

## MANAGEMENT INFORMATION CIRCULAR

The Company is a reporting issuer in Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators, the following disclosure is required to be included with the Explanatory Statement.

## GENERAL PROXY INFORMATION

## Solicitation of Proxies

This management information circular ("Management Information Circular") is furnished in connection with the solicitation of proxies by the management of Xanadu Mines Ltd (the "Company") for use at the extraordinary general meeting of the shareholders of the Company (the "Meeting") to be held virtually at 10:00 am (Sydney time) on Thursday, October 1, 2020, and at all adjournments thereof for the purposes set forth in the accompanying notice of extraordinary general meeting (the "Notice"). The solicitation of proxies will be made primarily by mail and may be supplemented by telephone or other personal contact by the directors, officers and employees of the Company. Directors, officers and employees of the Company will not receive any extra compensation for such activities. The Company may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Company in favour of the matters set forth in the Notice. The Company may pay brokers or other persons holding ordinary shares of the Company ("Shares") in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and proxy materials to beneficial owners of Shares and obtaining proxies therefrom. The cost of the solicitation will be borne directly by the Company.

No person is authorized to give any information or to make any representation other than those contained in this Management Information Circular and the Explanatory Statement included with this Management Information Circular ("**Explanatory Statement and Management Information Circular**"), if given or made, such information or representation should not be relied upon as having been authorized by the Company. The delivery of this Explanatory Statement and Management Information Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

## Non-Registered Shareholders in Canada

Only registered shareholders of the Company, or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting. However, in many cases, Shares beneficially owned by a person (a "**Non-Registered Shareholder**") are registered either:

- (a) in the name of an intermediary (an "**Intermediary**") with whom the Non-Registered Shareholder deals in respect of the Shares (Intermediaries include, among others: banks, trust companies, securities dealers or brokers, trustees or administrators of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan and similar plans); or
- (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc., in Canada, and the Depository Trust Company, in the United States) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the Company has distributed copies of the Notice, this Explanatory Statement and Management Information Circular and the accompanying form of proxy (collectively, the "**Meeting Materials**") to the Intermediaries and clearing agencies for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries often use service companies to forward the Meeting

Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "voting instruction form") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (b) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the form of proxy. In this case, the Non-Registered Shareholder who wishes to submit a form of proxy should properly complete the form of proxy and deposit it with Computershare Investor Services Limited, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, Canada, M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Shares they beneficially own. Should a Non-Registered Shareholder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should carefully follow the instructions provided on the voting instruction form or form of proxy. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those regarding when and where the voting instruction form or the form of proxy is to be delivered.**

A Non-Registered Shareholder who has submitted a form of proxy may revoke it by contacting the Intermediary through which the Shares of such Non-Registered Shareholder are held and following the instructions of the Intermediary respecting the revocation of proxies.

### **Appointment of Proxies**

Enclosed herewith is a form of proxy for use at the Meeting. **A registered shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for the shareholder and on the shareholder's behalf at the Meeting, and at any adjournment thereof, other than the person designated in the form of proxy and may exercise such right by inserting the full name of the desired person in the blank space provided in the form of proxy.** If a shareholder is entitled to cast two or more votes at the Meeting, the shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. A shareholder who appoints two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and the appointments do not specify the proportion or number of the shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded.

A form of proxy will not be valid unless it is signed by the shareholder or by the shareholder's attorney duly authorized in writing or, if the shareholder is a Company, executed by a duly authorized officer in accordance with the instructions attached on the enclosed form of proxy. The form of proxy to be acted upon must be delivered:

1. in respect of a shareholder registered on the Company's Australian register, prior to 10:00 am (Sydney time) on Tuesday, September 29, 2020. **Proxies must be received before that time by one of the following methods:**
  - (a) post to Computershare Investor Services Pty Limited, GPO Box 242 Melbourne VIC 3001; or
  - (b) by facsimile to Computershare Investor Services Pty Limited on facsimile number +1 800 783 447 (within Australia) and + 61 3 9473 2555 (outside Australia); or
  - (c) by delivery in person to Computershare Investor Services Pty Limited, Level 3, 60 Carrington Street, Sydney, NSW 2000; or
  - (d) online at [www.investorvote.com.au](http://www.investorvote.com.au) (for Shareholders) or [www.intermediaryonline.com](http://www.intermediaryonline.com) (for Intermediary Online subscribers only);
  
2. in respect of a shareholder registered on the Company's Canadian register, prior to 8:00 pm (Toronto time) on Monday, September 28, 2020. **Proxies must be received before that time by one of the following methods:**
  - (a) post to Computershare Investor Services Inc., at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1; or
  - (b) by facsimile to Computershare Investor Services Inc. on facsimile number +1 866 249 7775; or
  - (c) by delivery in person to Computershare Investor Services Inc., at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1

Shareholders on the Company's Canadian register who wish to appoint a third party proxyholder to represent them at the online meeting must submit their proxy or voting instruction form (if applicable) prior to registering your proxyholder. Registering your proxyholder is an additional step once you have submitted your proxy or voting instruction form (see 2 a through c above). Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the online Meeting. To register a proxyholder, shareholders MUST visit <http://www.computershare.com/XanaduMines> by (day/time) and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a Username via email.

### **Revocation of Proxies**

A shareholder executing and delivering a form of proxy has the power to revoke it in accordance with the provisions of the *Corporations Act 2001 (Cth)* (the "**Corporations Act (Australia)**"), which provides that every proxy may be revoked by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

### **Voting of Proxies**

**The form of proxy accompanying this Explanatory Statement and Management Information Circular confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice and any other matters that may properly come before the Meeting.** At the time of printing this Explanatory Statement and Management Information Circular, management knows of no such amendment, variation or other matter.

Shareholders must mark the boxes directing its proxy how to vote. **If no voting instructions are indicated on the form of proxy, the proxy may vote as they choose subject to relevant laws.**

The Shares represented by the form of proxy will be voted in accordance with the instructions of the Shareholder on any ballot that may be conducted at the Meeting, or at any adjournment thereof, and if the Shareholder specifies a choice with respect to any matter acted upon, the Shares will be voted accordingly.

Voting at the meeting will only be available for Registered Shareholders and duly appointed proxyholders. Non-Registered Shareholders who have not appointed themselves may attend the meeting by clicking "**I am a guest**" and completing the online form.

In order to vote, Non-Registered Shareholders who appoint themselves as a proxyholder **MUST** register with Computershare at <http://www.computershare.com/XanaduMines> after submitting their voting instruction form in order to receive a Username (please see the information under the heading "Appointment of Proxies" above for details).

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

### Description of Share Capital

The Company is authorized to issue an unlimited number of Shares. Each Share entitles the holder of record thereof to one vote per Share at all meetings of the shareholders of the Company subject to certain exclusion of votes described in the Notice and Explanatory Statement. As at the close of business on August, 21, 2020, there were 948,951,083 Ordinary Shares issued and outstanding.

### Record Date

The Board has fixed August 25, 2020 as the record date for the determination of the shareholders of the Company entitled to receive the Notice and August 26, 2020 as the record date for the determination of the shareholders of the Company entitled to vote at the Meeting.

### Ownership of Securities of the Company

As at August 21, 2020, to the knowledge of the directors and executive officers of the Company, no person or Company beneficially owned, or controlled or directed, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of voting securities of the Company except as stated below:

<u>Name</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>Number</u>	<u>Percentage of Issued and Outstanding</u>
Asia Capital and Advisers Pte Ltd ("ACA") <sup>(1)</sup>	Ordinary Shares	Registered	195,719,478	20.62%

Note:

(1) ACA, as fund manager, exercises control over two investment entities which are direct shareholders of the Company, as follows: (i) CAAF Limited, the entity which beneficially owns, directly, 111,272,834 Ordinary Shares; and (ii) Copper Plate Success Limited, the entity which beneficially owns, directly, 84,446,644 Ordinary Shares. The majority beneficial shareholder of Copper Plate Success Limited is Francis Andrew Rozario. The settlor of CAAF Limited is Francis Andrew Rozario.

## PARTICULARS OF MATTERS TO BE ACTED UPON

For a detailed description of the matters to be acted upon, namely (a) ratification of prior issue of placement shares – August 2020; and (b) approval of the issue of Tranche 2 Shares, please refer to the Explanatory Statement included with this Management Information Circular and to "*Election of Directors*" herein.

## Items of Business

As announced on Monday, August 10, 2020, the Company successfully completed a placement of a total of 123,776,228 fully paid ordinary shares in the Company to existing shareholders and new sophisticated and professional investors at an issue price of 4.5 cents per ordinary share raising a total of \$5,569,930 (the “**Tranche 1 Shares**”). In addition to the issue of the Tranche 1 Shares, the Company also announced at the same time that it would undertake a further placement of up to 142,890,439 ordinary shares to existing shareholders and new sophisticated and professional investors on the same terms raising a further \$6,430,070 (the “**Tranche 2 Shares**”), subject to shareholder approval (which is the subject of Resolution 2). The issue of the Tranche 1 Shares and the Tranche 2 Shares will raise \$12,000,000 in total (before costs).

### **Resolution 1 - Ratification of a Prior Issue of Tranche 1 Shares on August 18, 2020**

The Company is seeking approval of the Ratification of a Prior Issue of Tranche 1 Shares on August 18, 2020 (Resolution 1) for the purposes of ASX Listing Rule 7.4, to enable the Company to refresh its issuing capacity under ASX Listing Rule 7.1, thereby providing the Company with the flexibility to issue equity securities in the future up to the 15% Threshold set out in ASX Listing Rule 7.1, without the requirement to obtain prior Shareholder approval if the need arises in the next 12 months.

Accordingly, shareholders are being asked to consider and, if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

*“That, the issue on August 18, 2020 of a total of 123,776,228 fully paid ordinary shares in Xanadu Mines Ltd at an issue price of 4.5 cents per ordinary share (**Tranche 1 Shares**), on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, is approved under and for the purposes of ASX Listing Rule 7.4. and for all other purposes”*

For more information concerning the Ratification of a Prior Issue of Tranche 1 Shares on August 18, 2020, please refer to the attached Explanatory Statement.

### **Resolution 2 - Approval of Issue of Tranche 2 Shares**

ASX Listing Rule 7.1 prohibits the Company (subject to certain exceptions such as pro-rata issues) from issuing or agreeing to issue equity securities (such as ordinary shares and Options) representing more than 15% of the Company's total issued securities, during a rolling 12-month period, without Shareholder approval (**15% Threshold**). At the time of agreeing to issue the Tranche 2 Shares, the Company had fully utilised its 15% Threshold (due to the issue of the Tranche 1 Shares) and as such, the issue of the Tranche 2 Shares is conditional upon shareholder approval. The issue of Tranche 2 Shares does not fall within any of the exceptions under Listing Rule 7.2.

Accordingly, shareholders are being asked to consider and, if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

*“That, the proposed issue of up to 142,890,439 fully paid ordinary shares in Xanadu Mines Ltd at an issue price of 4.5 cents per ordinary share (**Tranche 2 Shares**), on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, is approved under and for the purposes of ASX Listing Rule 7.1. and for all other purposes”*

For more information concerning the approval for the Issue of the Tranche 2 Shares, please refer to the attached Explanatory Statement.

## **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

Management of the Company knows of no matters to come before the Meeting other than as set forth in the Notice. However, if other matters, which are not known to management, should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as otherwise set out in the Explanatory Statement and Management Information Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee for election as a director of the Company nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed herein, no informed person (as that term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators) of the Company, no person proposed to be nominated for election as a director of the Company, nor any associate or affiliate of any of them, has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the ASX website at [www.asx.com.au](http://www.asx.com.au). Further financial information is provided in the audited consolidated financial statements of the Company for the financial year ended December 31, 2019 and related management's discussion and analysis which accompany this Explanatory Statement and Management Information Circular and have also been filed on SEDAR. Shareholders may also contact Phil Mackey, the Secretary of the Company, by e-mail at [mackey@company matters.com.au](mailto:mackey@company matters.com.au) to request a copy of these documents.

The Company will provide any shareholder of the Company, without charge, upon request to the Corporate Secretary of the Company:

- (a) one copy of the audited consolidated financial statements of the Company for the financial year ended December 31, 2019, together with the report of the auditor thereon;
- (b) one copy of the management's discussion and analysis for the financial year ended December 31, 2019; and
- (c) one copy of this Explanatory Statement and Management Information Circular.

## **APPROVAL**

The directors of the Company have approved the contents of this Explanatory Statement and Management Information Circular and the sending thereof to the shareholders of the Company.

DATED at Sydney, Australia this 24<sup>th</sup> day of August, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

*Signed: "Colin Moorhead"*

Colin Moorhead  
Chairman  
Xanadu Mines Ltd