

XANADU MINES

EXTRAORDINARY GENERAL MEETING

6 February 2024

XANADU MINES

15 December 2023

Dear Shareholders,

On behalf of the Directors of Xanadu Mines Ltd (the **Company** or **Xanadu Mines**), I am pleased to invite you to participate in an Extraordinary General Meeting (**EGM** or **Meeting**) of the Company. Enclosed is the *Notice of Meeting* setting out the business of the EGM.

The Company's EGM will be held on 6 February 2024 commencing at 11:00AM (Sydney/Melbourne time) at the Victoria Hotel 215 Little Collins Street, Melbourne VIC 3000.

Shareholders who cannot physically attend the EGM, will be able to participate in our EGM by:

- asking questions of the Board and the auditor before the EGM by lodging questions online at www.investorvote.com.au/login ; and
- voting on the resolutions to be considered at the EGM by lodging the enclosed Proxy Form before the EGM,

or by a combination of these steps.

If you are physically attending the EGM, please bring your Proxy Form with you to facilitate a faster registration. If you are unable to physically attend the EGM, I encourage you to complete and return the enclosed Proxy Form no later than 11:00AM (Sydney time) on 4 February 2024 in one of the ways specified in the Notice of Meeting and the Proxy Form.

I 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 on the resolutions 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 Mines recommend that shareholders vote in favour of the resolutions.

If you have any questions after reading the Notice of Meeting, please call the Shareholder Information Line on 1300 855 080 (within Australia) or +61 (03) 9415 4000 (outside Australia), Monday to Friday between 8:30am and 8:00pm (Sydney time).

Thank you for your continued support of Xanadu Mines.

Yours faithfully,



Colin Moorhead
Executive Chairman and Managing Director
Xanadu Mines Ltd

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

MONGOLIA
Suite 23, Building 9B
Olympic St, Sukhbaatar District
Ulaanbaatar, Mongolia
T: +967 7012 0211

Xanadu Mines Ltd ACN 114 249 026
www.xanadumines.com

XANADU MINES LTD
ABN 92 114 249 026

NOTICE OF EXTRAORDINARY GENERAL MEETING

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

Date: Tuesday 6 February 2024

Time: 11:00 AM (Melbourne time)

Venue: Victoria Hotel 215 Little Collins Street, Melbourne VIC 3000

The Explanatory Memorandum accompanying this Notice of Meeting provides additional information on matters to be considered at the EGM is hereby incorporated into and forms part of this Notice of Meeting.

ORDINARY BUSINESS

RESOLUTIONS

Resolution 1 Ratification of prior issue of 62,996,490 shares to Tranche 1 Participants

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

*“That, the issue on 24 November 2023 of a total of 62,996,490 fully paid ordinary shares in Xanadu Mines Ltd (**Shares**) at an issue price of \$0.055 per Share to those unrelated professional, sophisticated or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act who participated in the Tranche 1 Placement (**Tranche 1 Participants**) 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.”*

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 1 by or on behalf of the Tranche 1 Participants or an associate of any Tranche 1 Participant.

However, this does not apply to a vote cast in favour of Resolution 1 by:

- a) a person as proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with the directions given to the proxy or attorney to vote on Resolution 1 in that way; or
- b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with a direction given to the chair of the Meeting to vote on Resolution 1 as the chair of the Meeting decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 1; and
 - ii) the holder votes on Resolution 1 in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 2 Issue of Subscription Shares to Jinping (Singapore) Mining Pte Ltd

To consider and, if thought fit, pass, with or without amendment, the following as an Ordinary Resolution of the Company:

*“That, in accordance with Listing Rule 10.11, and for all other purposes, the Company be authorised to issue up to 15,185,328 fully paid ordinary shares in the Company at an issue price of \$0.055 per share to Jinping (Singapore) Mining Pte Ltd (a wholly owned indirect subsidiary of Zijin Mining Group Co. Ltd) on the terms and conditions contained in this Notice of Meeting and **attached** Explanatory Memorandum”*

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution 2 by or on behalf of:

- a) Jinping (Singapore) Mining Pte. Ltd.; or
- b) an associate of Jinping (Singapore) Mining Pte. Ltd.

However, this does not apply to a vote cast in favour of Resolution 2 by:

- a) a person as proxy or attorney for a person who is entitled to vote on Resolution 2, in accordance with directions given to the proxy or attorney to vote on Resolution 2 in that way; or
- b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 2, in accordance with a direction given to the chair of the Meeting to vote on Resolution 2 as the chair of the Meeting decides; or
- c) holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - ii) the holder votes on Resolution 2 in accordance with directions given by the beneficiary to the holder to vote in that way.

ENTITLEMENT TO ATTEND AND VOTE

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, the Board has determined that persons who are registered holders of shares of the Company as at 7pm (Sydney time) on 4 February 2024 will be entitled to attend and vote at the EGM as a shareholder. Accordingly, transactions registered after that time will be disregarded for determining which shareholders are entitled to participate and vote at the EGM.

If more than one joint holder of shares is present at the EGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register is counted.

All resolutions will be by poll

In accordance with rule 27 of the Company's Constitution, the Chairman of the Meeting intends to demand a poll on each of the resolutions proposed at the EGM. Each resolution considered at the EGM will therefore be conducted by a poll, rather than on a show of hands. The Chairman of the Meeting considers voting by poll to be in the best interests of the shareholders as a whole and is a way to ensure the views of as many shareholders as possible are represented at the Meeting.

Appointment of Proxy

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the EGM. A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the Share Registry of the Company no later than **11:00AM (Sydney time) on 4 February 2024**. Proxies must be received before that time by one of the following methods:

- | | |
|------------------------|--|
| By post: | Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia |
| By facsimile: | 1800 783 447 (within Australia)
+61 3 9473 2555 (outside of Australia) |
| By delivery in person: | Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street,
Abbotsford, VIC, 3067 |
| Online: | www.investorvote.com.au (for Shareholders)
www.intermediaryonline.com (Intermediary Online subscribers only) |

To be valid, a Proxy Form must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

Power of Attorney

A Proxy Form and the original power of attorney (if any) under which the Proxy Form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than **11:00AM (Sydney time) on 4 February 2024**, being 48 hours before the EGM.

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 EGM. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should ensure that a properly executed letter or other document confirming their authority to act as the company's representative is lodged with Company's share registry prior to the EGM.

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".

SHAREHOLDER QUESTIONS

Shareholders may submit questions about the items of business to be considered at the EGM by lodging questions online at www.investorcentre.com, select Voting then click 'Ask a Question'. Online questions should be submitted prior to 11:00AM (Sydney time) on 30 January 2024 (being no later than the fifth business day before the EGM is held). Questions will be collated, and during the EGM, the Chair of the Meeting will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the EGM 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 EGM by proxy. Shareholders are encouraged to use the online voting facility that can be accessed on Xanadu Mines' share registry's website at www.investorvote.com.au/login to ensure the timely and cost-effective receipt of your proxy;
- a **reply-paid envelope** for you to return the Proxy Form.

If you have any questions after reading the Notice of Meeting, please call the Shareholder Information Line on 1300 855 080 (within Australia) or +61 (03) 9415 4000 (outside Australia), Monday to Friday between 8:30am and 8:00pm (Sydney time).

BY ORDER OF THE BOARD



Bill Hundy
Company Secretary
15 December 2023

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist shareholders of the Company (**Shareholders**) in considering each of the Resolutions set out in the Company's *Notice of Extraordinary General Meeting*. This Explanatory Memorandum forms part of the Company's Notice of Extraordinary General Meeting to be held at **11:00 AM (Sydney time) on 6 February 2024**.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon each Resolution. The Company's Notice of Extraordinary General Meeting and this Explanatory Memorandum should be read in their entirety and in conjunction with each other.

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

Each Resolution is an ordinary resolution, which requires that a simple majority of votes cast by Shareholders present and entitled to vote on each Resolution must be in favour of the relevant Resolution.

BACKGROUND TO THE ITEMS OF BUSINESS

ORDINARY BUSINESS

Resolution 1 Ratification of prior issue of 62,996,490 shares to Tranche 1 Participants

On 24 November 2023, the Company issued 62,996,490 fully paid ordinary shares (**Shares**) at an issue price of \$0.055 per Share (**Tranche 1 Shares**) to unrelated professional, sophisticated or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act (**Tranche 1 Participants**) who participated in a private placement of the Tranche 1 Shares (**Tranche 1 Placement**).

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 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**).

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

The Tranche 1 Placement was made within the 15% Threshold permitted under ASX Listing Rule 7.1 without Shareholder approval. Accordingly, the Company is seeking approval of 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.

If Shareholders approve Resolution 1, the Tranche 1 Shares will be excluded in calculating Xanadu Mines' 15% limit in ASX Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the issue of the Tranche 1 Shares.

If Shareholders do not approve Resolution 1, the Tranche 1 Shares will be included in calculating Xanadu Mines' 15% limit under ASX Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the issue of the Tranche 1 Shares.

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

- a) Shares under the Tranche 1 Placement have been issued to unrelated professional, sophisticated or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act identified by the Company and Bell Potter Securities.
- b) 62,996,490 fully paid ordinary Shares were issued under the Tranche 1 Placement on 24 November 2023 at an issue price of \$0.055 per Share and rank equally with all other existing Shares.

- c) The Tranche 1 Shares were issued to enable the Company to execute on its Horizon 2 and Horizon 3 strategy, including exploration at the Red Mountain Copper-Gold Project, new project acquisition and exploration, and working capital.
- d) The Tranche 1 Shares were issued pursuant to Xanadu Mines' 15% placement capacity in accordance with ASX Listing Rule 7.1.
- e) A Voting Exclusion Statement accompanies Resolution 1 in the Notice of Meeting.

Director Recommendations

The Directors unanimously recommend Shareholders vote in favour of Resolution 1.

Resolution 2 Issue of Subscription Shares to Jinping (Singapore) Mining Pte Ltd

Background

Resolution 2 seeks Shareholder authorisation to issue 15,185,328 fully paid ordinary shares in the Company (**Subscription Shares**) at an issue price of \$0.055 to Jinping (Singapore) Mining Pte Ltd (a wholly owned indirect subsidiary of Zijin Group Mining Co. Ltd) (**Zijin**).

On 8 December 2023, the Company entered into a share subscription agreement (**Share Subscription Agreement**) with Zijin under which Zijin agreed to subscribe for the Subscription Shares so that it would hold in aggregate 19.42% of the Company's shares following the completion of the Tranche 1 Placement and the Share Subscription Agreement.

The issue of Subscription Shares to Zijin was conditional a number of customary conditions (**Conditions Precedent**) including:

- (a) (**Xanadu Shareholder approval**) the Shareholders of the Company approving the issue of the Subscription Shares under this Resolution 2; and
- (b) (**FIRB Condition**) Zijin obtaining all relevant FIRB approvals in respect of the acquisition of the Subscription Shares, which as at the date of this Notice of Meeting, has not yet been obtained.

ASX Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to, *inter alia*, a substantial holder of the Company and an associate of a substantial holder of the Company, unless it obtains the approval of its shareholders.

If approval is given under Listing Rule 10.11, approval will not be required under Listing Rule 7.1, and the securities issued pursuant to Resolution 2 will not be included in the calculation of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

It is the view of the Company that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Subscription Shares.

If Resolution 2 is passed, subject to the remaining Condition Precedent being satisfied, the Company will be able to issue the Subscription Shares to Zijin. In addition, the Subscription Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1. If Resolution 2 is passed, the issue of the Subscription Shares will not count towards the Company's 15% Capacity for the purposes of Listing Rule 7.1.

If Resolution 2 is not passed, the relevant Condition Precedent will not be satisfied and the Subscription Shares will not be issued to Zijin.

Information for Listing Rule 10.13

For the purposes of Listing Rule 10.13, the Company provides the following information:

The name of the person	The Subscription Shares will be issued to Jinping (Singapore) Mining Pte Ltd (a wholly owned indirect subsidiary of Zijin Group Mining Co. Ltd)
-------------------------------	---

Which category in rules 10.11.1 – 10.11.5 the person falls within and why	Zijin is a substantial (10%+) holder of the Company who has nominated a director to the board of the Company for the purpose of Listing Rule 10.11.3.
The number and class of securities to be issued to the person	15,185,328 fully paid ordinary shares in the capital of the Company
The price or other consideration the entity will receive for the issue	The Subscription Shares will be issued for \$0.055 per Share.
The date or dates on or by which the entity will issue the securities	The Subscription Shares will be issued 10 Business Days following the satisfaction of the last of the Conditions Precedent, but no later than 1 month after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules). The Subscription Shares will not be issued if the remaining Condition Precedent is not satisfied.
The purpose of the issue, including the intended use of any funds raised by the issue	The primary purpose of the issue of the Subscription Shares is to execute on its Horizon 2 and Horizon 3 strategy, including exploration at the Red Mountain Copper-Gold Project, new project acquisition and exploration, and working capital.
If the securities are being issued under an agreement, a summary of any other material terms of the agreement	The Subscription Shares will be issued pursuant to a Share Subscription Agreement under which Zijin agreed to subscribe for 15,185,328 Shares.
Voting exclusion statement	There are restrictions on voting on Resolution 2 by Zijin and Zijin's associates. A voting exclusion statement is included in the Notice of Meeting.

Director Recommendations

Shaoyang Shen abstains, in the interests of corporate governance, from making a recommendation in relation to Resolution 2. All other Directors unanimously recommend Shareholders vote in favour of Resolution 2.