient pits backfilled with Sand at Oyut Ulaan within the Stockwork Zone II.

FIGURE 8: Quartz-hematite (after sulphide) vein XR14127. 56.8g/t Au and 0.41% Cu.

FIGURE 9: Quartz-hematite (after sulphide) vein. XR14172. 87.88g/t Au and 1.24% Cu.

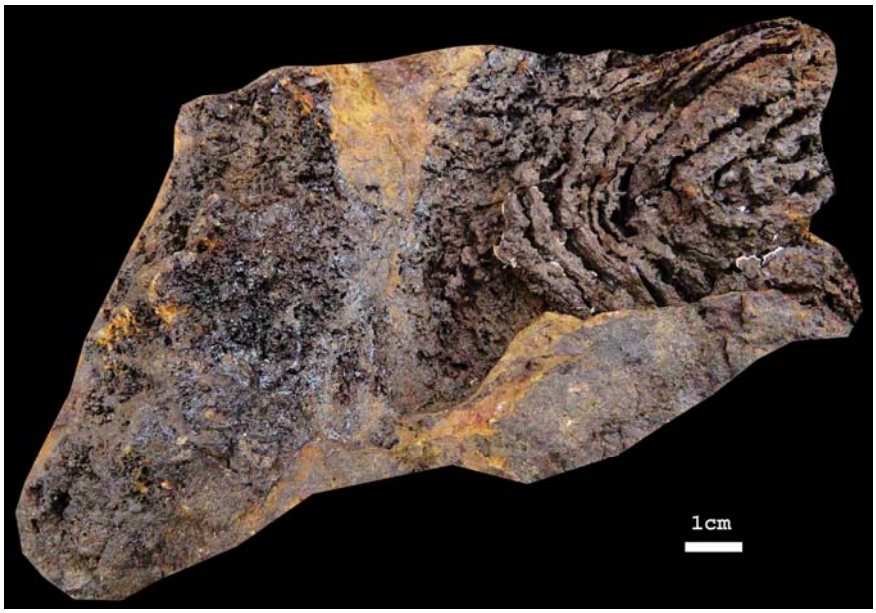

FIGURE 10: Massive hematite (after sulphide) vein. XR14182. 109.5g/t Au and 1.24% Cu.

EXPLORATION POTENTIAL

A mineralised en-echelon tension gash model raises the possibility that there could be repeated parallel veins at depth in both the Stockwork and Bavuu Zones which are not exposed at the current surface level (see Figure 6). The typical nature of this style of vein mineralisation is such that surface exposure could be limited but vertical extent down the near vertical controlling faults could be extensive.

Because of the similarities between the multiple parallel mineralised structures exposed in the district, as well as widespread anomalous rock samples, it seems possible there is potential for more mineralisation of similar style to that in Stockwork and Bavuu Zones throughout the Oyut Ulaan district.

The strong chlorite-sericite alteration is likely to have demagnetised the zones of basaltic-andesite volcanic rocks which host the gold mineralisation. Ground magnetic data indicates that the prospective area for the mineralisation is greater than 4.5km long by approximately 300m wide (Figure 3). The demagnetised area is interpreted to be caused by upwelling hydrothermal solutions along the north-east trending faults observed in the trenches and it's likely that these were circulated from either the porphyry intrusions hosting the know gold-rich porphyry mineralisation located less than 100m to the north or undiscovered porphyry intrusions at depth.

It is possible that sufficient zones of high-grade gold mineralisation might be found to support a high-grade gold mining operation.

POTENTIAL CONNECTION TO BURIED PORPHYRY COPPER MINERALISATION

The recent discovery of potentially significant gold vein mineralisation broadens the range of targets at Oyut Ulaan and opens up a whole new area for exploration. Given the bonanza grades and significant strike, this style of mineralisation is considered to be a very attractive target. Copper grades within the samples from the Stockwork II zone average 0.3% Cu (Table 1), which supports the possibility that the precursor sulphide mineralisation is at least partially chalcopyrite. The presence of low grade copper suggests a likely link to the porphyry copper mineralisation along strike or at depth. The zonation seen world-wide for this association includes upwards transitions from copper-gold porphyry veins to shallow level gold systems.

ONGOING EXPLORATION

The results of this first part of the trenching program are extremely encouraging and indicate Oyut Ulaan is developing into one of the most prospective districts in the South Gobi with a series of copper-gold and gold prospects at different stages of exploration. Recent exploration drilling has also intersected porphyry copper mineralisation within two quartz-chalcopyrite stockwork zones at the Diorite Hill and Stockwork Hill Prospects which are approximately 3 kilometres apart (Figure 3; see XAM's ASX announcement – 5 May 2015). Xanadu will continue its systematic, low cost exploration at Oyut Ulaan with further reconnaissance exploration, field mapping, trenching and infill sampling ongoing.

Trenching and detailed channel sampling of other parallel structures at Stockwork I and Bavuu Zone (see XAM's ASX announcement – 2 March 2016) within 1.5km is now complete and results are expected in coming weeks, before drilling is planned.

BACKGROUND GEOLOGY

The Oyut Ulaan copper-gold project is strategically located within the South Gobi Copper Belt (which hosts the world class Oyu Tolgoi copper-gold project) and 260km east of Xanadu's flagship Kharmagtai copper-gold project (Figure 1). The project comprises a large and underexplored porphyry district (covering approximately 40km^2) and consists of multiple co-genetic porphyry copper-gold centres, mineralised tourmaline breccia pipes and copper-gold/base metal magnetite skarns, which occur within the central part of Mining Licence 17129A (Oyut Ulaan; Figure 2).

COMPETENT PERSON STATEMENT

The information in this report 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. Dr Stewart 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". Dr Stewart consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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TABLE 3: Samples returned gold grades higher than 1g/t.

Sample ID	Au (g/t)	Cu (%)	Ag (g/t)	As (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)	Description
XR14124	102	0.301	31	378	77	50	32	Quartz-hematite vein
XR14125	91.5	0.336	27	324	137	51	18	Quartz-hematite vein
XR14126	73.2	0.325	34	285	124	41	20	Quartz-hematite vein
XR14127	56.8	0.413	25	278	108	58	14	Quartz-hematite vein
XR14128	1.5	0.073	2	39	3	226		Quartz-hematite vein
XR14129	34.38	0.273	20	322	88	49	27	Quartz-hematite vein
XR14130	5.04	0.1	6	89	52	159	3	Quartz-hematite vein
XR14131	35.06	0.298	22	255	179	67	19	Quartz-hematite vein
XR14132	82	0.342	34	291	160	95	24	Quartz-hematite vein
XR14133	88.94	0.401	34	471	152	33	24	Quartz-hematite vein
XR14135	42.33	0.185	15	270	165	19	26	Quartz-hematite vein
XR14136	46.15	0.254	22	229	207	44	31	Quartz-hematite vein
XR14137	42.05	0.374	37	281	72	174	22	Quartz-hematite vein
XR14140	2.11	0.138	2	55	34	152	3	Quartz-hematite vein
XR14141	1.03	0.112	3	70	41	294		Quartz-hematite vein
XR14144	38.21	0.158	12	288	133	159	21	Quartz-hematite vein
XR14146	12.64	0.035	6	148	30	37	18	Quartz-hematite vein
XR14147	21.46	0.056	8	331	57	36	15	Quartz-hematite vein
XR14148	26.31	0.068	10	258	62	23	12	Quartz-hematite vein
XR14149	27.19	0.062	12	183	47	29	8	Quartz-hematite vein
XR14150	11.05	0.112	8	170	51	33	18	Quartz-hematite vein
XR14151	23.01	0.133	10	250	53	45	13	Quartz-hematite vein
XR14152	2.09	0.081	3	89	33	79		Quartz-hematite vein
XR14154	20.82	0.102	8	68	30	61		Quartz-hematite vein
XR14155	4.46	0.176	5	43	32	97	2	Quartz-hematite vein
XR14157	3.29	0.156	4	63	26	111		Quartz-hematite vein
XR14158	10.68	0.188	12	154	93	78	4	Quartz-hematite vein
XR14159	14.11	0.164	17	305	170	36	14	Quartz-hematite vein
XR14160	24.44	0.204	21	279	524	40	14	Quartz-hematite vein
XR14161	11.65	0.291	10	193	150	145	10	Quartz-hematite vein
XR14162	38.59	0.201	24	242	177	51	16	Quartz-hematite vein
XR14163	20.96	0.332	13	149	95	93	9	Quartz-hematite vein
XR14164	4.22	0.247	5	26	51	225		Quartz-hematite vein
XR14166	19.32	0.307	10	182	107	325	6	Quartz-hematite vein
XR14167	5.75	0.235	7	92	76	285	25	Quartz-hematite vein
XR14168	17.48	0.304	11	192	115	142	24	Quartz-hematite vein
XR14169	43.2	0.19	25	90	155	94	4	Quartz-hematite vein
XR14170	51.36	0.177	24	127	98	69	8	Quartz-hematite vein
XR14171	100	0.321	55	245	146	45	13	Quartz-hematite vein
XR14172	87.88	1.24	56	133	133	298	12	Quartz-hematite vein

Sample ID	Au (g/t)	Cu (%)	Ag (g/t)	As (ppm)	Pb (ppm)	Zn (ppm)	Mo (ppm)	Description
XR14173	145	0.429	72	319	189	117	40	Quartz-hematite vein
XR14174	12.12	0.665	12	69	58	236	10	Quartz-hematite vein
XR14175	2.66	0.18	5	75	30	208		Quartz-hematite vein
XR14179	1.32	0.376	3	40	22	145		Quartz-hematite vein
XR14180	9.84	0.284	8	34	20	192	4	Quartz-hematite vein
XR14181	23.35	2.27	14	97	72	320	9	Quartz-hematite vein
XR14182	109.5	1.24	52	255	63	211	24	Quartz-hematite vein
XR14183	12.31	0.951	12	51	40	185	4	Quartz-hematite vein
XR14184	1.1	0.239	5	50	25	168		Quartz-hematite vein
XR14186	1.01	0.316	5	35	23	265		Quartz-hematite vein
XR14187	1.99	0.217	4	43	44	132	5	Quartz-hematite vein
XR14190	19.1	0.601	14	102	51	77	8	Quartz-hematite vein
XR14191	14.21	0.307	11	84	39	86	8	Quartz-hematite vein
XR14192	66	0.526	28	121	76	176	27	Quartz-hematite vein
XR14193	23.2	0.443	12	100	43	192	22	Quartz-hematite vein
XR14194	17.09	0.352	11	100	48	218	18	Quartz-hematite vein

APPENDIX 1: OYUT ULAAN TABLE 1 (JORC 2012)

Set out below is Section 1 and Section 2 of Table 1 under the JORC Code, 2012 Edition for the Oyut Ulaan project. Data provided by Xanadu. This Table 1 updates the JORC Table 1 disclosure dated 2 March 2016.

1.1 JORC TABLE 1 - SECTION 1 - SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections).

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• Nature and quality of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report.	• Representative 50cm samples were taken from trenches (costeans) excavated through colluvial cover to bedrock. • Representative 2 meter samples were taken from ½ PQ, HQ and NQ diameter diamond drill core. • Visual checks by geologists of sampling confirm sample intervals. • Only assay result results from recognised, independent assay laboratories were used in reporting after QAQC was verified.
Drilling techniques	• Drill type and details.	• Diamond drilling of PQ, HQ and NQ diameters has been the primary drilling method.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Diamond core recoveries averaged 98% overall in mineralised zones. • In localised areas of faulting and/or fracturing the recoveries decrease; however this is a very small percentage of the overall mineralised zones. • Analysis of recovery results vs. grade indicates no significant trends. Indicating bias of grades due to diminished recovery and / or wetness of samples.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	• Diamond drill core samples and trenches are logged for geology, alteration and mineralisation using a standardised logging system. • Rock quality data (RQD) is collected from all diamond drill core. • Diamond drill core and trenches were photographed after being logged by a geologist. • All diamond drill cores and trenches have been logged by a competent geologist.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise	• Trench channel samples are taken from the base of the trench wall (about 10cm above the floor). Samples are approximately 3 kg. The sample is collected with a plastic sheet and tray. • Diamond drill core is cut in half with a diamond saw, following the line marked by the geologist. • The rock saw is regularly flushed with fresh water.

Criteria	JORC Code Explanation	Commentary
	representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• Sample intervals are a constant 2m interval down-hole in length. • Routine sample preparation and analyses of diamond drill core and trench samples were carried out by SGS Mongolia LLC (SGS Mongolia) and ALS Mongolia LLC (ALS Geochemistry Mongolia) who operate independent sample preparation and analytical laboratories in Ulaanbaatar. • All samples were prepared to meet standard quality control procedures as follows: crushed to 70% less than 2mm, riffle split off 1kg, pulverize split to better than 85% passing 200 mesh (75 microns) and split to 150g. • Certified reference materials (CRMs), blanks and pulp duplicate were randomly inserted to manage the quality of data. • Sample sizes are well in excess of standard industry requirements.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• All samples were routinely assayed by SGS Mongolia LLC (SGS Mongolia) and ALS Mongolia LLC (ALS Geochemistry Mongolia) who operate independent sample preparation and analytical laboratories in Ulaanbaatar. • Gold is determined using 30g fire assay with aqua regia digestion, followed by an atomic absorption spectroscopy (AAS) finish, with a lower detection (LDL) of 0.01 ppm. • 48 elements by four-acid-digestion, ICP-MS and ICP-AES (ME-MS61 and ME-MS61m). • Four acid digestion is considered near total digestion. • Quality assurance was provided by introduction of known certified standards, blanks and duplicate samples on a routine basis. • Assay results outside the optimal range for methods were re-analysed by appropriate methods. • Ore Research Pty Ltd certified copper and gold standards have been implemented as a part of QAQC procedures, as well as coarse and pulp blanks, and certified matrix matched copper-gold standards. • QAQC monitoring is an active and ongoing process on batch by batch basis by which acceptable results is re-assayed as soon as practicable.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel.	• All assay data QAQC is checked prior to loading into the data base. • The data is managed XAM geologists.

Criteria	JORC Code Explanation	Commentary
	• The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• No twinned drill holes exist, given the early stage of the exploration project. • The data base and geological interpretation is collectively managed by XAM.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• All drill hole collars and trenches have been surveyed with a differential global positioning system (DGPS) to within 10cm accuracy. • All diamond drill holes have been down hole surveyed to collect the azimuth and inclination at specific depths. Two principal types of survey method have been used over the duration of the drilling programs including Eastman Kodak and Flexit. • UTM WGS84 49N grid. • The DTM is based on 1 m contours with an accuracy of ±0.01 m.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Trenching has been completed on nominal northwest-southeast and north-south trending sections on widely spaced lines. Channel sampling every 2m of the 1m wide trench. • Drilling has been completed on nominal northwest-southeast and north-south trending sections, on 100m spacing within mineralised zones. • Vertical spacing of intercepts on the mineralised zones similarly commences at 100m spacing for mineralised zones. • Drilling has predominantly occurred with angled holes approximately 70° to 60° inclination below the horizontal and either drilling to north or south, depending on the dip of the target mineralised zone. • Holes have been drilled to 400m vertical depth. • The data spacing and distribution is not sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation. • Samples have not been composited.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Drilling and trenching has been predominantly completed on northwest trending section lines across the strike of the known mineralised zones and from either the north or the south depending on the dip. • Vertical dipping mineralised zones were predominantly drilled to the northwest or north. • Scissor drilling (drilling from both north and south) has been used in key mineralised zones to achieve unbiased sampling of possible structures and mineralised zones.

Criteria	JORC Code Explanation	Commentary
Sample security	• The measures taken to ensure sample security.	• Samples are dispatched from site through via company employees to the Laboratories. • Samples are signed for at the Laboratory with confirmation of receipt emailed through. • Samples are then stored at the lab and returned to a locked storage site.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data	• Internal audits of sampling techniques and data management on a regular basis, to ensure industry best practice is employed at all times.

1.2 JORC TABLE 1 - SECTION 2 - REPORTING OF EXPLORATION RESULTS

(Criteria in this section apply to all succeeding sections).

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, over riding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• The Project comprises 1 Mining Licence (MV-17129A). • Xanadu now owns 90% of Vantage LLC, the 100% owner of the Oyut Ulaan mining license. • The Mongolian Minerals Law (2006 and Mongolian Land Law (2002) govern exploration, mining and land use rights for the project.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• Previous exploration was conducted by Ivanhoe Mines Ltd and Vantage LLC including surface mapping and geochemistry, diamond drilling and geophysics.
Geology	• Deposit type, geological setting and style of mineralisation.	• The mineralisation is characterised as porphyry copper-gold type. • Porphyry copper-gold deposits are formed from magmatic hydrothermal fluids typically associated with felsic intrusive stocks that have deposited metals as sulphides both within the intrusive and the intruded host rocks. Quartz stockwork veining is typically associated with sulphides occurring both within the quartz veinlets and disseminated thought out the wall rock. Porphyry deposits are typically large tonnage deposits ranging from low to high grade and are generally mined by large scale open pit or underground bulk mining methods. The prospects at Oyut Ulaan are atypical in that they are associated with intermediate intrusions of diorite to quartz diorite composition, however the deposits are in terms of contained gold significant, and similar gold-rich porphyry deposits globally.
Drill hole information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all material drill holes: easting and northing of the drill hole collar, elevation or RL Reduced Level – elevation above sea level in metres) of the drill hole collar, dip and azimuth of the hole, down hole length and interception depth, hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the	• No new drill hole data is reported.

Criteria	JORC Code Explanation	Commentary
	report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• A nominal cut-off of 0.1% Cu is used for identification of potentially significant intercepts for reporting purposes. • Most of the reported intercepts are shown in sufficient detail to allow the reader to make an assessment of the balance of high and low grades in the intercept. • The copper equivalent (CuEq) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. Grades have not been adjusted for metallurgical or refining recoveries and the copper equivalent grades are of an exploration nature only and intended for summarising grade. The copper equivalent calculation is intended as an indicative value only. The following copper equivalent conversion factors and long term price assumptions have been adopted: Copper Equivalent Formula (CuEq) = Cu% + Ag (g/t) x 0.012 + Au (g/t) x 0.625 Assumptions: Cu (US$7,500/t), Ag (US$30/oz) and Au (US$1,500/oz).
Relationship between mineralisation on widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	• Mineralised structures are variable in orientation, and therefore drill orientations have been adjusted from place to place in order to allow intersection angles as close as possible to true widths. • Exploration results have been reported as an interval with 'from' and 'to' stated in tables of significant economic intercepts. • Tables clearly indicate that true widths will generally be narrower than those reported.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• See figures in main report.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• Exploration results have been reported at a range of grades, predominantly above a minimum for potentially significant intercepts for reporting purposes.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test	• Extensive work in this area has been done, and is reported separately. • Detailed geological mapping. • Surface geochemistry (1,253 rock-chip samples). • Geophysics includes ground magnetics

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	results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	(332 km). • Diamond drill includes 17 holes (5,000 metres).
Further work	• The nature and scale of planned further work. • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• The mineralisation is open at depth and along strike. • A multi-disciplinary exploration program is planned to test areas previously drilled with high-grade, near-surface results, which have the potential to host further mineralisation at depth and along strike; and test the many untested geophysical and geochemical anomalies remain within the Oyut Ulaan area district, as there is a strong possibility of discovering additional mineralised porphyry centres. • Exploration on going.