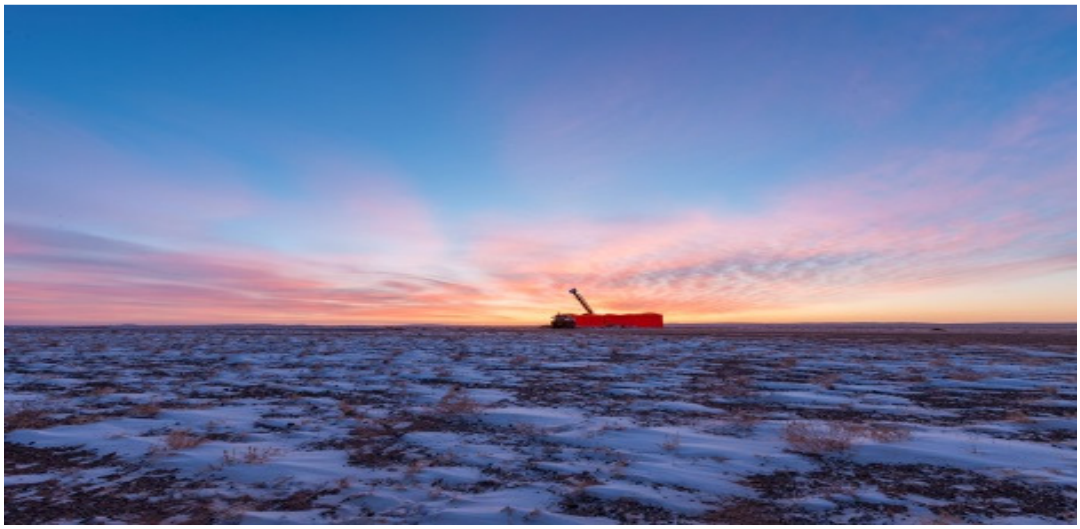
Xanadu building scale in Mongolia

XANADU Mines is about to test for a higher grade copper-gold bornite zone at Altan Tolgoi in Mongolia, with success likely to have big positive implications on development opportunities.

Michael Quinn, 30 Mar 2017



Xanadu managing director Dr Andrew Stewart told *MNN* that shallow parts of the breccia system have “substantial” bornite, “so we know the system is capable of generating it”.

He said drilling would begin in the coming week.

The testing for higher grade copper comes after Xanadu reported a hit this week of 646 metres grading 0.51% copper and 0.87 grams per tonne gold from 16m down hole – with the copper and gold mineralisation having a copper equivalent grade of 1.06%.

Xanadu pointed out that gold-rich porphyry copper deposits such as Kharmagtai (of which Altan Tolgoi is part of), are characterised as being vertically extensive, with analogous deposits such as Wafi Golpu and Cascabel extending to depths greater than 2 kilometres – versus historical drilling at Kharmagtai being limited to the upper 400m.

Kharmagtai comprises “a cluster of outcropping porphyry deposits” with seven targets to be drilled this year.

Brokerage Argonaut is a fan.

“Xanadu is rapidly building scale from its Mongolian projects which benefit from near surface open-pittable mineralisation and strong gold credits,” it recently said.

“This tourmaline breccia / porphyry mineralisation is analogous to larger deposits in the region, including Oyu Tolgoi and Erdenet, as well as Chilean systems.

“While large copper-gold porphyry exploration is often better suited to larger cap miners (due to the depth/scale and subsequent cost of resource drilling), we believe the near surface mineralisation at Kharmagtai favours a junior developer such as Xanadu.”

The ASX-listed company started the year with $A8.3 million cash.

Shares in Xanadu have recently been trading at 22c, capitalising the company at $112.5 million.

The stock is up from levels around 10c early in 2016.