

29 March 2019

Dear Shareholder,

On behalf of the Directors of Xanadu Mines Ltd (the **Company** or **Xanadu**), I am pleased to invite you to attend the 2019 Annual General Meeting (**AGM**) of the Company. Enclosed is the Notice of Meeting setting out the business of the AGM.

The Company's 2019 AGM will be held on Tuesday, 30 April 2019 commencing at 10:00am (Sydney time) in the offices of Computershare Investor Services Pty Limited at Level 4, 60 Carrington Street, Sydney NSW.

If you are attending the AGM, please bring your Proxy Form with you to facilitate a faster registration. If you are unable to attend the AGM, I encourage you to complete and return the enclosed Proxy Form no later than 10:00am (Sydney time) on Sunday, 28 April 2019 in one of the ways specified in the Notice of Meeting and the Proxy Form.

I also encourage you to read the enclosed Notice of Meeting (including the Explanatory Memorandum) and the Proxy Form and consider directing your proxy how to vote in each resolution by marking either the "For" box, the "Against" box or the "Abstain" box on the Proxy Form.

Subject to the abstentions noted in the Explanatory Memorandum, the Directors of Xanadu unanimously recommend that shareholders vote in favour of all resolutions.

Xanadu's Chief Executive Officer, Dr Andrew Stewart will provide shareholders with an update of results from the current programmes, and future programmes for the Company, at our flagship Kharmagtai copper-gold project which is located one hours' drive north of the giant Oyu Tolgoi copper-gold deposit. Pleasingly, our recent drilling has registered some of the highest grade copper-gold intercepts to date.

As announced by the Company on 26 March 2019, Marcus Englebrecht and I will be standing down from the Board and as directors of the Company at the conclusion of the AGM. During the past two years of our tenure, there have been many significant achievements including the exciting Zaraa copper-gold discovery. Further, resources at Kharmagtai have been substantially increased and we have also discovered high-grade bornite at Stockwork Hill which looks to be the tip of what could prove to be a substantial copper-gold discovery. As the Company redirects its focus to the Australian retail markets, I will be handing over to Darryl Clark to lead as Executive Chairman based in Melbourne.

Following the conclusion of the AGM, you are welcome to join the Board and Management for light refreshments.

Thank you for your continued support of Xanadu and I look forward to the Company's redirection strategy adding value for all stakeholders.

Yours faithfully,



Kevin Tomlinson
Chairman
Xanadu Mines Ltd

 **CONTACT**
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Managing Director and Chief
Executive Officer
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www.xanadumines.com

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c/o Company Matters Pty Limited
Level 12, 680 George Street
Sydney NSW 2000
T: +612 8280 7497

 **MONGOLIA**
Olympic Street, Khoroo 1,
Suite 23, Building 23B
Sukhbaatar District,
Ulaanbaatar 14240, Mongolia
T: +967 5011 0211

 **ASX**
XAM

Xanadu Mines Ltd (ASX: XAM) is an exploration company that has assembled a significant exploration portfolio across Mongolia's porphyry belts. These belts are part of the larger Central Asian Orogenic Belt – one of the last great exploration frontiers known to host large copper porphyry deposits – and Mongolia is emerging as a globally significant copper province.

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XANADU MINES LTD
ABN 92 114 249 026

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (**AGM** or **Meeting**) of shareholders of Xanadu Mines Ltd (the **Company** or **Xanadu**) will be held:

Date: Tuesday, 30 April 2019
Time: 10:00am (Sydney time)
Venue: Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

The Explanatory Memorandum accompanying this Notice of Meeting provides additional information on matters to be considered at the AGM. The Entitlement to Attend and Vote section, the Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

A. CONSIDERATION OF REPORTS

The first item of business is to receive and consider the Financial Report, the Directors' Report, and the Independent Auditor's Report of the Company for the financial year ended 31 December 2018 (**Reports**).

All shareholders can view Xanadu's 2018 Annual Report, which contains the Financial Report, the Directors' Report, and the Independent Auditor's Report of the Company for the financial for the year ended 31 December 2018, under the 'Investors' tab on the Company's website at www.xanadumines.com.

B. QUESTIONS AND COMMENTS

Following consideration of the Reports, the Chairman of the Meeting will give shareholders a reasonable opportunity to ask questions about, or comment on the management of the Company.

The Chairman of the Meeting will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Independent Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chairman of the Meeting will also give the Auditor a reasonable opportunity to answer any written questions submitted by Shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of relevant written questions submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the AGM.

C. ITEMS FOR APPROVAL

Resolution 1 Re-election of Director - Dr Darryl Clark

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

“That Dr Darryl Clark, who retires in accordance with clause 11.4 of the Company’s Constitution and being eligible for election, is re-elected as a Director of the Company.”

Resolution 2 Remuneration Report

To consider and, if thought fit, pass the following as a non-binding ordinary resolution of the Company:

“That, the Company’s Remuneration Report for the financial year ended 31 December 2018, as set out in the Directors’ Report, is adopted.”

The Remuneration Report is contained in the 2018 Annual Report (available under the ‘Investors’ tab on the Company’s website at www.xanadumines.com). Please note that, in accordance with section 250R(3) of the *Corporations Act 2001* (Cth) (the **Corporations Act**), the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of, the following persons:

- (a) a member of the Key Management Personnel (**KMP**), whose remuneration details are included in the 2018 Remuneration Report; or
- (b) a closely related party of such KMP (including close family members and companies the KMP controls).

However, a person described above may cast a vote on Resolution 2 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or
- (b) the vote is cast by the Chairman of the Meeting and the appointment of the Chairman of the Meeting as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

In accordance with section 250BD of the *Corporations Act*, a vote must not be cast on Resolution 2 as a proxy by a member of the KMP at the date of the AGM, or a closely related party of those persons, unless it is cast as proxy for a person entitled to vote in accordance with their directions. This restriction on voting undirected proxies does not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of the KMP.

“Key management personnel” and “closely related party” have the same meaning as set out in the *Corporations Act 2001* (Cth).

Resolution 3 Ratification of Placement

To consider and, if thought fit, pass the following as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue on 20 June 2018 of a total of 58,823,530 fully paid ordinary shares in Xanadu (Shares) at an issue price of 17 cents per Share, and a total of 29,411,759 Options with a strike price of \$0.25 per Option, expiring on 26 June 2020, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, is ratified.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour on Resolution 3 by or on behalf of:

- (a) any person who participated in the above issue; or
- (b) an associate of those persons.

However, the Company need not disregard a vote cast on Resolution 3 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD



Philip Mackey
Company Secretary
29 March 2019

Corporate Representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. The appointment of the representative must comply with the requirements under section 250D of the Act. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the Company's representative.

A "Certificate of Appointment of Corporate Representative" form may be obtained from the Company's share registry or online at www.investorcentre.com under the help tab, "Printable Forms".

IMPORTANT: If you appoint the Chairman of the Meeting as your proxy, or the Chairman of the Meeting becomes your proxy by default, and you do not direct your proxy how to vote on Resolution 2, then by submitting the Proxy Form you will be expressly authorising the Chairman of the Meeting to exercise your proxy on the relevant resolution, even though the resolutions are connected, directly or indirectly, with the remuneration of the KMP.

Voting at the Meeting

It is intended that voting on each of the proposed resolutions at this Meeting will be conducted by a poll, rather than on a show of hands.

SHAREHOLDER QUESTIONS

Shareholders who are unable to attend the Meeting or who may prefer to register questions in advance are invited to do so. Please log onto www.investorcentre.com, select Voting then click 'Ask a Question', or alternatively submit the enclosed AGM Question Form.

To allow time to collate questions and prepare answers, please submit any questions by 10:00am (Sydney time) on Tuesday, 23 April 2019 (being no later than the fifth business day before the AGM is held). Questions will be collated and, during the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to shareholders.

ENCLOSURES

Enclosed are the following documents:

- Proxy Form to be completed if you would like to be represented at the AGM by proxy. Shareholders are encouraged to use the online voting facility that can be accessed on Xanadu's share registry's website at www.investorcentre.com to ensure the timely and cost-effective receipt of your proxy;
- an AGM Question Form to be completed if you would like a specific question to be addressed by the Chairman of the Meeting or Ernst & Young (our external auditor) at the AGM; and
- a reply-paid envelope for you to return either or both the Proxy Form and AGM Question Form

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of the Company (**Shareholders**) in relation to the business to be conducted at the Company's AGM to be held at 10:00am (Sydney time) on Tuesday, 30 April 2019.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required to decide how to vote upon the resolutions.

Subject to the abstentions noted below, the Directors unanimously recommend that Shareholders vote in favour of all Resolutions. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each resolution.

Resolutions 1 and 3 are ordinary resolutions, which requires that a simple majority of votes cast by Shareholders present and entitled to vote on the resolution must be in favour of the Resolution. Resolution 2, relating to the Remuneration Report, is an advisory resolution and does not bind the Directors or the Company..

Resolution 1 Re-election of Dr Darryl Clark

Dr Clark was appointed as a Director of Xanadu on 9 November 2012. In accordance with clause 11.4 of the Company's Constitution, Dr Clark retires by rotation and, being eligible, offers himself for re-election as a Non-Executive Director of Xanadu.

Dr Clark is an exploration geologist whose career has taken him throughout Australia, Central Asia and South East Asia for over 23 years. His responsibilities over the last 14 years have involved him in a diverse range of technological, political and cultural environments with unique challenges. During previous corporate roles with both Vale and BHP Billiton, and in consulting roles including SRK, he has been responsible for business development strategies, designing multi-commodity exploration programs and the co-ordination of exploration teams to deliver discovery events. Dr Clark was appointed as a Non-Executive Director of ASX listed Peako Limited (ASX:PKO) on 20 March 2019.

The Directors, with Dr Clark abstaining, unanimously recommend Shareholders vote in favour of Resolution 1.

Resolution 2 Remuneration Report

Section 250R(2) of the Corporations Act requires that the section of the Directors' Report dealing with the remuneration of Directors and Key Management Personnel (**KMP**) of the Company (**Remuneration Report**) be put to the vote of Shareholders for adoption by way of a non-binding vote. The vote on this resolution is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into account in setting remuneration policy for future years.

Shareholders can view the full Remuneration Report in the 2018 Annual Report which is available under the 'Investors' tab on the Company's website at www.xanadumines.com.

Following consideration of the Remuneration Report, the Chairman of the Meeting will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to Resolution 2.

Resolution 3 Ratification of Placement

On 20 June 2018, the Company announced it had successfully completed a placement to domestic and international institutional sophisticated investors, comprising the issue of 58,823,530 fully paid ordinary shares at a price of 17 cents per share raising approximately \$10 million (**Placement**). Participants in the Placement were also issued one free attaching unlisted Option for every two shares subscribed with a strike price of A\$0.25 and a two year term (**Options**), resulting in the Company issuing 29,411,759 Options. Bell Potter Securities Limited acted as Lead Manager to the Placement.

Under ASX Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its equity securities. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities (**Shares**) after the fact so that the securities issued are regarded as having been made with approval for the purpose of ASX Listing Rule 7.1.

The Company is seeking approval for the purposes of ASX Listing Rule 7.4 to enable the Company to refresh its issuing capacity under Listing Rule 7.1, thereby providing the Company with the flexibility to issue further Shares under ASX Listing Rule 7.1 if the need arises in the next 12 months.

The Placement was made within the 15% limit permitted under ASX Listing Rule 7.1 and without shareholder approval. Accordingly, Resolution 3 is proposed for the purpose of ratifying the issue of the Placement and thereby refreshing the Company's ability to issue Shares in the future up to the 15% limit should the need or opportunity arise.

For the purposes of ASX Listing Rule 7.5, the following information is provided:

- the number of Shares issued under the Placement was 58,823,530.
- the Shares issued under the Placement were issued at a price of 17 cents per share.
- Shares under the Placement have been issued to:
 - domestic and international institutional sophisticated investors who qualify under the requirements of sections 9 and 708 of the Corporations Act identified by Bell Potter Securities Limited acted as Lead Manager to the Placement; and
 - international resident investors to whom an offer of the Placement Shares did not require disclosure under the laws of the relevant jurisdiction.
- the Shares issued under the Placement were fully paid ordinary shares which rank equally with all other existing Shares from the date of issue.
- the funds raised from the Placement were used by the Company to complete resource drilling at the Kharmagtai Open Pit and proceed with a scoping study, continue exploration at Kharmagtai and Red Mountain projects, and general working capital.
- the number of Options issued under the Placement were 29,411,759, with a strike price of A\$0.25 and a two year term expiring on 26 June 2020.
- the Shares and Options were issued pursuant to Xanadu's 15% placement capacity in accordance with ASX Listing Rule 7.1.
- a Voting Exclusion Statement accompanies Resolution 3 in the Notice of Meeting.

The Directors unanimously recommend Shareholders vote in favour of Resolution 3

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XANADU MINES

XANADU MINES LTD
ABN 92 114 249 026

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

XAM

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:00am (Sydney time) Sunday, 28 April 2019

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the Meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Default to Chairman of the Meeting: Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted as set out in this Proxy Form, including where the Item is connected directly or indirectly with the remuneration of key management personnel of Xanadu Mines Ltd.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the Meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Xanadu Mines Ltd hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the directions set out below (or if no directions have been given, to vote as the proxy sees fit, to the extent permitted by law) at the Annual General Meeting of Xanadu Mines Ltd to be held at Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney NSW 2000 on Tuesday, 30 April 2019 at 10:00am (Sydney time) (Meeting) and at any adjournment or postponement of that Meeting.

Chairman of the Meeting is authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on resolution 2 (except where I/we have indicated a different voting intention below) even though resolution 2 is connected directly or indirectly with the remuneration of a member of key management personnel of Xanadu Mines Ltd.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on resolution 2 by marking the appropriate boxes in Step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Re-election of Dr Darryl Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/ /

XAM

999999A

Computershare