

Ground magnetic data for the Kharmagtai project with Zaraa in the centre.

READ: Xanadu Mines assays 750 metres of copper-gold in new holes from Zaraa discovery

Stewart said: "KHDDH469 entered consistent and strong mineralisation at a depth of 330 metres vertically from surface.

"Drill hole KHDDH469 is one more step towards defining the size, shape and grade of Zaraa.

"The objective is to first define a large-scale open pit resource, then step deeper towards the higher-grade underground potential."

Sporadic mineralisation from 100 metres

In the hole, sporadic porphyry mineralisation was recorded from 100 metres in depth, or about 80 metres vertically, with 52 metres at 0.26% copper equivalent.

As well as bringing Zaraa 200 metres closer to the surface, the hole also expanded the system 220 metres to the northeast and 170 metres to the southwest.

Diamond drilling planned

About 5,000 metres of diamond drilling is planned to bring the known mineralisation at Zaraa to the basement surface, which is 20 metres from the current land surface.

This will also drill this shallow zone to spacings sufficient for a maiden resource estimate, focusing on large-scale open-pit potential.

Stewart said: "This blind discovery is the result of a high-quality and systematic exploration program using good geology and a scientific exploration approach.

"We believe there remains excellent potential for more large-scale discoveries across the Kharmagtai district.

"We will continue to take a systematic approach throughout 2018 to assess the four deposits we have identified so far - Copper Hill, Stockwork Hill, White Hill and Zaraa - as well as testing other shallow exploration targets."

Similarities with Golden Eagle

There are some close similarities between the surface expression of Zaraa and that of Golden Eagle, 800 metres to the east-southeast.

The Zaraa experiences are being used to re-interpret Golden Eagle data to help define potential depth extensions and drilling is being planned to test this system.

"Following the discovery of our fourth porphyry centre at Zaraa we believe the Kharmagtai project is approaching a near-term development opportunity," Stewart added.

"Our objective at Kharmagtai now is to work on a new mineral resource estimate for a low strip ratio, high-quality standalone open-pit project and quickly demonstrate economic viability."

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