

## TRANSCRIPTION

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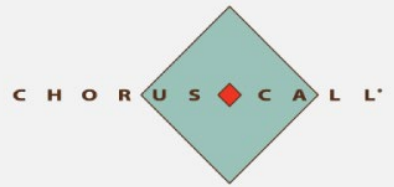
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### [START OF TRANSCRIPT]

**Operator:** Thank you for standing by and welcome to the Xanadu Mines corporate update webcast. All participants are in a listen only mode. There will be a presentation followed by a question and answer session. If you wish to ask a question, please type your question into the ask a question box and we will record your question for a response during the Q&A session. I would now like to hand the conference over to Dr. Andrew Stewart CEO and Executive Director of Xanadu Mines. Please go ahead.

**Andrew Stewart:** Thank you. Well, welcome everyone, I'm glad to have everyone online to join Colin Moorhead and myself, I'm Andrew Stewart, to provide an update on Xanadu Mines, on our exploration for copper and gold porphyries in the South Gobi region of Mongolia. So the presentation being titled, "Discovery and growing our significant copper and gold deposits in Mongolia." Forward looking statements and disclaimer. I'd like to start with a bit of an introduction. We'll have a look at some of the investment highlights of Xanadu, why we like Mongolia and particularly why we're focused on copper. And really it's about our flagship project Kharmagtai, that's our growth story, and our Red Mountain project an earlier stage project, which is in the discovery phase. And hopefully by the end of the presentation, you'll see why some of these key components mix to provide a prospective investment in Xanadu Mines.

So Xanadu, we're a copper and gold exploration company, we're progressing to high-quality gold, rich copper deposits in the highly prospective South Gobi region of Mongolia, those two projects Kharmagtai and Red Mountain. Our strategy is really around discovery, in our DNA is exploration, and it's about growth of those discoveries and definition of those discoveries. At Kharmagtai we've already discovered one of the largest undeveloped copper and gold deposits globally at the moment. Our 2008 JORC compliant mineral resource, which had 600 million tonnes, containing close to 2 million tonnes of copper and over 4 million ounces of gold, it's very much in the rear vision mirror, and we've completed a significant amount of drilling since putting out that 2018 resource. Red Mountain project is an earlier stage exploration program targeting both porphyry copper and shallow high grade copper veins. And that's our joint venture with JOGMEC.



At Kharmagtai we've had a very clear aspirational target of growing Kharmagtai towards a billion tonnes. And that's really our short term view here and the exploration indicates it's headed that way. But more importantly, as we're all aware, some of the most recent drilling's being focused on the high grade component of that resource. Previously, we had a resource of 54 million tonnes of 0.8% copper. We're looking to grow and double that high grade resource and we know how important that is to the real economics of such porphyry projects. But in saying that, Kharmagtai is a large district, grades are increasing with depth and drilling is ongoing for the district, and we believe there will be many more discoveries in this district as drilling continues.

As we work on that resource we will have a new resource update coming in Q4 this year, so not too far away. We locked the data room a month or so ago, we've started work on that resource. So looking forward to updating the market on that in Q4 this year. And once that's done, we'll be building on the preliminary scoping studies that we've previously done on the open pit. We'll be expanding those and continuing to push along this conventional bulk mining and simple project that we have here with Kharmagtai.

So, at Xanadu we've got a highly experience board. It's a board that's got a track record of discovery and developing multiple large porphyry deposits around the world. And not only in Australia, but in some challenging environments and I think that's important. That board's very much, and management team is very much anchored by our in-country manager Ganbayar, Ganbayar's the founder of Xanadu Mines, and Munkhsaikhan our COO on the ground in Mongolia. And during this period of COVID, both Ganbayar and Munkhi have been able to steer the company through his period, continuing the exploration on the ground, maintaining and putting out some of the world's best drill results in this space. In terms of geology, we cover that base with myself, exploration geologist with over 20 years experience, been involved with several greenfield discoveries. And Colin Moorhead, who's on the call today, and Matt Brown our chief geologist. In terms of our commercial capabilities, Michele Muscillo our non-executive director based here in Australia, in Brisbane. And Tony Pearson, and Spencer Cole our CFO here in Australia.

I think any good team is very much backed up by a very good advisory team. And the advisory team that we've put together here at Xanadu is truly world class. And I think that comes from two things. It comes from having a deposit that people want to be involved in and particularly want to work on, but more importantly, it comes with the team that we have and being able to have those relationships in the industry and being able to put together this team. That team has a deep geology experience that's helping drive our exploration. We have a resource team here that's putting together one of the best resources for a junior company that is, and certainly mining capability. So we know what we're doing in terms of putting that resource together, the exploration, we're not drilling holes that are not adding value to this project.

We have a strong emphasis on metallurgy, and that study team it's working best together and it's certainly shaping a very good product as we move forward for Xanadu. So, I'm also proud to announce that we'll have our first sustainability report, that will be released in Q4

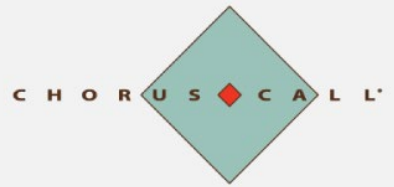
this year. Quite a proud moment for Xanadu, it's interesting when you look at this report and you go back and you see the good work the company's done on the ground. Certainly always had a very strong licence to operate in Mongolia. We have a very strong Mongolian workforce and the area we've been working in, we've been working in now for five or six years, so we have a strong relationship in that community where we work. And a strong emphasis on the environment where we are, and that's really given us the ability or social licence to operate in this part of the South Gobi.

So just a quick snapshot of the company, the share price at three cents, the company has a market capitalization a little under \$40 million Australian. We're quite well-funded to execute the current program with \$10 million cash on hand. When we look at our register, we've continued to reshape that register. But the top 20 shareholders control about 60% of that register, and we have some strong interest from some very good institutional shareholders that control a big chunk of that register. And board and management on a fully diluted control about 6% of the register. So why Mongolia? We have two very highly, very good projects located in the South Gobi region of Mongolia. This is very much a pro mining jurisdiction. If we look at the South Gobi, why we like it, it provides the opportunity to not only have world class discoveries.

You know, we are looking for copper projects and we have to go to terrains that provide the ability to have those discoveries, and Mongolia is one of those terrains. But it's blessed, it's not only one of the most sparsely populated countries in the world, but we have infrastructure. And that's important because any project in Mongolia has leveraged a low capex intensive development. It's a pro mining jurisdiction, you know we're seeing that, Mongolia needs mining. It's a strong part of its export revenues. It's a significant mining region already. If we look at the South Gobi region, we have some very large copper mines, we also have some very large coal mines. And what happens when you have these projects is there's a wave of infrastructure that comes on the back of that. And I think too, it's also being on the doorstep of the world's biggest consumers, we have China to the south, and we're quite close to those consumers in Korea and Japan. So this is an area where infrastructure is happening.

Our Kharmagtai project is located just to the north of Oyu Tolgoi and our Red Mountain project's located to the east, it's on the trans Mongolian railway. So it's a good place to have discoveries, it's got strong infrastructure, it's a favourable ESG environment to develop projects. And you can put all the things together. We have rail, if you look at our Kharmagtai project, it's located about a hundred kilometres to the north of Oyu Tolgoi. In the last 12 months we've seen a railway running from west, from a very large coal deposit in Tsagaan Suvarga and all the way east and linking up to the trans Mongolian railway. So that railway is in place now, we have power, we have access to water and we have an established water resource at Kharmagtai. We're proximate to some of the larger copper smelters in Japan, Korea, and also in China, and you can see that on the map here.

Importantly, we have access to skilled labour, and that's an important thing that Mongolia has a very young population, they're very keen to learn, and a very good workforce in



country. And we have more importantly too, a very clear and transparent permitting and approvals process in Mongolia. Both our projects, Kharmagtai and Red Mountain, sit on fully permitted mining licences. But the forward steps here to take a project through to development are very clear, they're very transparent and it's about progressing the project, to prove the regulatory regime in Mongolia.

I think it's important just to draw on this, have a think about this, we all like copper and I'm sure all of you are aware of the media. You know, everything's about copper at the moment, supply for battery metals. But when we look at copper, it's all about supply destruction, we're not finding enough copper. You look around in copper at the moment, all of it's coming from some very tired, very old and very deep mines in Chile. And those mines are supplying a big chunk of this copper price. And we haven't been very effective at finding copper projects over the last two decades. We've been even less effective actually putting them into production.

And I think that's an important part, because anyone holding these types of projects, and these are projects that all majors would want to have, let's face it, copper porphyries supply over 60% of the world's copper. They're the prize that the majors want to have, because they offer very clean metallurgy, long life mines and good projects. But you know, it's those projects that will be the next projects that come online. And we can also consider the green demand for mega trends coming through technology, whether that's electrification of vehicles. So copper is certainly one of those commodities that you want to be involved in. And Xanadu in 2015 made a conscious decision to look for projects, tier one copper projects in the South Gobi region of Mongolia and that resulted in us picking up the Kharmagtai project in 2015. So we'll have a quick look at Kharmagtai now. And since that time we've built a very large resource base sitting at the moment 600 million tonnes, planning close to 2 million tonnes of contained copper and over 4 million ounces of goal. It's very much a project which is progressing towards... The conceptual studies say that it'll be a conventional open-cut pit. And we are looking at the underground options as we move forward with grades increasing at depth.

On that resource in 2018, we'll have an update to that in Q4 this year, so it'll be exciting to put that out. We've had over 61,000 metres of drilling since that resource so a fair bit of growth in that. And more importantly, too, this project sits on a fully permanent mining licence. We're seeing over 200 kilometres of drilling now. The system continues to be open. If we look at that existing resource, it comprises of Stockwork Hill, White, and Copper Hill.

Zaraa was discovered a couple years ago. That will go into the new resource and that new resource will also look at extensions to Stockwork, the high-grade extensions, that depth, also White Hill, but this system remains open in all directions. So those resources only cover a very small fraction of this mining licence.

I think it's important too, that when you look at these types of copper projects, you've got to differentiate yourselves from the other ones out there, the other projects out there globally. At the moment, when we look at copper, we're in the global space so we look at peers in

Chile and all South America, throughout Asia and throughout Europe. And you want to have these projects that not only have the scale because you need to demonstrate that these are long-life mines, but you need the copper projects that have the grade. And we've got a very impressive track record of wide high-grade intercepts going all the way back to 2014.

But we've highlighted some of the fantastic results we've only put out this year. And you look at those drill intercepts and anything in this business where you're seeing intervals over 200 metres or over 100 metres of plus 1% copper equivalent, it's a key thing. And that's the differentiator with these projects. And that's been our focus is continuing to expand and grow that high-grade core of the system.

But it's very good that we're seeing this bornite increasing at Stockwork Hill with depth. And if we look at drill hole 559B that we drilled earlier this year, and if you look at a subset of that drill hole 61 metres, over 3% copper equivalent, that's a key hole and really driven by those increasing gold grades and bornite content down the hole. So that's remained the focus of our expiration as we speak today with two active rigs in the field. It's continuing to grow and focus on that high-grade mineralization under the Stockwork Hill deposit.

We talked about the grade there, but you need scale too because what you're looking for here is a project that will span multi-generations and multi-cycles of the copper. And our footprint of this system is enormous. You look at those current resources at Stockwork Hill, White Hill, and Copper Hill, they cover an area of about four square kilometres. But now with some region of expiration, we've shown that this system remains open for about eight kilometres. And since putting out that work and since understanding the whole dimensions of the system now, we've been finishing putting Zarea into resource. So that was a successful drill hole, but that was really one of the first drill holes we drilled outside the current resources. And so our hit rate on converting targets to resources has been quite amazing and very good. And that says a lot to the team that we have on the ground, deep, deep understanding of this deposit, deep understanding of what is required to get these parts of this deposit resource, a deep understanding of how to target those high-grade parts of it as we continue to grow towards our target of a billion tonnes.

As I said, since acquiring this project in 2015, we've put together quite a substantial resource already, proud of the high-grade part of that. But that resource has grown since the acquisition to the 2008 resource at over 37,000 tonnes of copper per month. So, that equates to a very low discovery cost. And I think that's very important because we have a brownfield state of knowledge here so we know the system, we're stepping out, it's low-risk expiration and we've been very effective with the drill bits. So if we look at peers out there, and the global peer average at the moment is about seven cents per pound, our expiration is incredibly effective. Where we sit today since looking at the 2008 and resource we've completed over 61,000 metres of drilling. So we can see that we expect quite a substantial increase in not only scale, but focus on that grade and we've had some fantastic drill intercepts into that grade since putting out that 2018 resource.

What does all this mean? Controlling a district's key. If we think about these types of systems, I often think about them as a hand and when you look at the high-grade parts of them it's about the fingers that come off, what's driving, or the engine room at depth. We've had five significant discoveries now. We still have another five or six that remain undrilled. But when you look at these districts, they're multi-sensors. We're not talking about a large, large system that you'd see in Chile. These gold-rich porphyry systems often occur as clusters so it's about identifying those clusters within the district and we continue to do that. We've got White Hill, Copper Hill, and Stockwork Hill. We know White Hill extends off to the west and we can step out several kilometres of there still remains open. Zarea has been a fantastic discovery in connections with Golden Eagle, but we have other fingers to find here and we have a very, very focused attack to our expiration here. We're not only expanding resources focusing on grade, but we're also stepping out from that.

You don't know what the next discovery is going to show you. So it's very important that we drill holes into each one of these targets and understand what they could be and what they're not, and then measure what you have and then push forward with that resource work.

So what do we get here? So a lot of people often ask me, what does it all mean? A lot of drilling. You've got a very large resource and what we are looking at here at the moment is we're studying a very contemporary design. It's a very conventional approach. And this approach to the conceptual modelling what's happening in the background is led by our expert panel. The mining, it's a conventional bulk mining project, open-pit and underground, probably caving. That can be staged to accelerate cash flows through various different parts of the development. This is a very, very vanilla deposit, conventional crushing, milling flotation. Again, that can be staged to match the grade profile of discoveries or how those different deposits fit together. We've completed the conceptual designs on that certainly for all the surface mining.

Metallurgy is important. There's been a significant amount of metallurgic test work completed, strong copper and gold recoveries. We can see that increasing as we increase the grades of depth. This produces a very [inaudible] copper [inaudible] with no [inaudible] elements. Again, we don't see any arsenic in this system. The grades are driven by gold, they're not driven by arsenic, and that's an important factor here in this market. So we have a very plain concentrate that sits on the doorstep of some of the world's biggest consumers in Japan, South Korea, and China. And we have a system here that has a real lot of gold in it, and that's very important. So, if you look at these projects, initially they're some of the world's biggest gold projects, but also they are copper projects.

The infrastructure, it's a flat terrain, reduces costs, existing regional power infrastructures in place, we have access to water. So very conventional project. And in this industry say that any projects, one-quarter mill or one-quarter mining, and one-quarter infrastructure, if you've got that infrastructure and simple processes in hand, it allows you to have a very, very simple approach to the development story here.

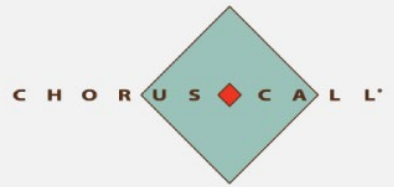
And then following that is a very proven development pathway. If we look at similar analogues out there globally at the moment for this type of projects, and this is these gold-rich copper porphyrys we see, in New South Wales here in Australia, we have a perfect analogue in Cadia-Ridgeway. That's a system that is run by Newcrest and also Ayatolba deposit, which is a 100 kilometres down the road from [inaudible]. All these projects start with open pit. That generates that early cash flow, allows you to get in, start moving, start producing. While that's happening, you have a look at your sub-level caves. You bring them on, that brings forward the cash flow. They're the most effective way to mine when you're dealing with these types of systems, you focus on that grade and bring forward the cash flow.

I will highlight if you look at some of those deposits, if you look at Ridgeway, how significant that was for Newcrest. That's a 70 million tonne resource. So, these high-grade parts don't have to be big, but they can certainly give a real boost to your cash flow as they come on. And what you're looking for here is really to set up a mine that generates a plus 30 years mine life and that's what we're seeing with all these deposits [inaudible] Cadia. And that's really what we're shaping Kharmagtai for.

So I'll give you a brief update on Red Mountain. Red Mountain's an earlier stage project. It's a joint venture, as we're all aware, with JOGMEC. It's great to have JOGMEC on board, really a good partner of choice for Mongolia. Red Mountain sits on a mining licence. This is a large porphyry district. We have several out-cropping porphyrys already. It lends itself so we see some high-grade mineralization here, whether it's gold or copper. It's really a significant district that's harbours many different styles and mineralization. And when we talk about that, that allows options and optionality, which is important.

The project, as I said, JOGMEC is spending 7.2 million to own 51% of the project. It's very much a three-option for Xanadu; it's we're managing and driving expiration on this project, but JOGMEC are paying for it. So it's a credit in terms of a small company that controls two large porphyry districts in South Gobi and Mongolia. It's a great position for Xanadu to be in to be funded and then pursuing the expiration using our expertise.

So this is a project that has had some great expiration in the past. We've got some fantastic drill holes. If you look at some of the prospects like [inaudible], Stockwork Hill. There's truly very good economic intercepts in those by themselves. But more recently, the expiration's been focused on the Stairy target. And there at Stairy, we've seen some very high-grade copper veins. Some of the previous drilling that we've seen released is getting some great numbers there, very shallow, high-grade veins that are one to two metres wide. We're do our exploration there and it's getting quite exciting. I think it's important to note at Stairy, it's probably been missed by previous explorers. If we look at Stairy, some of the early surface exposures of these high grade vines were probably extracted by miners many thousand years ago. So at surface, we don't see any veins out cropping. And so some of the surface trenching, we dug down, we found remnants of them, but we're continuing to drill now as a real focus on the exploration going forward. And we're seeing some great results. The recent drilling here is expanded the mine and mineralization, these veins of what you



see sitting above a large system, but in other parts of the world, they often offer that opportunity to have standalone deposits. So what we are looking at here is, are these millions able to generate significant tonnes?

We know they've got the grade, how were they ever reduced to tonnes? This is something we need to look at a bit better. You'll see that drilling. We've just completed three and a half thousand metres of drilling. Some of that drilling will start to come into the market in the coming weeks, and quite exciting with, again, it's a new district. And as I said, it's really the understanding of the environment in the Gobi our team has in an unravelling the system because no surface exposure probably got missed by previous explorers, but drilling is showing you that there's great continuity in these veins. It's about unravelling this system and trying to understand it. So, exploration is a focus for the company. We have discoveries underway, both projects. We are a small company. So, a conventional model for any value add and junior companies is to have that discovery advance the project and partner up with a larger company in the future.

And it's no different to our strategy in Xanadu. We are not a mining company. We are an exploration company, and we're about discovering, defining, and growing those resources into something that we could partner with a larger mining company. So as I said, active on the ground in Kharmagtai. We've shut the data room, that resource modeling's happening at the moment, but we have two real active at the moment in the field, who continue to do a combination of exploration drilling and exploration for high grade under the current resources.

Once that resource is internally in the stage, mining study teams will start looking at that, shaping it again, and having a look at the project, and that'll help shape our future exploration as we move forward with the project. At [inaudible], we've recently completed about three and a half thousand metres of drilling those that's now done, results are starting to come in. So we'll be updating the market in the coming weeks as those results continue to come in. And once we've had those results, we'll be able to sit down with our joint venture partner, assess those results and take the next steps for exploration at Red Mountain.

So all in all, the right resources, we're in the copper space, we've got one of the largest undeveloped copper projects out there at the moment. It's a project that has scale. It has grey. So, it has growth potential, has exploration upside. It's certainly a lot of blue sky at Kharmagtai, and a real light at Red Mountain. So, we're very focused on that. These are low technical risks. We're already in the ballpark at Kharmagtai. Who knows what the deeper drilling will turn up.

As we focus on this deeper drilling, we've seen grades that we've never seen at the project before. So, it's a project that has over 200 holes in drilling, but some of the most recent drillings, the best drill holes ever encountered in the project. So, that's telling you that we ain't seeing the best parts of this system yet. So, very exciting.



We believe that Mongo is very favourable jurisdiction for developments, low ESG risk, great people. It's got established infrastructure, and a great place to find projects. And the right company, a very focused, very ambitious exploration team on the ground. Low discovery costs being involved with multiple discoveries and real cutting edge science that we apply to our exploration on a daily basis, excellent leadership, well funded at the moment with 10 million cash on hand.

And we have a very strong ESG focus as we move forward, and a fantastic social licence to operate in Mongolia. And that goes with the experience of the team on the ground and the focus. And that's been able to get us through this period of restricted travel and fantastic effort for our team in Mongolia to keep those drill reliefs going. And then not only do that, but produce some of the best results of the company or the projects seen in the last few years. So, thank you. And we'll open up to any questions.

Anna Kassianos: Thank you. Joining Andrew in the Q and A session, we have non executive chairman, Colin Moorhead. We will now respond to questions submitted during the presentation. If you have not yet submitted your question, please type the question in the ask a question button.

Okay. We've got a question come through. Your high grade core is noted. What are the key areas we target in spanning your current high grade core? And when should we expect to see high grade core your results coming?

Andrew Stewart: Yeah, thanks Anna. I might take that. Well, we're continuing to look at that as we're seeing the high grade utilisation, it's offset by some low angle faults and we are looking at these blocks as they continue to be offset by 50, to 60, to up to a hundred metres of rolling. So, it's just a matter of drilling. And when we look at this, all the drill holes are focused on extending that with depth. When you think of a high grade core, when you look around globally, these systems are typically have a height or a length, basically a kilometre.

We're just starting to see the high grade core coming in now at a depth of 600 metres, sorry, 400 metres. So that grade increasing, four nights increasing, we know that mineralization will get better if we see that from analogues at Ayatolba or systems like Kadia. We are steadily drilling that at the moment. So. There will be regular news flow as we unravel that high grade core at Stockwork Hill.

Anna Kassianos: Solgold and Hot Chilli have attracted corporate interest for major miners. What competitive advantages does Xanadu have, and are there any foreseeable pitfalls?

Andrew Stewart: Hello, [inaudible]. I think again, we pointed it out. We're developing a project in a relatively simple environment. You're not in the high Andes, you're not in thick jungle. We have a water supply, we have infrastructure in place, and you're close to those major markets. When you look at some of those constraints on development, we can take those away from our project. It's all about the focus and bringing the project forward.

So there is a competitive advantage in the environment we're working in south Gobi, I think some of the perceptions Mongolia are probably not well placed. Because if I look at Mongolia, you look at a project like Oyu Tolgoi. It's really the only major T1 asset that's been developed in the last decade, and that happened in Mongolia. I think if you look around the world and you look at projects that were discovered at the same, very few of those if any, have moved past the PFS stage and that's due to social issues, environmental issues, infrastructure issues. So, if you can take those issues away from any development, it certainly can fast track a development. I think that it's understanding some of those misconceptions.

Anna Kassianos: Okay. We've got another question here for you. Any other early stage projects that Xanadu can pick up in Mongolia?

Andrew Stewart: Yeah. We maintain a very active reconnaissance exploration team. In fact, they're out all the time. We have a very clear focus. As a team, I've been working in Mongolia on and off since 2000. So, we have a very, very deep knowledge of the Mongolian geology, and particularly focused on copper. So we are continuing to look throughout this very highly prospective belt. Yeah, and we are very active in that space.

Anna Kassianos: Another question we've got coming through, when you talk about deeper drilling at Kharmagtai compared to other copper deposits such as some in south America, you are really only at quite modest depths, so will you be continuing in those sort of relatively short at depth or looking deeper? Can you please answer that one?

Andrew Stewart: Yeah, you're right, and that question's right. We're not deep, and I think that's the point. What we are doing now is that we are drilling below that open cup depth. And really we are doing that is because we believe we have the footprint for an underground project here. If we can fill the grade in, and now that we've done the work and the background to establish that footprint, that's given us the licence to go deeper and deeper. And what we're seeing is the grade get better and better, as you'd like to see.

So yeah, we are still quite shallow. And I think too, when people look at our drill holes, they may not have followed the Xanadu story over the last four or five years, but that drilling starts from surface. All our resources you can stand on. And they're basically exposed at surface. Our drilling now is just continuing to follow the resource down and down. So, we're not finding an oil deposit for 600 metres. It's already resourced up above it.

Anna Kassianos: Okay. Our next question is, operating your country as in exploring Mongolia, what is the drilling cost and assay turnaround time? Also, what's it like to work in in country? Have you been negatively impacted by COVID?

Andrew Stewart: Mm, okay. Thanks, Anna. I'm might grab that one. Luke, drilling costs are very good and that feeds into our low discovery costs. Very competitive. All in costs with assay, we're sort of getting away with it from about \$130 per metre, US. So, incredibly effective. We have an amazing relationship with a good drilling company called LIFO Mongolia. We're wedging,

we're doing directional drilling, we're doing navi drilling. We're doing all these things that good drilling companies should be able to do, but we're doing it with a national company, and really helped the company get through the last few years with some of that drilling. So, working on the ground's great. We have the labs, we get two week turnarounds for assays, as opposed to other parts of the world at the moment, which are three or four months, I'm seeing. So we're blessed with quick turnarounds. Yeah,

Mongolia is a great place to work. It's God's gift to explorers. There's no people, no fences, no amount of issues, no malaria, no guns. It's a good place to work, it's just bitterly cold in winter... is the only challenge.

Anna Kassianos: Thank you for that. Our next question, the plan on page 12 shows a target area between Stockwork and Zaraa. The cross-section also on page 16 shows this area to be undrilled. With the mineralization shown by Stockwork controlled by an east-southeast west-northwest faulting, surely this has been a prime target area... Has your physics ineffective about the recent status map improve the potential? Is drilling scheduled there soon? Pretty wordy.

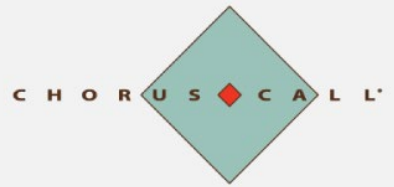
Andrew Stewart: Well, we're drilling there as we speak now. We have just completed two holes through that area now. That is the focus for our exploration drilling. I think one way of drilling... Our strategy is all about continuing to follow the high-grade corridors and mineralization. Wherever you drill a hole, you're adding resources. It's not uncommon to drill broad lines of 0.3, 0.6. Our main focus is looking for extensions of that Stockwork Hill out between Stockwork Hill and Zaraa and extensions of Copper Hill. It's a data shadow. We don't have any drilling in it, and so we're in there drilling now.

The geophysics has been traditionally a bit hit and miss on the project. Our reliance is on good geology, geochemistry to help vector our holes. But I must say geophysics is making more sense as we progress that model through and understand it a bit better. But there's no substitute for getting a piece of core in your hand and understanding the geology and that's what we're doing.

Anna Kassianos: Okay. Our next question, what does success look like at Red Mountain, and what has the engagement like there?

Andrew Stewart: ... Mountain, very good working relationship. I think success, like anything, there's an economic ore deposit, whether that's a small, high-grade deposit, 20 million tonnes, 2% copper or whether that's a billion pounds of 0.5 porphyry. I think there's something in between that, but having the joint venture there... It's good to be working with the Japanese, a certainly well-respected partner in Mongolia. It's allowing us to progress that project. We're managing it. We're driving the exploration, and couldn't wish for a better partners on the ground. I will say, too, the Japanese, in terms of Mongolia are one of the biggest foreign investors in Mongolia, so we're in good partnership there.

Anna Kassianos: Okay, great. Thank you for that. Just another one we have on the line, have any majors expressed interest in a JV and what is the expected timetable there, please?



Andrew Stewart: I'm going to let Colin answer a question.

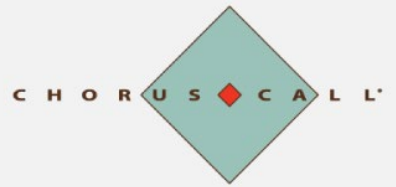
Colin Moorhead: Good morning, everybody, and thanks for your time. I think it's probably fair to say that all the major mining companies are aware of this project and are watching it very closely. Our strategy has been to position Kharmagtai as a compelling story in the copper world, in a world that's looking for copper deposits. We have seen some fairly significant transactions in the copper world in the last little while with Sandfire and 29Metals, so you can see the premium attached to producing copper assets. I think the theme I'm seeing now is mining companies, metals traders, smelters are all looking earlier in the development chain for opportunities and value. It's fair to say that our current market valuation does not reflect the value of this project very well, and that's not lost on majors. Without getting too specific, there's certainly interest there, but the challenge is turning interest into an actual transaction.

Anna Kassianos: Okay. Thank you for that, Colin. Just another question while we have you on the line, Colin. Can you please walk us through the Cadia evolution? How could this porphyry analogy play out up here at Kharmagtai?

Colin Moorhead: Well, thanks, Anna. A lot of my life was spent on that one. It's interesting. Cadia was initially originally picked up with the view to developing the small scale big Cadia deposits as a satellite pit for the Browns Creek operation, which is down the road near Blayney. I was at the very first meeting where the exploration idea, I said, "Well, we think this is a scan peripheral to a porphyry system," and not long later, Cadia Hill was discovered, which is a large, low grade near surface open pit opportunity. At the time Cadia Hill was developed, it was a \$440 million development, which in today's dollars would be probably a billion. A 17-million tonne plant using some pretty innovative technology, and the whole world sort of was sceptical about whether it would work. It did. It certainly worked.

Colin Moorhead: Our exploration model was scale, by-product credits, and it had to be a big, low strip ratio pit. Then we found Ridgeway, and Ridgeway turned out that it was a high-grade underground opportunity. That was the start of Newcrest's journey to develop caving skills, initially with a sub-level cave, and then a block cave was put under the deeper parts of Ridgeway. It took some convincing to get the support to drill the relatively low grade cave at Rees, but the rest is history now with, I think, Cadia- is generated over a billion dollars free cash flow last year for Newcrest pre-tax.

When I first looked at this, I did get the chance to go to Mongolia with Andy in the middle of winter, just before COVID started. Spent three days down there and there was clear evidence of high-grade in the core. Was this just a sea of low-grade material that had to be open pits or was there high-grade components to it, and there definitely is. So the focus here is... I see lots of parallels here. There's a relatively small amount of drilling in this in compared to Cadia or OT, but it certainly has the potential to evolve into that type of system. I think the guidance I gave management on this was let's not put the cart before the horse. Let's finish the discovery process and then will get out to mine it. Let's not get that



back to front. So I, effectively, with the board, unshackled Andy to look a bit deeper and open up our opportunities.

Anna Kassianos: Okay. Thank you for that, Colin. We have one further question. Given that your listing on ASX and TSX, are there any plans to grow the TSX market present given that they tend to value base metals for as much better than the ASX. Can you please answer that for me, Andy or Colin?

Andrew Stewart: Yep. Okay. No, I think it's important. We did that dual listing for a reason. A lot of our peers are over there. But we are an Australian company, so the idea is probably get a bit more out of the North American market, but focus will be Australia.

Anna Kassianos: Okay. We have no further questions. Can Harmony please take over the call?

Operator: Thank you. That concludes our webcast for today. This webcast has been recorded, and will be made available on Vanity's website. Thank you for participating. You may now disconnect.

**[END OF TRANSCRIPT]**