



PARASO PROJECT (Au) - OVERVIEW

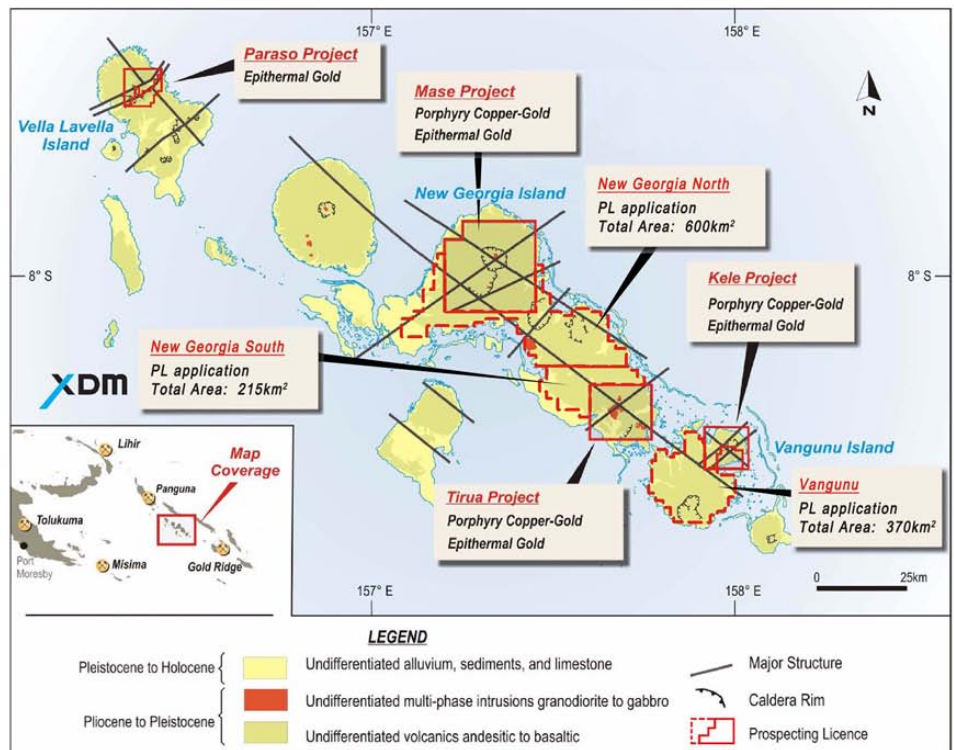
The XDM Resources Group has four advanced exploration projects in the Solomon Islands located on the Rim of Fire, which is renowned for Super-Giant porphyry (Cu-Au) and epithermal (Au) deposits.

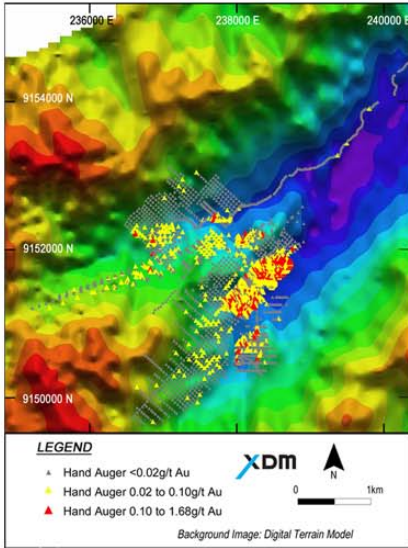
The Paraso Project is centred on the Nonda volcanic complex which has suffered sector collapse, similar to the Lihir deposit, along the Paraso Graben (a major crustal structure). Extensive high-level hydrothermal (epithermal-style) alteration occurs within the Graben over an area of >15km² which contains active geothermal hot springs. Initial field work supports interpretations that excellent epithermal-style gold mineralisation potential exists along the northern and southern major Graben bounding NE faults, both of which have received almost no previous exploration.

XDM holds a substantial land position in the Solomon Islands, totalling 1084km², in a region that has been widely considered over-looked and under-explored for mineral exploration and discovery. World class gold and copper deposits surround XDM's tenements, including Lihir (48.5Moz Au), Porgera (22Moz Au), Ok Tedi (10Moz Au, 3Mt Cu), and the massive Panguna deposit (25Moz Au, 6Mt Cu).

Recent Highlights:

- ✓ An airborne EM survey covering much of the main Graben area was completed by XDM, resulting in the identification of both conductivity and resistivity anomalies
- ✓ Rock chips returned up to 1.3g/t Au and 50g/t Ag in outcrop
- ✓ Soil sampling returned up to 3.25g/t Au with infill sampling underway
- ✓ Identified zones of mineralisation associated with major Graben bounding faults
- ✓ Strike potential of >12km (northern and southern Graben faults)
- ✓ Recognition that the alteration and metal associations are consistent with a high-level epithermal system (area of >15km²), with potential for high-grade bonanza Au at depth





Geology and Mineralisation:

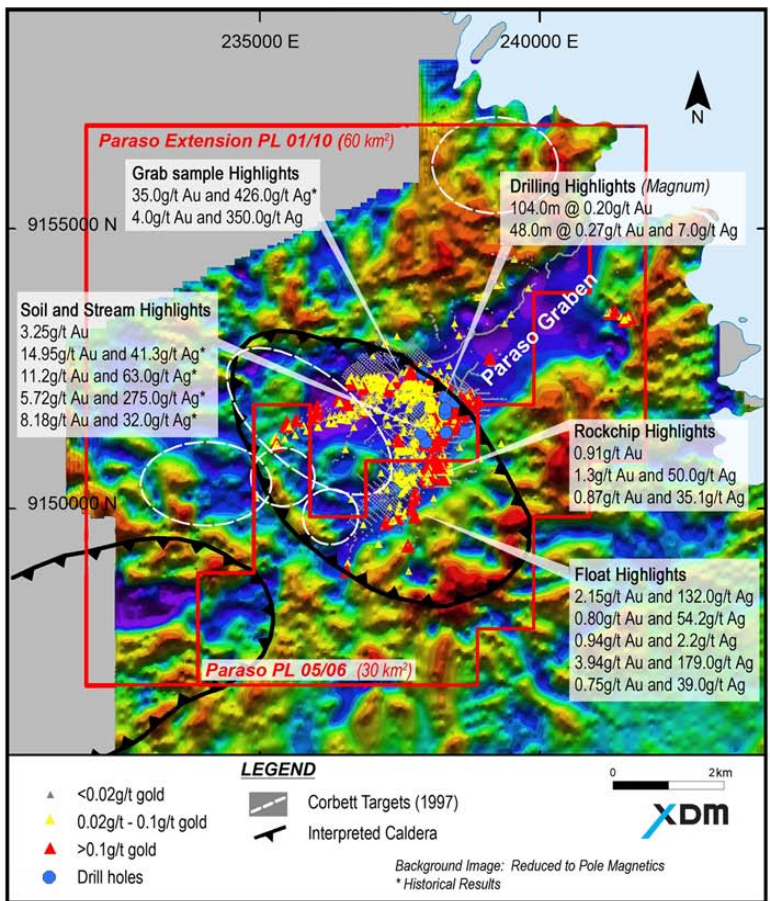
Two major crustal scale NE-trending, arc-normal faults identify the boundaries of the Graben, which are associated with widespread argillic alteration (clay-pyrite) >15km², which is clearly visible in the airborne magnetic data as a broad zone of magnetite destruction (a striking feature of large epithermal systems/deposits).

High-level epithermal-style Au (and Ag) mineralisation is associated with the Nonda volcanic centre (andesitic–basaltic) which is interpreted as a dissected stratovolcano which has suffered sector collapse along the NE-trending (arc-normal) Paraso Graben. The Graben structure is offset by a NW-trending strike slip fault structure that forms a NW-SE trending corridor in the central part of northern Vella Lavella island, and the Nonda Hill magnetic circular feature occurs in the centre of this corridor. There are also indications of a deeper level porphyry-style system associated with the Nonda volcanic centre.

Favourable Conditions for Mineralisation:

Widespread broad anomalous geochemistry (Au, Ag) is considered to represent the upper portions of a massive epithermal system, where good potential for bonanza Au is interpreted below the current level of exposure, associated with the major controlling structures.

Potential for an underlying Cu-Au porphyry-style is suggested by an altered breccia sample containing 0.7% Cu, which is interpreted as a mineralised fragment derived from depth along the southern Graben fault zone.



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Priority Targets:

- ✓ Identify the main feeder structures to the hydrothermal system where bonanza Au zones are expected
- ✓ The major bounding NE trending Graben fault zones (northern and southern bounding faults) where high-level epithermal mineralisation is associated with these structures
- ✓ Follow-up structural targets identified by Corbett (1997)