

# XANADU MINES

## 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 annual general meeting of the shareholders of the Company (the "**Meeting**") to be held at the Victoria Hotel, 215 Little Collins St, Melbourne VIC 3000. at 11:00 am (Melbourne time) on Thursday, 23 May 2024, and at all adjournments thereof for the purposes set forth in the accompanying notice of annual 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 11:00 am (Melbourne time) on 11:00am (AEST) on Tuesday, 21 May 2024. **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, Australia; or
  - (b) 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, Australia; or
  - (d) online at [www.investorvote.com.au/xam](http://www.investorvote.com.au/xam) (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 11:00 am (Toronto time) on Friday, 17 May 2024, by mail to Computershare Investor Services Inc., at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile at +1 866 249 7775.

## 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 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 22 April 2024 there were 1,716,006,009 Ordinary Shares are issued and outstanding.

### Record Date

The Board has fixed 22 April 2024, as the record date for the determination of the shareholders of the Company entitled to receive the Notice and 23 May 2024, 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 of 22 April 2023, 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:

Name	Designation of Class	Type of Ownership	Number	Percentage of Issued and Outstanding
Asia Capital and Advisers Pte Ltd (“ACA”) <sup>1</sup>	Ordinary Shares	Registered	226,665,378	13.21%
Jingping (Singapore Mining Pte Ltd) <sup>2</sup>	Ordinary Shares	Registered	333,301,460	19.42%

Notes:

- (1) ACA, as fund manager, exercises control over CAAF Limited, the entity which beneficially owns, directly, 226,665,378 Ordinary Shares. The settlor of CAAF Limited is Francis Andrew Rozario.
- (2) Jingping (Singapore) Mining Pte Ltd is a wholly owned subsidiary of Zijin Mining Group Co., Ltd.

## PARTICULARS OF MATTERS TO BE ACTED UPON

For a detailed description of the matters to be acted upon, namely: (a) presentation of the financial statements; (b) re-election of Tony Pearson; (c) adoption of remuneration report; and (d) grant of options to Colin Moorhead, Ganbayer Lkhagvasuren, Michele Muscillo and Tony Pearson, and e) renewal of proportional takeover provisions in the Xanadu Constitution, please refer to the Explanatory Statement included with this Management Information Circular and to "Election of Directors" herein.

Ernst & Young has been the auditor of the Company since 2008.

## Election of Directors

For more information concerning the election of directors, please refer to the attached Explanatory Statement.

The board of directors of the Company (the "**Board**") currently consists of five (5) directors. The following table provides the name, municipality of residence, positions held with the Company, number of securities beneficially owned or controlled or directed and principal occupation during the preceding five years of each of the directors and proposed directors of the Company.

Name and Place of Residence	Position with the Company	Principal Occupation <sup>1</sup>	Director and/or Officer Since	Number of Ordinary Shares Held (Percentage Held) <sup>2</sup>
<i>Colin Moorhead</i> <sup>3,4,5</sup> Victoria, Australia	Executive Chairman and Managing Director	Mining industry executive with 30+ years experience. Former roles include CEO Merdeka Copper Gold, President AusIMM, Executive General Manager Minerals at Newcrest Mining	29 November 2019	8,840,000 (0.52%)
<i>Ganbayar Lkhagvasuren</i> <sup>5</sup> Ulaanbaatar, Mongolia	Executive Director	Director, Xanadu Explorations Mongolia LLC; and Director, Xanadu Mines Mongolia LLC	2 August 2005	16,558,329 (0.96%)
<i>Michele Muscillo</i> <sup>3,4</sup> Queensland, Australia	Independent Non-Executive Director	Partner, HopgoodGanim Lawyers; Non-Executive Director, Cardinal Resources Limited since November 2016; Non-Executive Director, Aeris Resources Limited since May 2013. Non-Executive Director, Mako Gold Limited since April 2017	14 August 2017	4,019,981 (0.23%)
<i>Tony Pearson</i> <sup>3,4</sup> NSW, Australia	Independent Non-Executive Director	Experienced industry executive and company director. Chair of Peak Resources Limited and Cellnet Group Limited. Former Non-Executive Director of Aspire Mining Limited and Group Executive of SouthGobi Resources Ltd. Prior to these non-executive appointments, a Managing Director at HSBC	3 May 2021	2,460,555 (0.14%)
<i>Shaoyang Shen</i> Toronto, Canada	Non-Executive Director	Deputy President for Corporate Development & Overseas Operations of Zijin Mining Group.	10 March 2023	Nil

Notes:

- (1) The information as to principal occupation has been furnished by each director and/or officer individually.
- (2) Includes direct and indirect interests of the directors and their related entities.
- (3) Member of the Audit and Risk Committee. Chair of the Audit and Risk Committee is Tony Pearson.
- (4) Member the Nomination and Remuneration Committee. Chair of the Nomination and Remuneration Committee is Michele Muscillo.
- (5) Member of the Safety, Health and Environment Committee. Chair of the Safety, Health and Environment Committee is Colin Moorhead.

Directors of the Company have a fixed term of office of three years. Pursuant to the Company's constating documents, each director of the Company, other than the Managing Director (if there is one appointed), must retire from office at the end of the third annual general meeting following such director's last appointment or three years, whichever is longer. Any director appointed by the Board to fill a casual vacancy during the year will hold office until the conclusion of the next annual general meeting of the Company but is eligible for election at such meeting. The Company qualifies as an "Interlisted International Issuer" within the meaning of the TSX Company Manual. The Company has applied for, and obtained, pursuant to Section 401.1 of the TSX Company Manual, an exemption from the director election requirements set forth in Sections 461.1 to 461.4 of the TSX Company Manual.

Other than as set out below, none of the nominees for election as a director of the Company is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set out below, none of the nominees for election as a director of the Company:

- (a) is, as at the date hereof, or has been, within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of such person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person; or
- (c) has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **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.

#### **STATEMENT OF EXECUTIVE COMPENSATION**

##### ***Compensation Discussion and Analysis***

The following discussion describes the significant elements of the Company's executive compensation, with particular emphasis on the process for determining compensation payable to the Company's "Named Executive Officers" or "NEOs" for the 2023 financial year, which means each of the following individuals: (i) each individual who, in respect of the Company, during any part of the 2023 financial year, served as the CEO, including an individual performing functions similar to a CEO; (ii) each individual who, in respect of the Company, during any part of the 2023 financial year, served as the CFO, including an individual performing functions similar to a CFO; (iii) in respect of the Company, the most highly compensated executive officer than the individuals identified in paragraphs (i) and (ii) at the end of the 2023 financial year whose total compensation was more than C\$150,000; and (iv) each individual who would be an NEO under (iii) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year. For the purposes of this section, the only NEOs of the Company are: Colin Moorhead, Executive Chairman and Managing Director; Ganbayar Lkhagvasuren, Executive Director and Country Manager; Spencer Cole, CFO and Chief Development Officer; Munkhsaikhan Dambiinyam, COO; and Dr. Andrew Stewart, Vice President Exploration.

##### **Compensation Objectives**

Details regarding the Company's compensation objectives and principles are set out below.

##### **Remuneration Policy**

In January 2023, the Board adopted a new *Board, Executive and Employee Remuneration Policy* ("Remuneration Policy").

## 1. EXECUTIVE SUMMARY

The Remuneration Policy and Program Details are intended to address the 2023 financial year ending December 31, subject to Board discretion, which represents three Performance Periods, defined as calendar years.

### Remuneration Structure

Xanadu remuneration is structured in three tiers, including Total Fixed Remuneration (**TFR**), Short Term Incentive (**STI**), and Long-Term Incentive (**LTI**).

- TFR provides fixed remuneration that targets the upper second quartile of comparable companies to enable recruitment and retention of highly competent executives.
- STI represents at risk incentives intended to provide an interim reward for measurable progress toward strategic objectives during each Performance Period.
- LTI is delivered via a multi-year, event driven at risk incentive program, which requires delivery of company strategic objectives that drive material uplift in shareholder value.

Position	TFR	Target STI % of TFR	Target LTI % of TFR <sup>1</sup>
Executive Chairman & MD <sup>2</sup>	A\$220,000	50	80
Independent Non-Executive Director <sup>3,4</sup>	A\$60,000	Nil	90
Executive Director & Country Manager	US\$265,000	30	40
Vice President Exploration	A\$365,000	30	35
CFO & Chief Development Officer	A\$352,000	30	35
COO	US\$180,000	30	35

Notes:

- Shown as annual number = total LTI award divided by TFR over the life of the program
- Remuneration reflects this role as a nominal 50%-time commitment
- Compensation is paid to independent Non-Executive Directors only. Nominee Non-Executive Directors are not compensated.
- A\$10,000 additional TFR is paid for each committee chaired by a Non-Executive Director

### STI Program

STI Awards are paid as cash at the end of the Performance Period (calendar year), based on a mix of group and personal KPIs, allocated per the table below. STI payments require two triggers: (1) Group KPI must achieve >65%, and (2) Xanadu must be in a cash position to pay the STI in cash without reducing cash on hand below liquidity targets. The STI payment is calculated as  $STI\ Paid = (Target\ STI) \times (Group\ KPI\ Result) \times (Group\ KPI\ Weighting) + (Personal\ KPI\ Result) \times (Personal\ KPI\ Weighting) + (Board\ Discretion)$ .

Position	Group KPI Weighting %	Personal KPI Weighting (%)
Executive Chairman & MD	80	20
Executive Director & Country Manager	70	30
Vice President Exploration	70	30
CFO / Chief Development Officer	70	30
COO	70	30

### Executive & Non-Executive Director LTI Program

Xanadu's LTI program is a multi-year, event driven program that aligns to company strategic objectives and reflects shareholder value creation in stages that uplift share price for short- and medium-term holders and ultimately deliver a liquidity event for longer term holders.

Under the Company's remuneration policy, the Company has issued options to its directors between 2020 and 2023, including a range of performance criteria, which were approved at the 2020 AGM held on 30 July 2020 and at the 2023 EGM held on 7 February 2023.

The LTI awards are granted up front in the form of equity (Zero Exercise Price Options or "ZEPO") and are subject to vesting criteria.

**Executive & Non-Executive Director Options Issued In 2023 LTI Program**

Options granted in 2023 are subject to the following vesting conditions.

- Performance Condition - delivery of a satisfactory pre-feasibility study for the Kharmagtai Copper – Gold Project which supports a JORC Code, 2012 compliant Ore Reserve or NI 43-101 compliant Mineral Reserve with:
  - a life of mine of at least 20 years (using economic input parameters consistent with the Scoping Study conducted by the Company dated 6 April 2022 and the NI43-101 Preliminary Economic Assessment Technical Report prepared by the Company dated 20 June 2022);
  - an internal rate of return of at least 20%; and
  - a payback period of less than 6 years (PFS),
- Continuous Employment Condition - remaining continuously employed or engaged with the Company (or any related body corporate) for a period of:
  - in the case of the Executive Director Options - three years commencing from the date of the offer letter issued to the Director for the Executive Director Options; or
  - in the case of the Non-Executive Director Options – 18 months continuous service (first tranche of 50% of the Non-Executive Director Options) and three years continuous service (second tranche of 50% of the Non-Executive Director Options) from the date of the offer letter issued to the Director for the Non-Executive Director Options
- Share Price Hurdle - the volume weighted average market price (VWAP) of the Company's shares calculated over 5 consecutive days on which sales in the shares of the Company were recorded commencing the day after the earlier of either (a) the date on which the Performance Condition is satisfied or (b) the Continuous Employment Condition is satisfied is higher than the share price as determined by the VWAP of issued securities of the Company calculated over 10 consecutive days on which sales in the shares of the Company were recorded commencing on 1 December 2022,

ZEPO will vest at the end of each Performance Period in which all criteria are achieved. Vested rights are then 20% restricted from exercise or disposal for two years after vesting. In the event of a Change of Control or early delivery of the final Tranche, all Tranches will vest without restriction. Options that do not vest within 72 months of issue will expire. Any vested Options that are not exercised within 48 months of their vesting will expire.

**Executive & Non-Executive ZEPO Granted in 2023 LTI Program**

Position	Name	ZEPO / Tranche (x1,000,000)	Exercise Value at 3c/sh (A\$K) <sup>1,2</sup>
Exec Chair & MD	Colin Moorhead	17.60	528
Exec Director & Country Manager	Ganbayar Lkhagvasuren	15.17	455
VP Exploration	Andrew Stewart	12.77	270
CFO & CDO	Spencer Cole	12.33	370
COO	Munkhsaikhan Dambiinyam	9.00	383
Independent Non Exec Director	Michele Muscillo	6.30	189
Independent Non Exec Director	Tony Pearson	6.30	189
Non-Exec Director <sup>3</sup>	Shaoyang Shen	-	-
<b>TOTAL</b>		79.60	2,384

Notes:

- (1) Not adjusted for probability of vesting.
- (2) Maximum options to be granted based on a 3c/sh, 5 day VWAP at Notice of Meeting date
- (3) Nominee Directors are not paid compensation in the form of cash or shares.

**Executive and Executive Director Options Issued in 2020 LTI Program**

Options issued prior to 2023 as aligned to the 2020 Strategy, with a primary focus on delivery of an upgraded Mineral Resource, Scoping Study, and Funding Partner for Kharmagtai. These ZEPO are subject to the following vesting criteria:

- Performance Condition - achievement of one or more LTI Tranches per the table below, and
- Continuous Service Condition – remaining continuously employed for at least 2 years from the start of the program.
- Share Price Hurdle - satisfaction of the share price hurdle described in the table below.

ZEPO will vest at the end of each Performance Period in which all criteria are achieved. Vested rights are then 20% restricted from exercise or disposal for two years after vesting. In the event of a Change of Control or early delivery of the final Tranche, all Tranches will vest without restriction. Options that do not vest within 72 months of issue will expire. Any vested Options that are not exercised within 48 months of their vesting will expire.

**Executive & Executive Director Performance Conditions in 2020 LTI Program**

LTI Tranche	Performance Criteria (Strategic Objectives)
A	Approval by Government of Mongolia to progress exploration at Yellow Mountain, or replacement of Yellow Mountain with new prospective ground in the portfolio.
B	Discovery at Red Mountain of a pre-JORC >60Mt @0.6% CuEq, confirmed as a highly prospective discovery by an Independent Competent Person review.
C	Define a JORC compliant Mineral Resource Estimate >1000Mt @ 0.5% CuEq at Kharmagtai with an accompanying Independent Competent Person sign-off
D	Define a high-grade starter pit or block at Kharmagtai supported by a JORC compliant Mineral Resource Estimate >100Mt @0.8% CuEq and an Independent Competent Person sign-off
E	Shareholder Liquidity Event taking the form of: <ul style="list-style-type: none"> <li>o Kharmagtai sale as an asset with &gt;1Bt JORC Mineral Resource Estimate</li> <li>o Xanadu company sale (or JV at least 30%) at &gt;5% premium to market</li> <li>o Kharmagtai JV, funding at least 50% through to PFS</li> </ul>

**Executive & Executive Director Share Price Hurdles in 2020 LTI Program**

Tranche	Share Price Hurdle
A	The volume weighted average market price of the Company's shares calculated over 10 consecutive days on which sales in the shares of the Company were recorded ( <b>10-day VWAP</b> ) after the date on which the Performance Criteria for the Tranche A Executive Director Options is satisfied has been at least \$0.18 per share.
B	The 10-day VWAP after the date on which the Performance Criteria for the Tranche B Executive Director Options is satisfied has been at least \$0.18 per share.
C	The 10-day VWAP after the date on which the Performance Criteria for the Tranche C Executive Director Options is satisfied has been at least \$0.18 per share.
D	The 10-day VWAP after the date on which the Performance Criteria for the Tranche D Executive Director Options is satisfied has been at least \$0.18 per share.
E	The 10-day VWAP after the date on which the Performance Criteria for the Tranche E Executive Director Options is satisfied has been at least \$0.28 per share.

**Executive and Executive Director ZEPO Granted in 2020 LTI Program**

Position	Name	Tranche A ZEPO (x1,000,000)	Tranche B ZEPO (x1,000,000)	Tranche C ZEPO (x1,000,000)	Tranche D ZEPO (x1,000,000)	Tranche E ZEPO (x1,000,000)
Exec Chair & MD	Colin Moorhead	-	-	-	-	6.00
Exec Director	Ganbayar Lkhagvasuren	0.50	1.00	1.50	1.50	4.00
VP Exploration	Andrew Stewart	0.75	1.50	2.25	2.25	6.00
CFO & CDO	Spencer Cole	0.50	1.00	1.50	1.50	4.00
COO	Munkhsaikhan Dambiinyam	0.50	1.00	1.50	1.50	4.00
<b>Total</b>		<b>2.25</b>	<b>4.50</b>	<b>6.75</b>	<b>6.75</b>	<b>24.00</b>

**Non-Executive Director Options Issued in 2020 LTI Program**

Non-Executive Director LTIs were granted up front in the form of equity (ZEPO) which vest at the end of each Performance Period (calendar year) based on service. All Non-Executive Director ZEPO issued in the 2020 LTI Program have vested. Options must be exercised within 18 months of vesting.



## 2. PURPOSE

The purpose of the Remuneration Policy is to establish clear and guiding principles for decisions by Xanadu around employee and executive remuneration and to ensure fair, competitive and appropriate pay for the markets in which Xanadu operates.

Xanadu's goal is to ensure that the mix and balance of remuneration is appropriate to attract, motivate and retain high calibre directors, senior executives and key management personnel, utilising a policy that is consistent with Xanadu's business strategy and contemporary Corporate Governance standards.

## 3. SCOPE

The Remuneration Policy applies to all employees and Directors within Xanadu's global business, and subject to Board discretion, it is intended to be effective through the end of calendar year 2023.

## 4. GOVERNANCE

Effective governance ensures that the Remuneration Policy is translated into effective decisions that are consistent with the intentions of the Xanadu Board of Directors of (**Board**).

The Board approves the Remuneration Policy, all remuneration budgets including the quantum of Short-Term Incentive (**STI**) and Long-Term Incentive (**LTI**), the design of all executive Key Management Personnel (**KMP**) remuneration and incentive programs and the quantum of remuneration for the Board, the Managing Director and senior executives.

The Nomination and Remuneration Committee oversees the implementation of these policies, supported by independent external advice as required.

## 5. NON-EXECUTIVE DIRECTOR REMUNERATION

In line with the ASX Corporate Governance Guidelines, Xanadu adopts the following position with regards to Non-Executive Directors ("**NEDs**"):

- (a) NEDs are remunerated by way of fees in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity;
- (b) NED remuneration includes Total Fixed Remuneration (**TFR**) and participation in the Long-Term Incentive (**LTI**) scheme, as defined in Section 6 of the Remuneration Policy
- (c) NEDs will not participate in STI schemes, which do not align with the duties of a NED;
- (d) NEDs will not be provided with retirement benefits other than statutory superannuation.

The aggregate cash remuneration payable to Non-Executive Directors shall not exceed the maximum amount of A\$350,000 as approved at the 2010 annual general meeting. The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable by shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers fees paid and securities issued to Non-Executive Directors of comparable companies when undertaking the annual review as well as the time commitment of directors in discharging duties at Board, Committee work, and additional assistance provided to the Company. Currently, the Non-Executive Director base fee is \$60,000 per annum and a Committee Chairman receives \$10,000 per annum per committee.

Shareholders are to approve Non-Executive Director remuneration including TFR and, participation in the LTI scheme at an annual general meeting. Note that once enrolled in a multi-year LTI scheme, unless changed, it does not require annual re-approval.

Non-executive Directors will receive reimbursement for all costs directly related to the performance of their duties on behalf of Xanadu.

The Board will review non-executive Director remuneration periodically to ensure remuneration levels are maintained in line with market expectations.

Except as detailed in this Explanatory Statement and Management Information Circular, no director has received or become entitled to receive, during or since the financial year end, a benefit because of a contract made by the Company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount

of emoluments received or due and receivable by directors and shown in the Remuneration Report, prepared in accordance with the Company's regulations, or the fixed salary of a full-time employee of the Company.

During the financial year ended 31 December 2023, options were issued to directors of the Company as described above in the section titled "Executive & Non-Executive Director Options Issued In 2023". As of the date of this Management Information Circular, Nil Options have been issued to non-executive directors under the Company's Employee Share and Option Plan ("ESOP").

In addition, non-executive directors of the Company are entitled to receive compensation to the extent that they provide services (other than in their capacity as a director) to the Company at rates that would be charged by such directors for such services to arm's length parties. In addition to director fees, the following payments for goods and services were made to directors or their related entities:

#### Additional Payments to Directors or Their Related Entities

	31 Dec 2023 \$AUD	31 Dec 2022 \$AUD	31 Dec 2021 \$AUD
Office rent, paid to Ganbayar Lkhagvasuren <sup>1</sup>	72,175	75,532	77,396
Legal fees, paid to HopgoodGanim Lawyers <sup>2</sup>	203,489	171,946	58,440
Consultant fees paid to consultants employed by through Colin Moorhead and Associates <sup>3</sup>	0	4,808	59,056
Melbourne office rent and operations support paid to Colin Moorhead and Associates <sup>4</sup>	71,999	63,772	53,172
Sydney office rent paid to Bastion Minerals <sup>5</sup>	0	30,920	22,500

Notes:

- (1) The Company maintains a rental agreement for its Ulaanbaatar office with Ganbayar Lkhagvasuren, an Executive Director of the Company. The transaction between these related parties is on normal commercial terms and conditions no more or less favourable than those available to other parties that are arm's length.
- (2) The Company sources legal services from HopgoodGanim Lawyers, where Non-Executive Director Michele Muscillo is a partner. These services are provided on normal commercial conditions, no more or less favourable than those available to other parties.
- (3) The consultants are employed through Colin Moorhead & Associates, a company associated with Colin Moorhead, the Non-Executive Chairman of the Company, as arm's length, pass through costs.
- (4) The Company maintains a rental and executive support agreement related to a Melbourne office with Colin Moorhead & Associates, a company associated with Colin Moorhead, the Non-Executive Chairman of the Company, as an arm's length, pass through cost arrangement.
- (5) In 2021 and 2022, the Company maintained a rental agreement related to a Sydney office with Bastion Minerals Limited, a company at which Dr. Andrew Stewart, formerly CEO and Executive Director of the Company, was Non-Executive Director. The transactions between these parties are on normal commercial terms and conditions, no more or less favourable than those available to other parties that are at arm's length. This rental agreement was terminated in 2022.

## 6. POLICY DETAILS

### 6.1 Remuneration Policy Statement

Consistent with contemporary Corporate Governance Standards, Xanadu's Remuneration Policy aims to set remuneration that is fair, competitive and appropriate for the markets in which it operates and is mindful of internal relativities.

Xanadu will aim to ensure that the mix and balance of remuneration is appropriate to reward fairly, attract, motivate and retain high calibre Directors, KMP and other key employees.

Specific objectives of this policy include the following:

- (a) Provide a fair and competitive (internal and external) fixed annual remuneration for all positions under transparent policies and review procedures;
- (b) Link rewards to shareholder value accretion by providing appropriate equity (or equivalent) incentives linked to long-term company performance and core values;
- (c) Provide competitive total rewards to attract and retain appropriately skilled employees, executives and directors;
- (d) Have a meaningful portion of remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks, both short (annual) and long term (>2 years); and
- (e) Establishing appropriate, demanding performance hurdles for any equity incentive remuneration.

Appropriate remuneration policy settings will be achieved by consistently applying a clear remuneration strategy directed at supporting the Board approved business strategy with appropriate and flexible processes, policies and procedures established by the board from time to time.

Remuneration will consist of fixed and ‘at risk’ remuneration components.

Fixed remuneration (TFR) will consist of base salary, superannuation (or equivalent), other benefits and allowances. Within Mongolia, the terms net TFR and gross TFR are used. Net TFR is fixed remuneration net of all taxes including Personal Income Tax and Social Insurance Tax, and the Company is responsible for paying these taxes. Gross TFR includes personal income tax but excludes employer social insurance tax. Within Australia, the term TFR is inclusive of personal income tax but excludes payroll tax.

‘At risk’ or variable remuneration will consist of entitlements received under Xanadu’s approved STI and/or LTI scheme.

Xanadu’s remuneration strategy and objectives for Xanadu Key Management Personnel (KMP) is summarised in the following table.

Xanadu Executive KMP Remuneration Objectives			
Shareholder value creation through equity components	An appropriate balance of ‘fixed’ and ‘at risk’ components	Creation of reward differentiation to drive performance culture and behaviours	Attract, motivate and retain executive talent required at stage of development
Total Remuneration will be set as follows:			
Fixed		At Risk	
Total Fixed Remuneration (TFR)		Short Term Incentives (STI)	Long Term Incentives (LTI)
TFR is set based on market relativities, reflecting responsibilities, performance, experience, qualifications, and geographic location		STI performance criteria are set by reference to annual Xanadu Group KPI and Personal KPI such as safety, operational and financial performance, and governance	LTI targets are based on Xanadu Strategic Objectives such as Discovery, Resource Definition, Portfolio Turnover, and Executing Shareholder Liquidity Events
Remuneration will be delivered as:			
Base salary plus any allowances (including Superannuation for Australian Executives)	Paid as cash or shares that vest on completion of the relevant performance period.	Granted up front as equity that vests upon measurable achievement of LTI targets.	
Strategic intent and market positioning:			
TFR across all executives will be positioned to average at the top of the 2 <sup>nd</sup> quartile, compared to the relevant market-based data, considering expertise and performance in the role	Performance incentive is directed to achieving key tactical and financial targets and is intended to be positioned at the top of the 2 <sup>nd</sup> quartile of the relevant benchmark group. Non-Executive Directors do not participate in the STI scheme.	LTI is intended to attract and retain high calibre executives and directors, deliver strategic objectives, and align KMP and shareholder interests. LTI opportunity level may vary to support specific strategic objectives.	
Total Target Remuneration			
While the Total Target Remuneration is intended to be positioned at or near the top of the 2 <sup>nd</sup> quartile compared to relevant market-based comparisons, 1 <sup>st</sup> quartile positioning may be derived if demonstrable out-performance is achieved by Xanadu.			

## 6.2 Remuneration Structure

Xanadu's remuneration structure is set out below on a per-annum basis.

Position	TFR	Target STI % of TFR	Target LTI % of TFR <sup>1</sup>
Executive Chairman & MD <sup>2</sup>	A\$220,000	50	80
Independent Non-Executive Director <sup>3,4</sup>	A\$60,000	Nil	90
Executive Director & Country Manager	US\$265,000	30	40
Vice President Exploration	A\$365,000	30	35
CFO / Chief Development Officer	A\$352,000	30	35
COO	US\$180,000	30	35

Notes:

- (1) Shown as annual number = total LTI award divided by TFR over the life of the program
- (2) Remuneration reflects this role as a nominal 50%-time commitment
- (3) Compensation is paid to independent Non-Executive Directors only. Nominee Non-Executive Directors are not compensated.
- (4) A\$10,000 additional TFR is paid for each committee chaired by a Non-Executive Director

The Target LTI % is structured as a significant, event driven reward linked to achieving significant uplift in shareholder value through execution of the Corporate Strategy, which vests in Tranches as defined in Section 6.6.

The Target STI % represents an interim reward for measurable progress toward the strategic objectives in each Performance Period, as defined in Section 6.5.

The remuneration strategy intention will be subject to change from time to time and endorsed by the Board (and the Remuneration Committee) each year.

## 6.3 Setting Remuneration Levels

Xanadu seeks relevant benchmarks from time to time to manage internal and external remuneration relativities.

An assessment of Xanadu's remuneration positioning across all levels of the organisation should be updated each year in accordance with the Board approved remuneration strategy.

The table below, applied logically, can be used as a guide to Xanadu's remuneration setting process.

Relative Positioning	Comments
1 <sup>st</sup> Quartile	Outstanding and strategically critical executives.
2 <sup>nd</sup> Quartile	Very experienced executive, exhibiting demonstrably superior performance. External appointees would often be recruited at this level.
Mid-Point (Median)	Fully competent executive or employee making a consistent and sound contribution, coping with and sometimes exceeding all the demands of the position.
3 <sup>rd</sup> Quartile	Experienced in the position, usually with a minimum of two years' service. In the competent range, but capable of further development or improvement in the role.
4 <sup>th</sup> Quartile	Inexperienced in the position but coping, or an experienced employee exhibiting performance gaps.

## 6.4 Total Fixed Remuneration (TFR)

Total Fixed Remuneration ("TFR") comprises base salary, personal income tax, superannuation, and related statutory contributions that the Company is legally required to make in the local jurisdiction. TFR is set with reference to market data and will reflect the scope of the role and the size and activities of the Company.

Within Mongolia, the term net and gross TFR is used. Net TFR is fixed remuneration net of all taxes including Personal Income Tax and Social Insurance Tax and the Company is responsible for paying these taxes. Gross TFR includes personal income tax but excludes employer social insurance tax. Within Australia, the term TFR is inclusive of personal income tax but excludes payroll tax.

TFR is reviewed annually as part of the performance appraisals undertaken in the fourth quarter of the calendar year (prior to finalisation of the following year's budget).

## 6.5 Short Term Incentives (STI)

An annual Short Term Incentive plan is in place to align interests of executive KMP and senior staff with *delivery of its Budget and tactical objectives* in alignment with the broader business strategy. Subject to Board discretion, STI may be paid as cash or shares with immediate vesting following the relevant Performance Period.

**Purpose**

The Xanadu STI scheme is designed to reward executives (and other selected employees) who meet the performance criteria set in respect of their position, each year to support and drive Xanadu's short-term performance.

**Eligibility**

Eligibility is determined by the Board and confirmed by an annual invitation.

**Trigger**

The STI program will assign two Trigger Conditions which must be met for the STI incentive program to be paid, subject to Board discretion.

Trigger	Condition
Xanadu Cash Reserves	Xanadu must have enough cash to pay the STI incentive while still maintaining its required liquidity margin. Xanadu will not raise equity for the purpose of paying an STI.
STI Group Minimum Objective	A score below 65% of target on Group STI will trigger zero cash payout for all STI.

**Weighting**

STI will be calculated as a weighted result between group and personal Key Performance Indicators (KPI). Relative influence and goal weighting between group and personal KPI are expected to align with the illustration below.

Position	Group KPI Weighting %	Personal KPI Weighting (%)
Executive Chair & Managing Director	80	20
Executive Director & Country Manager	70	30
Vice President Exploration	70	30
CFO and CDO	70	30
COO	70	30

**Performance Criteria**

Performance criteria set for STI plans each year will reflect measurable interim progress toward group strategic objectives, as aligned to the business strategy.

Group KPI will be set relative to the approved Budget and will consist of 3 to 4 weighted measures that are quantitative and measurable, such that a numeric score can be assigned.

Personal KPI must be set individually and include 3 to 5 measures, with relative weightings attached to each measure. Where possible these will utilise quantitative and measurable targets. Metrics categories to be considered for personal KPI include safety, operational performance, exploration results, corporate governance, financial stewardship, risk management, business development and leadership.

Where non-quantitative performance measures are used, a rating guide is determined as follows:

KPI Performance Rating	KPI Score
Below Satisfactory	-
Satisfactory	25%
Good	75%
Very Good	105%
Outstanding	130%

Maximum award limits for each KPI will be based on performance categories as per the table below.

Category	KPI Performance	Maximum % Score to be awarded
Below Threshold	<80%	0%
Threshold	80-90%	80%
Budget	90-100%	100%
Stretch	>100%	150%+

**STI Award Calculation**

Once the performance and service results are determined, the bonus can be awarded. The STI incentive payment will be calculated as follows:

STI bonus = ((A x (B + C)) + D, where;

- (A) Target STI (based on % of TFR as pre-determined, see Section 6.2)
- (B) Group KPI Result x Weighting %
- (C) Personal KPI Result x Weighting %
- (D) Board Discretion amount (if any)

Group STI Result = (E + F + G)

- (E) Group KPI #1 x Weighting %
- (F) Group KPI #2 x Weighting %
- (G) Group KPI #3 x Weighting %

Personal STI Result = (H + I + J)

- (H) Personal KPI #1 x Weighting %
- (I) Personal KPI #2 x Weighting %
- (J) Personal KPI #3 x Weighting %

**Ceasing Employment and Change of Control**

If a KMP or senior executive ceases to be employed by Xanadu during a Performance Period, they remain eligible for a pro-rata payment. Subject to conditions in Section 6.7 and Board discretion, the Board will assess and approve any pro-rata payment at the end of the Performance Period.

In the event of a Change of Control, STI will be paid immediately at target performance for the relevant Performance Period.

**6.6 Long Term Incentives (LTI)**

Xanadu utilises a multi-year, event driven LTI program that aligns to company strategic objectives and reflects shareholder value creation in stages that uplift share price for short and medium term holders and ultimately deliver a liquidity event for longer term holders.

Subject to Board discretion, the LTI award is granted up front in the form of equity (shares and/or options) which vests at the end of each Performance Period in which the relevant vesting criteria are met, as defined in the LTI plan.

Participation in the LTI program is extended to KMP and other senior executives, with the Board retaining the discretion to extend the offer to other key selected employees, consultants, or contractors.

LTI grants will be approved by the Board at the beginning of the program, and the offer terms may vary from individual to individual. The following will be included (as applicable):

- (a) the number or value of Plan Interests to which the invitation relates and/or the basis on which the number or value of Plan Interests to which the invitation relates is to be determined;
- (b) the date the Plan Interests will be allotted (Grant Date);
- (c) any amount payable by an Eligible Person to acquire the Plan Interests;
- (d) the date which unvested Plan Interests will lapse or expire (Expiry Date);
- (e) any conditions that must be satisfied in relation to a Participant's or the Company's performance during a specified period (Performance Conditions);
- (f) any conditions that will result in the forfeiture of a Plan Interest (Forfeiture Conditions);
- (g) any conditions that must be satisfied before a Plan Share can be disposed of by a Participant (Disposal Restrictions);
- (h) any holding lock period; and

- (i) any exercise price payable by Participants.

Any LTI plan offers will be supported by appropriate complying documentation.

To maintain good governance, LTI plan participation by NED will be subject to shareholder approval.

The issue of securities is subject to the Xanadu Securities Trading Policy. Share issues may be acquired on-market, transferred, or issued from the capital of the company.

### 6.7 Good Leaver, Bad Leaver Policy in Respect of Unvested Equity Awards

The consequence for Awards and Shares where a Participant ceases to be an Employee is as follows:

#### ***In the case of a “Good Leaver”***

- (a) where the cessation of employment is due to death of the employee, and the employee has been continuously employed with Xanadu (or any related body corporate) for at least 12 months up to and including the date of death, the Vesting Conditions and any restriction periods applicable to all or any of their Awards and Shares cease to apply; and
- (b) in all other cases of a “Good Leaver” (and regardless of whether the cessation of employment is due to death, permanent disablement, retirement, retrenchment or any other circumstances which the Board determines constitute a “Good Leaver” departure), unless otherwise expressly stated in an invitation the Board may, in its discretion, determine that some or all of the Participant’s Awards or Shares continue to be subject to their Vesting Conditions or restriction periods (as the case may be) or that some or all of those Vesting Conditions or restrictions will be waived, and/or that some or all of the Participant’s unvested Awards will lapse; and

#### ***In the case of a “Bad Leaver”***

Unless otherwise expressly stated in an invitation, all unvested Awards would automatically lapse.

#### ***Additional Circumstances***

Additional circumstances resulting in the lapse or forfeiture of unvested Awards will include where the Board determines that a Participant has:

- (a) committed an act of fraud, defalcation or gross misconduct in relation to the affairs of the Company;
- (b) hedged the value of, or entered into a derivative arrangement in respect of, unvested Awards;
- (c) purported to dispose of, or grant any Security Interest, over an Award other than in accordance with the Xanadu Rules; or
- (d) application of any applicable Malus and Clawback Policy.

Notwithstanding the above, if the applicable Xanadu Rules at the time of grant provided for a different treatment of Awards where a Participant ceases to be an Employee, then those Xanadu Rules will apply to those Awards.

### 6.8 General Employee Equity Participation

The Board supports the concept of general employee equity participation. Offers to eligible employees will be considered on an annual basis. The eligible participants, the level of the Company’s contribution and the timing of offers will be subject to Remuneration Committee and Board approval each year.

### 6.9 Malus and Clawback

The malus and clawback provision in this policy apply only to Short Term Incentive (**STI**) and Long-Term Incentive (**LTI**) awards that have not vested. The provision is designed to be preventative rather than a purely remedial or punitive measure, given it removes the incentive for executives to consider deliberately misstating company earnings to inflate variable pay.

#### ***Malus and Clawback Triggers***

The Board may take action on recommendation of the Nomination and Remuneration Committee to adjust (**malus**) or recover (**clawback**) unvested STI or LTI remuneration where there is reasonable evidence that an executive KMP has materially contributed to, or been materially responsible for, the need for the restatement of financial results for the reasons including:

- (a) Personally, acting fraudulently or dishonestly or in a manner that adversely affects the Company’s reputation, or which is characterised as gross misconduct;

- (b) Directing an employee, contractor or advisor to act fraudulently, dishonestly or to undertake other misconduct;
- (c) Breaching their material obligations to Xanadu through error, omission or negligence;
- (d) Receiving a STI or LTI Award because of fraud, dishonesty or a breach of obligation committed by another person; and/ or
- (e) Receiving a STI or LTI award because of an error in the calculation of a performance measure.

Examples of a breach of material obligation that could trigger application of this Policy could include:

- (a) a material misstatement in the accounts of the Group entity for the years relevant to an unvested or unpaid award; or
- (b) Conduct exposing Xanadu to potential reputational damage or legal action or that is otherwise in a breach of the Xanadu Code of Business Conduct.

### ***Board Actions***

The Board, on advice from the Nomination and Remuneration Committee, may where not satisfied that an Award is appropriate or warranted due to exceptional circumstances and where the Award has not vested, decide to cancel or adjust any unvested STI or LTI Awards.

Once an Award has vested no further clawback applies. There is no clawback on a paid cash award.

In making this determination, the Board will consider whether the application of the provision may result in unintended consequences, prejudice the interests of the Company in any related proceeding or investigation, or any pending legal proceeding related to applicable fraud or intentional illegal conduct.

### ***Due Process Rights***

Before the Nomination and Remuneration Committee makes a recommendation to the Board to implement malus or clawback provisions under the Remuneration Policy, the Nomination and Remuneration Committee is to:

- (a) review the situation to understand the impact of the misstatement;
- (b) assess the proximity of the executive KMP and their level of responsibility regarding the trigger; and
- (c) provide the relevant executive KMP with written notice of the intended actions and the right to respond in writing within 14 days to raise salient matters.

### ***Roles and Responsibilities***

The Nomination and Remuneration Committee will make recommendations to the Board in relation to the operation of the Remuneration Policy and the Board will apply the Policy and exercise its discretion in the exceptional circumstances covered by the Policy.

The Managing Director or Company Secretary are required to notify the Chairman of the Nomination and Remuneration Committee and the Chairman of the Board respectively of any circumstances that could constitute a 'trigger' under the Policy as soon as practical.

### **6.10 Retention Rights Incentive**

The Company defines a Retention Rights Incentive as any payment (including equity grants) that serves as an incentive to encourage a person to join the Company, in particular to be used when that person may be leaving money on the table at their former employer. Prior to an offer, the Retention Rights Incentive must be approved per the requirements set out below:

- (a) Where a payment is under a total value of AUD\$30,000 the Chairman of the Board and the CEO have delegated authority to approve the Incentive payment with the incentive to be reported to the next Remuneration Committee and Board meeting; and
- (b) Where a payment exceeds a total value of AUD \$30,000 it is to be approved prior to offer by the Nomination and Remuneration Committee and the Board.

Retention Rights Incentives are paid subject to 9 months' continuous service or such longer time as the Board recommends.



### 6.11 Performance Period

The Performance Period is defined as a calendar year, consistent with the Xanadu financial reporting cycle. Remuneration reviews and STI assessments are aligned to the Performance Period.

### 6.12 Out of Cycle Remuneration Increases

Out of cycle or 'ad hoc' remuneration increases (not aligned to the Performance Period) for any executive KMP will only be considered in special circumstances and must be approved by the Nomination and Remuneration Committee and the Board in advance.

### 6.13 Minimum Shareholding Requirements

There is a voluntary, minimum shareholding for KMP under which they are expected to retain a shareholding in the Company to the value of 15% of TFR. The purpose of this is to align KMP with the best interests of shareholders.

This minimum shareholding is expected to be achieved within a five-year period from commencement date of employment / appointment (if an internal promotion) of any new member classified as a KMP.

All dealings in securities of Xanadu are subject to the provisions of the Xanadu Securities Trading Policy, as amended from time to time.

### 6.14 Executive KMP Employment Agreements

All executive KMP will be required to enter into an individual employment agreement. The key terms of the agreements will include reference to the following, as a minimum.

- (a) Position and duties, including any probationary periods;
- (b) Total Fixed Remuneration (**TFR**) (Base salary and benefits, including superannuation or equivalent) and review procedures;
- (c) Sign-on fee, if any, and obligations in respect thereto;
- (d) STI opportunity and frequency of offer and review procedures;
- (e) LTI opportunity and frequency of offer and review procedures;
- (f) Allowances, out-of-pocket expense recovery procedures;
- (g) Tools of trade and equipment entitlement, including motor vehicle, mobile devices and personal computers;
- (h) Statutory and other leave entitlements (public holidays, annual leave, long service leave, compassionate leave, personal carer's leave, maternity leave, parental leave (if any), community service leave, juror duty leave);
- (i) Restraint of trade terms, if any;
- (j) Intellectual property rights and power of attorney if applicable;
- (k) Conflicts of interest, confidentiality, commissions;
- (l) Internet/Email/Computer/Mobile telephone protocols;
- (m) Corporate governance standards, position regulatory or licensing requirements, expectations;
- (n) Continuing education requirements, if any;
- (o) Company policies (e.g., Sexual Harassment, Drugs and Alcohol, Behaviour, etc.);
- (p) Termination provisions, including the rights and entitlements of both the employer and employee in all reasonably foreseeable circumstances, including death, disability and redundancy including payment limits; and
- (q) Any other statutory or legal requirement relevant to industrial law or contract law in the relevant jurisdiction.

All executive KMP employee contracts will be reviewed on a regular basis by appropriately qualified advisers.

**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is comprised of Michele Muscillo, Tony Pearson and Colin Moorhead. Michele Muscillo is the Chair of the Nomination and Remuneration Committee. The majority of members of the Nomination and Remuneration Committee are independent as defined under National Instrument 58-101 - "Disclosure of Corporate Governance Practice" ("NI 58-101"). The direct experience of each of the independent members of the Nomination and Remuneration Committee that is relevant to their responsibilities in executive compensation is described in further detail below.

Mr. Muscillo is a qualified practicing lawyer in Australia specialising in, amongst other matters, corporate governance for listed entities. As part of this role, Mr. Muscillo has assisted a variety of entities to develop and implement governance structures to set, monitor and evaluate appropriate remuneration practices for listed companies. Additionally, Mr. Muscillo has previously, in his capacity as chairman or member of remuneration committees (and boards of directors generally), been actively involved in the setting and reviewing of executive compensation for listed companies.

Mr. Pearson is an experienced industry executive and company director who has lived and worked in Mongolia, China, Hong Kong, the Philippines, and Indonesia. He has a strong understanding of emerging jurisdictions, balanced with the need for western governance practices. He has experience raising capital across equities, hybrids, bonds, convertibles and project finance in numerous jurisdictions.

The Board recognizes the significance of appointing independent, knowledgeable, and experienced individuals to the Nomination and Remuneration Committee who have the necessary background in executive compensation and risk management to fulfill the Nomination and Remuneration Committee's duties and responsibilities. All members of the Nomination and Remuneration Committee enjoy extensive experience in these areas through their prior and current roles and experience with other organizations.

**Performance Graph**

The following graph compares the total cumulative shareholder return for CDN\$100 invested in the Company on the ASX on 31 December 2018, with the cumulative total return on a \$100 investment in the S&P/TSX Composite Total Return Index for the five most recently completed financial years.

**Five Year Total Shareholder Return on CDN \$100 Investment**



Comparison at 31 December by Year	2018 (Base)	2019 (Year 1)	2020 (Year 2)	2021 (Year 3)	2022 (Year 4)	2023 (Year 5)
Xanadu Mines Ltd	\$100	\$29	\$36	\$28	\$29	\$56
S&P/TSX Composite Total Return Index	\$100	\$120	\$123	\$150	\$136	\$147

The Nomination and Remuneration Committee and the Board generally evaluate performance by reference to the achievement of corporate objectives rather than by short-term changes in the Company's Share price, which, in the past, has typically been significantly influenced by overall economic, market and industry conditions. The Company does not link executive compensation with changes in the Company's Share price.

**NEO Summary Compensation Table**

The table below reflects compensation that was paid to the NEOs for the financial years ended 31 December 2023, 2022, and 2021.

Name and Principal Position	Fiscal Year	Salary (C\$)	Share-Based Awards (C\$) <sup>1</sup>	Option-Based Awards (C\$)	Non-Equity Incentive Plan Compensation		Pension value (C\$) <sup>3</sup>	All Other Compensation (C\$)	Total Compensation (C\$)
					Annual Incentive Plans (C\$) <sup>2</sup>	Long-Term Incentive Plans (C\$)			
<i>Colin Moorhead</i> Executive Chairman and Managing Director <sup>4</sup>	2023	199,053	272,796	-	75,641	-	-	-	547,491
	2022	171,460	38,124	-	-	-	4,723	-	214,307
	2021	107,271	195,311	-	-	-	7,593	-	310,175
<i>Dr Andrew Stewart</i> Vice President Exploration <sup>5</sup>	2023	306,413	261,682	-	71,483	-	23,840	-	663,417
	2022	307,703	85,175	-	133,692	-	22,074	-	548,644
	2021	327,716	141,002	-	154,162	-	21,662	-	644,542
<i>Munkhsaikhan Dambiinyam</i> COO	2023	248,053	180,145	-	58,856	-	-	-	487,054
	2022	230,795	56,783	-	60,762	-	-	-	348,340
	2021	210,552	94,002	-	58,764	-	-	-	363,318
<i>Ganbayar Lkhagvasuren</i> Country Manager and Executive Director	2023	365,189	252,287	-	82,003	-	-	-	699,479
	2022	345,754	56,783	-	83,917	-	-	-	486,454
	2021	334,110	94,002	-	93,987	-	-	-	522,099
<i>Spencer Cole</i> CFO and Chief Development Officer	2023	294,651	219,080	-	76,390	-	23,840	-	613,959
	2021	284,212	56,783	-	83,924	-	22,074	-	446,994
	2020	265,498	94,002	-	82,336	-	21,662	-	463,498

## Notes:

- (1) Share-based payments are measured by reference to fair value at the grant date. The fair value of options is determined by an independent written valuation. Share-based payments expense is amortised over the vesting period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.
- (2) Represents cash bonuses paid in the relevant period.
- (3) Represents the compulsory superannuation contributions payable by the Company under Australian law to any eligible employee who is an Australian tax resident who is employed directly by the Company (instead of by way of an interposed entity).
- (4) Mr Colin Moorhead was appointed Non-Executive Chairman of the Company on 29 November 2019. He was appointed Executive Chairman and Managing Director on 31 March 2022.
- (5) On 31 March 2022, Andrew Stewart stood down from the position of Executive Director and Chief Executive Officer and was appointed Vice President, Exploration.
- (6) Amounts included have been converted from Australian dollars to Canadian dollars at 0.9572 exchange rate in 2021, 0.9031 in 2022 and 0.9048 in 2023.

**NEO Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards**

The following table sets forth information with respect to the share-based and option-based awards that have been granted to the NEOs and that were outstanding as of 31 December 2023.

Name and Principal Position	Option-Based Awards <sup>1</sup>				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#'000)	Option Exercise Price (C\$)	Option Expiration Date	Value of Exercised In-the-Money Options (C\$) <sup>2</sup>	Number of Ordinary Shares that have not vested	Market or payout value of share-based awards that have not vested (C\$)	Market or payout value of vested share-based awards not paid out or distributed (C\$)
<i>Colin Moorhead,</i> Exec Chair & Managing Director <sup>3</sup>	6,000 17,600	-	21-Jan-2031 07-Feb-2029	121,714	-	-	-
<i>Dr Andrew Stewart</i> Vice President Exploration	12,750 12,770	-	21-Jan-2027 28-Feb-2029	-	-	-	-
<i>Spencer Cole</i> CFO and Chief Development Officer	8,500 12,330	-	21-Jan-2027 28-Feb-2029	-	-	-	-
<i>Munkhsaikhan Dambiinyam</i> Chief Operating Officer	8,500 9,000	-	21-Jan-2027 28-Feb-2029	-	-	-	-
<i>Ganbayar Lkhagvasuren</i> Executive Director	8,500 15,170	-	21-Jan-2027 28-Feb-2029	-	-	-	-

## Notes:

- (1) The Xanadu Long Term Incentive (LTI) plan includes options and conditions that were approved by shareholders during the 30 July 2020 Annual General meeting (AGM), the 21 December 2020 Extraordinary General Meeting (EGM), the 12 May 2022 AGM and the 7 February 2023 EGM.
- (2) Options vested at 31 December 2023 included 2,280,000 for Colin Moorhead, issued under 2020 Non-Executive Director LTI program, prior to Mr Moorhead's appointment as Executive Chairman & Managing Director. Value calculated at Xanadu share price A\$0.059 at 31 December 2023.
- (3) Mr Colin Moorhead was appointed as Non-Executive Chairman of the Company on 28 November 2019. On 31 March 2022, Mr Moorhead was appointed Executive Chairman & Managing Director.
- (4) Amounts included have been converted from Australian dollars to Canadian dollars at 0.9048 CAD/AUD exchange.

The following table sets forth information with respect to option-based and share-based awards and for non-Equity Incentive Plan compensation for each NEO during the financial year ended 31 December 2023.

	Option-based awards Value vested during the year (C\$)	Share-based awards Value vested during the year (C\$)	Total Non-Equity Incentive Plan compensation Value vested during the year (C\$)
<i>Colin Moorhead,</i> Exec Chair & Managing Director	121,714	-	121,714
<i>Dr Andrew Stewart</i> Vice President Exploration	-	-	-
<i>Spencer Cole</i> CFO and Chief Development Officer	-	-	-
<i>Munkhsaikhan Dambiinyam</i> Chief Operating Officer	-	-	-
<i>Ganbayar Lkhagvasuren</i> Executive Director	-	-	-

## Notes:

- (1) See Table above.

**Non-Executive Director Summary Compensation Table**

The table below reflects compensation that was paid to the non-NEOs for the financial years ended 31 December 2023, 2022, and 2021.

Name and Principal Position	Fiscal Year	Salary (C\$)	Share-Based Awards (C\$) <sup>1</sup>	Option-Based Awards (C\$)	Non-Equity Incentive Plan Compensation		Pension value (C\$) <sup>2</sup>	All Other Compensation (C\$)	Total Compensation (C\$)
					Annual Incentive Plans (C\$)	Long-Term Incentive Plans (C\$)			
Tony Pearson Independent Non-Executive Director <sup>3</sup>	2023	57,189	96,749	-	-	-	6,147	-	160,085
	2022	57,365	38,624	-	-	-	5,879	-	101,868
	2021	39,926	61,480	-	-	-	3,946	-	105,351
Michele Muscillo Independent Non-Executive Director <sup>4</sup>	2023	63,336	85,474	-	-	-	-	-	148,810
	2022	63,242	19,062	-	-	-	-	-	82,304
	2021	63,015	97,655	-	-	-	-	-	160,670
Shaoyang Shen Non-Executive Director <sup>5</sup>	2023	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-	-

Notes:

- (1) Share-based payments are measured by reference to fair value at the grant date. The fair value of options is determined by an independent written valuation. Share-based payments expense is amortised over the vesting period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.
- (2) Represents the compulsory superannuation contributions payable by the Company under Australian law to any eligible employee who is an Australian tax resident who is employed directly by the Company (instead of by way of an interposed entity)
- (3) Mr Pearson was appointed as Independent, Non-Executive Director of the Company on 3 May 2021.
- (4) Mr Muscillo was appointed as Independent, Non-Executive Director of the Company on 14 August 2017.
- (5) Mr Shen was appointed as Non-Executive Director of the Company on 10 March 2023. As a nominee Director, Mr. Shen is not compensated for his position.
- (6) Amounts included have been converted from Australian dollars to Canadian dollars at 0.9572 exchange rate in 2021, 0.9031 in 2022 and 0.9048 in 2023.

**Non-Executive Director Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards**

The following table sets forth information with respect to the option-based awards that have been granted to the directors of the Company and that were outstanding as of 31 December 2023.

Name and Principal Position	Option-Based Awards <sup>1</sup>				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#'000)	Option Exercise Price (C\$)	Operation Expiration Date	Value of Exercised In-the-Money Options (C\$) <sup>2</sup>	Number of shares of units of shares that have not vested	Market or payout value of share-based awards that have not vested (C\$)	Market or payout value of vested share-based awards not paid out or distributed (C\$)
Michele Muscillo Non-Executive Director <sup>3</sup>	6,300	-	28-Feb-2029	60,857	-	-	-
Tony Pearson Non-Executive Director <sup>4</sup>	1,140 6,300	- -	30-Jun-2025 28-Feb-2029	60,857	-	-	-
Shaoyang Shen Non-Executive Director <sup>5</sup>	-	-	-	-	-	-	-

Notes:

- (1) The Xanadu Long Term Incentive (LTI) plan was approved by shareholders during the 30 July 2020 Annual General meeting (AGM) for Mr Moorhead and Mr Muscillo and at the AGM on 17 June 2020 for Mr Pearson.
- (2) Options vested at 31 December 2023 included 1,140,000 for Michele Muscillo and 1,140,000 for Tony Pearson. Values calculated at Xanadu Share Price of A\$0.059 per share at 31 December 2023.
- (3) Mr Muscillo was appointed as Non-Executive Director of the Company on 14 August 2017.
- (4) Mr Pearson was appointed as Non-Executive Director of the Company on 3 May 2021.
- (5) Mr Shen was appointed as Non-Executive Director of the Company on 10 March 2023. As a nominee Director, Mr. Shen is not compensated for his position.
- (6) Amounts included have been converted from Australian dollars to Canadian dollars at 0.9048 AUD/CAD exchange.

**Non-Executive Director Incentive Plan Awards - Value Vested or Earned During the Year**

The following table sets forth information with respect to option-based and share-based awards and for non- Equity Incentive Plan compensation for each director during the financial year ended 31 December 2022. Amounts included have been converted from Australian dollars to Canadian dollars at 0.9123 AUD/CAD exchange.

	Option-based awards Value vested during the year <sup>1,2</sup> (C\$)	Share-based awards Value vested during the year (C\$)	Non-Equity Incentive Plan compensation Value vested during the year (C\$)
<i>Michele Muscillo</i> Non-Executive Director <sup>3</sup>	60,857	-	60,857
<i>Tony Pearson</i> Non-Executive Director <sup>4</sup>	60,857	-	60,857
<i>Shaoyang Shen</i> Non-Executive Director <sup>5</sup>	-	-	-

Notes:

(1) See Table above.

**NEO Employment and Consulting Agreements**

Each of the NEOs has entered into an executive employment agreement with the Company, providing for the payment of base salary, specified cash bonuses, share options, and any entitlements to participate in the Company's standard benefits plan.

***Colin Moorhead, Executive Chairman and Managing Director***

Mr. Moorhead's fixed remuneration, effective 1 January 2023, is an annual salary package of A\$220,000 including compulsory taxes and superannuation contributions, based on a nominal 50%-time commitment. In the event of termination of Mr. Moorhead's employment other than in the case of misconduct, the executive must give a minimum of six months' notice prior to termination, and the Company must give six months' notice prior to termination. The Company may, at its discretion, provide Mr. Moorhead with payment of fixed remuneration in whole or in part in lieu of notice. For the avoidance of doubt, the Company's right to make such a payment does not give Mr. Moorhead any right to receive such a payment.

***Ganbayar Lkhagvasuren, Executive Director***

Mr. Lkhagvasuren's fixed remuneration, effective 1 May 2018, is an annual salary package of US\$265,000 including compulsory taxes and social insurance applicable as an employee in Mongolia. In the event of Mr. Lkhagvasuren's employment being terminated other than in the case of misconduct, Mr. Lkhagvasuren must give a minimum of six months' notice prior to termination, and the Company must give nine months' notice prior to termination. The Company may, at its discretion, provide Mr. Lkhagvasuren with payment of fixed remuneration in whole or in part in lieu of notice. For the avoidance of doubt, the Company's right to make such a payment does not give Mr. Lkhagvasuren any right to receive such a payment.

***Dr. Andrew Stewart, Vice President Exploration***

Dr. Stewart's fixed remuneration, effective 1 January 2023, is an annual salary package of A\$365,000 including compulsory taxes and superannuation contributions. In the event of termination of Dr. Stewart's employment other than in the case of misconduct, the executive must give a minimum of six months' notice prior to termination, and the Company must give six months' notice prior to termination. The Company may, at its discretion, provide Dr Stewart with payment of fixed remuneration in whole or in part in lieu of notice. For the avoidance of doubt, the Company's right to make such a payment does not give Dr. Stewart any right to receive such a payment.

**Spencer Cole, CFO and Chief Development Officer**

Mr. Cole's fixed remuneration, effective 31 March 2022, is an annual salary package of A\$352,000 including compulsory taxes and superannuation contributions. In the event of termination of Mr. Cole's employment other than in the case of misconduct, Mr. Cole must give a minimum of six months' notice prior to termination, and the Company must give six months' notice prior to termination. The Company may, at its discretion, provide Mr. Cole with payment of fixed remuneration in whole or in part in lieu of notice. For the avoidance of doubt, the Company's right to make such a payment does not give Mr. Cole any right to receive such a payment.

**Munkhsaikhan Dambiinyam, COO**

Mr. Dambiinyam's fixed remuneration, effective 31 March 2022, is an annual salary package of US\$180,000 including compulsory taxes and social insurance applicable as an employee in Mongolia. In the event of termination of Mr. Dambiinyam's employment other than in the case of misconduct, Mr. Dambiinyam must give a minimum of six months' notice prior to termination, and the Company must give six months' notice prior to termination. The Company may, at its discretion, provide Mr. Dambiinyam with payment of fixed remuneration in whole or in part in lieu of notice. For the avoidance of doubt, the Company's right to make such a payment does not give Mr. Dambiinyam any right to receive such a payment.

**Termination and Change of Control Benefits**

The Company does not have in place any pension or retirement plan, other than the compulsory superannuation contributions payable by the Company under Australian law to eligible employees. The Company has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or previously acted as a NEO of the Company in connection with or related to the retirement, termination or resignation of such person or as a result of change of control of the Company, its subsidiaries or affiliates. If a termination or change of control event had occurred on 31 December 2023, the incremental payments, payables and benefits that would have been payable to each of the NEOs would be as shown in the following table.

Name	Annual remuneration <sup>(1, 2)</sup>	Termination notice period (without cause)	Termination payment (without cause) <sup>1, 2</sup>	Termination compensation for change of control	Termination notice period for Prescribed Event or Material Change	Termination compensation for Prescribed Event or Material Change <sup>1, 2</sup>
<i>Colin Moorhead, Executive Chair &amp; MD</i>	A\$220,000 (C\$199,056)	6 months	A\$110,000 (C\$99,528)	A\$110,000 (C\$99,528)	6 months	A\$110,000 (C\$99,528)
<i>Dr Andrew Stewart Vice President Exploration</i>	A\$365,000 (C\$330,252)	6 months	A\$182,500 (C\$165,126)	A\$182,500 (C\$165,126)	6 months	A\$182,500 (C\$165,126)
<i>Spencer Cole CFO and Chief Development Officer</i>	A\$352,000 (C\$318,490)	6 months	A\$150,000 (C\$159,245)	A\$150,000 (C\$159,245)	6 months	A\$150,000 (C\$159,245)
<i>Munkhsaikhan Dambiinyam Chief Operating Officer <sup>1</sup></i>	US\$180,000 (C\$244,044)	6 months	US\$83,500 (C\$122,022)	US\$83,500 (C\$122,022)	6 months	US\$83,500 (C\$122,022)
<i>Ganbayar Lkhagvasuren Executive Director <sup>1</sup></i>	US\$265,000 (C\$359,287)	9 months	US\$198,750 (C\$269,465)	US\$198,750 (C\$269,465)	9 months	US\$198,750 (C\$269,465)

Notes:

- (1) USD amounts included have been converted to Canadian dollars at 1.3599 CAD/USD exchange.
- (2) Australian dollar amounts have been converted to Canadian dollars at 0.9048 CAD/AUD exchange.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No person who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no person proposed to be nominated for election as a director of the Company, nor any associate of any such director, executive officer or proposed nominee, is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to the Company or any of its subsidiaries, or indebted to another entity, where such indebtedness is, or at any time since the beginning of the

most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, pursuant to a security purchase program of the Company or otherwise.

#### **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.

#### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

##### ***Board of Directors***

As at 31 December 2023, the Board comprised two Executive Directors and three Non-Executive Directors. Mr. Colin Moorhead and Ganbayar Lkhagvasuren are the Executive Directors.

NI 58-101 sets out the standard for director independence. Under NI 58-101, a director is independent if he or she has no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. NI 58-101 also sets out certain situations where a director will automatically be considered to have a material relationship with the Company. Applying the definition of 'independence' set out in NI 58-101 the following members of the Board are independent: Michele Muscillo and Tony Pearson. The following members of the Board are not independent for the following reasons: (i) Ganbayar Lkhagvasuren is Executive Director of the Company; (ii) Colin Moorhead is the Executive Chairman and Managing Director of the Company; and Shaoyang Shen is a Shareholder Nominee and Non-Executive Director of the Company. As such, the Board facilitates its exercise of independent judgement in carrying out its responsibilities by requiring that for all Board decisions, the directors must bring an independent judgement to bear, and in accordance with the Company's Conflict of Interest Protocols, must abstain from participating deliberations of any decisions to which they are not impartial.

The Chairman of the Board is Colin Moorhead, who is an Executive Director. As Chairman, Mr. Moorhead is responsible for the leadership of the Board, for the efficient organization and conduct of the Board's function and the briefing of all directors in relation to issues arising at Board meetings. The Chairman is also responsible for shareholder communication and arranging Board performance evaluation.

On 10 March 2023, Shaoyang Shen was appointed as a Non-Executive Director of the Company and as a nominee of Zijin Mining.

It is the Board's policy to maintain independence by having a majority of the Board comprising Non-Executive Directors who are free from any material business or other relationship with the Company. The structure of the Board ensures that no one individual or group is able to dominate the decision-making process. The Board was in compliance with this policy in 2021 and became out of compliance on 31 March 2022 with the appointment of Colin Moorhead as Executive Chairman. Despite this non-compliance, the Board believes it retains the principle of no one individual or group being able to dominate decision-making.

The independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, where deemed necessary by the independent directors, the independent directors hold in-camera sessions exclusive of non-independent directors and members of management, which process facilitates open and candid discussion among the independent directors.

The Board ordinarily meets on a regular basis providing effective leadership and overall control and direction of the Company's affairs through the schedule of matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditures, acquisitions and disposals, risk management policies and the financial statements. Formal agendas, papers and reports are sent to the directors in a timely manner, prior to



Board meetings. The Board also receives summary financial and operational reports before each Board meeting. The Board delegates certain of its responsibilities to management, who have clearly defined terms of reference.

### Attendance Record

The number of meetings of the Board and each Board committee held during the year ended 31 December 2023, and the number of meetings attended by each director are set forth in the table below:

	Full Board		Audit and Risk Committee		Nomination and Remuneration Committee		Safety, Health and Environment Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Colin Moorhead	9	9	3	3	4	4	3	3
Ganbayar Lkhagvasuren	9	9	-	-	-	-	3	3
Michele Muscillo	9	9	3	3	4	4	-	-
Tony Pearson	9	9	3	3	4	4	-	-
Shaoyang Shen <sup>1</sup>	5	8	-	-	-	-	-	-

Notes:

(1) Mr Shen was appointed as Non-Executive Director of the Company on 10 March 2023

### Board Charter

Xanadu's Board charter is available on the Company's website at [www.xanadumines.com](http://www.xanadumines.com).

### Position Descriptions

The Board and the Managing Director have developed a written position description for the Executive Chairman & MD, Executive Director, and the role of senior management team (i.e., the CFO, COO and VP Exploration).

The Company has not adopted a written position description in respect of the Chair of the Audit and Risk Committee or in respect of the Chair of the Nomination and Remuneration Committee. However, the Company envisages that the role of the Chair of each of the Audit and Risk Committee and the Nomination and Remuneration Committee will have primary responsibility to:

- effectively manage the duties of the committee;
- ensure that the committee is properly organised, functions effectively and meets its obligations and responsibilities;
- establish the frequency of committee meetings;
- Chair committee meetings; and
- liaise and communicate with the Chairman of the Board to co-ordinate input from the committee for Board meetings.

## Other Directorships

Certain of the directors of the Company are also directors of other issuers that are "reporting issuers" as that term is defined in and for the purposes of Canadian securities legislation, which positions are summarized as follows:

Name of Director	Other Reporting Issuer <sup>1</sup>	Market	Position	Director Since
Colin Moorhead	Ramelius Resources	ASX	Director	October 2022
	Aeris Resources Limited	ASX	Director	July 2020
	Coda Minerals Limited	ASX	Director	August 2019
	Sihayo Gold Limited	ASX	Director	July 2020
Michele Muscillo	Aeris Resources Limited	ASX	Director	May 2013
	Mako Gold Limited	ASX	Director	April 2017
Tony Pearson	QEM Limited	ASX	Director	August 2023
	Big Ben Holding Pty Limited (Brookland Group)	ASX	Director	February 2024

Notes:

(1) Mr. Lkhagvasuren and Mr Shen hold no listed company directorships other than Xanadu.

## Orientation and Continuing Education

Prior to any formal offer, any potential incoming director will be provided with sufficient information about Xanadu to gain a full understanding of the Company, its projects, personnel and policies and procedures. The information will extend to non-public information after the potential director has signed a confidentiality agreement, including access to Board packages and Board minutes, and may also include copies of certain contracts and reports.

Upon appointment, the Chairman & Managing Director is responsible for arranging for the new director to undertake an induction program to enable them to gain an understanding of: (i) Xanadu's operations; (ii) the culture and values of Xanadu; (iii) Xanadu's financial, strategic, operational and risk management position; (iv) their rights, duties, and responsibilities; and (v) any other relevant information.

New directors undergo a formal induction program in which they are given a full briefing on Xanadu, its operations, and the industry in which it operates. This includes meeting members of the existing Board, the Company Secretary, and the senior management for new directors to familiarise themselves with the Company and Board practices and procedures. The Nomination and Remuneration Committee is responsible for reviewing induction procedures for newly appointed Directors to facilitate their ability to discharge their responsibilities.

The Chairman & Managing Director, CFO, Company Secretary, and any other executive officers ensure that updated information is provided to the Board in a timely fashion to enable them to effectively discharge their duties as directors. This may be part of, or in addition to, the periodic Board reporting process.

Appropriate professional development opportunities will be offered on an ongoing basis to enable directors to develop and maintain their skills and knowledge.

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any director has the authority to seek any information he/she requires from any Xanadu employee and all employees must comply with such requests. Unless a conflict exists or to do so would be inconsistent with the director's duties, the director is to request such information via the Chairman & Managing Director.

Any director may take such independent legal, financial, or other advice as they consider necessary at the reasonable expense of Xanadu on any matter connected with the discharge of his or her responsibilities. Unless a conflict exists, any director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice (and if a conflict exists, the director should discuss the request with the Company Secretary). Any advice received by a director should be circulated to the Board.

To achieve continuing improvement in Board performance and to enhance the skills of Board members, a director may request and undertake training and professional development, as appropriate, at the Company's expense.

### **Ethical Business Conduct**

The Company has adopted a written code of conduct (the "**Code of Conduct**"), which has been agreed to by each of the directors, employees, contractors, consultants, and all other people when they represent Xanadu. The Code of Conduct governs all Xanadu's commercial operations and discloses the practices necessary to maintain confidence in the integrity of the Company and its subsidiaries, the practices necessary for the Company to fulfil its legal obligations, the responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour; and clarifies the standards of ethical behaviour required of the Board, senior executives and all employees to encourage the observance of those standards.

The Board monitors implementation of the Code of Conduct. All Personnel are requested to report immediately any circumstances which may involve a breach of this Code of Conduct to the Company Secretary or the Chairman & Managing Director. The Code of Conduct protects individuals who, in good faith, report conduct which they reasonably believe to be corrupt, illegal, or unethical on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The Code of Conduct can be accessed on the Company's website.

### **Board Committees**

The Board has appointed the Audit and Risk Committee, the Nomination and Remuneration Committee and the Safety, Health and Environment Committee (the "**SHE Committee**").

#### ***Audit and Risk Committee***

The Audit and Risk Committee is responsible for oversight of the Company's internal processes and practices and assessing the effectiveness of the Company's risk management and internal control processes. The Audit and Risk Committee is also responsible for liaising with the Company's auditors to discuss accounts and the Company's internal controls.

The members of the Audit and Risk Committee are Tony Pearson, Colin Moorhead, and Michele Muscillo. Tony Pearson is the Chair of the Audit and Risk Committee. Mr. Pearson and Mr. Muscillo are independent as defined under NI 58-101.

The Audit and Risk Committee charter is attached to this Management Information Circular as Schedule A and is also available on the Company's website at [www.xanadumines.com](http://www.xanadumines.com).

See "*Audit and Risk Committee*".

#### ***Nomination and Remuneration Committee***

The Nomination and Remuneration Committee (NRC) was established to, among other things, assist the Board in fulfilling its corporate governance responsibilities in regard to remuneration related matters. Without limiting its scope, the Nomination and Remuneration Committee is responsible for: (i) reviewing and making recommendations to the Board on the remuneration framework for Non-Executive Directors and Executive Directors; (ii) reviewing senior executive performance and making any performance-related incentive recommendations; and (iii) reviewing and recommending to the Board any awards under the Equity Incentive Plan.

The members of the Nomination and Remuneration Committee are Michele Muscillo, Tony Pearson and Colin Moorhead. Michele Muscillo is the Chair of the Nomination and Remuneration Committee. Mr. Muscillo and Mr. Pearson are independent as defined under NI 58-101.

The Nomination and Remuneration Committee charter is available on the Company's website at [www.xanadumines.com](http://www.xanadumines.com).

See "*Executive Compensation*".

#### ***Safety, Health and Environment Committee***

The Safety, Health and Environment Committee (SHE Committee) assists the Board in fulfilling its corporate governance responsibilities in regard to safety, health, environment, and community matters concerning Xanadu, including operational risk management.

The SHE Committee comprises two Executive Directors and one Executive. Executive Directors are Colin Moorhead (SHE Committee Chairman) and Ganbayar Lkhagvasuren. The Executive member is Andrew Stewart. The Company considers that, whilst the SHE Committee does not comprise a majority of Non-Executive Directors, its members collectively had the mix of skills and expertise appropriate to assist the Board.

The profile of each of the SHE Committee members are included under the heading Compensation Governance. The attendance of each SHE Committee member at SHE Committee meetings during the reporting period are set out under "*Corporate Governance - Attendance Record*".

The SHE Committee charter is available on the Company's website at [www.xanadumines.com](http://www.xanadumines.com).

### ***Nomination of Directors***

The Nomination and Remuneration Committee is responsible for identifying and recommending candidates for the Board. The Nomination and Remuneration Committee: (i) reviews the composition of the Board and its committees; (ii) assesses the necessary and desirable competencies of directors to ensure that collectively, the directors have an appropriate mix of competencies to enable the Board to discharge its responsibilities effectively; (iii) develops Board succession plans to ensure an appropriate balance of skills, experience and expertise is maintained; (iv) considers diversity related matters for both the Board and management; (v) oversees the directors' induction program; and (vi) ensures that directors have access to appropriate continuing education to update and enhance their skills and knowledge.

### ***Compensation***

The Board, with the assistance of the Nomination and Remuneration Committee, is responsible for approving compensation objectives and the specific compensation programs for policies and practices of the Company. For more information, see "*Executive Compensation*".

### ***Assessments***

The Nomination and Remuneration Committee is responsible for developing and implementing a process for evaluating the performance of the Board, its committees, the Chair, and individual directors. The Nomination and Remuneration Committee periodically undertakes reviews, which may include a review of the performance of the Chairman & Managing Director, the Executive Director, the CFO, the COO, and the Vice President Exploration by evaluating their performance against their respective key performance indicators set for the year and included within the Company's short term incentive plan. Any outcomes of such performance evaluations would be presented by the Nomination and Remuneration Committee to the Board.

### ***Policies Regarding the Representation of Women***

The Board has not adopted any written policy relating to the identification and nomination of women directors or officers. Similarly, the Board has not adopted a target regarding women on the Board or in executive officer positions of the Company. Given the size of the Company's workforce which is predominantly located in Mongolia, the Board has determined that it is not currently necessary or practicable to implement a policy concerning diversity or to establish measurable objectives for achieving gender diversity. The Board will consider and review matters relating to diversity, including whether it is necessary to establish formal policies and objectives as the Company matures. As at the date of this Management Information Circular, none of the members of the Board is a woman and none of the executive officers of the Company are women.

**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 31 December 2023, 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 William Hundy, the Secretary of the Company, by e-mail at [hundy@company matters.com.au](mailto:hundy@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 31 December 2023, together with the report of the auditor thereon;
- (b) one copy of the management's discussion and analysis for the financial year ended 31 December 2023:  
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 Toronto, Ontario this 22<sup>nd</sup> day of April 2023.

BY ORDER OF THE BOARD OF DIRECTORS

*Signed: "Colin Moorhead"*

Colin Moorhead  
Chairman  
Xanadu Mines Ltd

SCHEDULE A

AUDIT AND RISK COMMITTEE CHARTER