

10 October 2017

Dear Shareholders,

On behalf of the Board of Xanadu Mines Ltd (“**Company**”), I am pleased to invite you to attend an Extraordinary General Meeting (“**EGM**”) of the Company, which will be held at 3:00pm on Thursday, 16 November 2017 at the offices of Computershare in Sydney.

Enclosed is the Notice of Meeting setting out the business of the EGM. The Notice of Meeting and Explanatory Memorandum set out important information in relation to the matters to be considered by shareholders at the meeting.

If you are attending the EGM, please bring your Proxy Form with you to facilitate a faster registration. If you are unable to attend the EGM, I encourage you to complete and return the enclosed Proxy Form no later than 3:00pm (Sydney time) on Tuesday, 14 November 2017 in one of the ways specified in the Notice of Meeting and Proxy Form.

I also encourage you to read the enclosed Notice of Meeting and the Explanatory Memorandum and the Proxy Form and consider directing your proxy how to vote in each resolution by marking either the “for” box, the “against” box or the “abstain” box on the Proxy Form.

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

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

Thank you for your continued support of Xanadu and I look forward to your attendance and the opportunity to meet with you.

Yours sincerely,



Kevin Tomlinson
Chairman
Xanadu Mines Ltd

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XAM

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XANADU MINES LTD
ABN 92 114 249 026

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting (“**EGM**”) of Shareholders of Xanadu Mines Ltd (**Company**) will be held:

Date: Thursday, 16 November 2017

Time: 3:00pm (Sydney time)

Venue: Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

The Explanatory Memorandum accompanying this Notice of Meeting (“**Notice of Meeting**”) provides additional information on matters to be considered at the EGM. The Explanatory Memorandum and Proxy Form are part of this Notice of Meeting.

1. RATIFICATION OF PLACEMENT

Resolution 1 Ratification of Placement

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue on 5 October 2017 of a total of 76,785,295 fully paid ordinary shares in Xanadu (“Shares”) at an issue price of 20 cents per Share, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting, is ratified.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 1 by any person who participated in the above issue and any associates of those persons.

However, the Company need not disregard a vote cast on Resolution 1 if:

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

2 ELECTION OF DIRECTORS

Resolution 2.1 Election of Director - Mr Kevin Tomlinson, Non-Executive Director

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

“That Mr Kevin Tomlinson, having been appointed to fill a casual vacancy on 29 May 2017, under clause 11.8 of the Company’s Constitution, retires as required under clause 11.8 of the Company’s Constitution and offers himself for election and, being eligible, be elected as a Director of the Company.”

Resolution 2.2 Election of Director - Mr Michele Muscillo, Non-Executive Director

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

“That Mr Michele Muscillo, having been appointed to fill a casual vacancy on 14 August 2017, under clause 11.8 of the Company’s Constitution, retires as required under clause 11.8 of the Company’s Constitution and offers himself for election and, being eligible, be elected as a Director of the Company.”

3 ISSUE OF PERFORMANCE SHARE RIGHTS TO DIRECTORS

Resolution 3.1 Issue of Performance Rights to Mr Kevin Tomlinson under the Xanadu Equity Incentive Plan

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

“That, for the purposes of ASX Listing Rule 10.14 and section 260C(4) of the Corporations Act 2001 (Cth), the issue of 3 million Performance Rights to Mr Kevin Tomlinson (Non-executive Chairman) under the Xanadu Mines Ltd Equity Incentive Plan on the terms described in the Explanatory Memorandum which forms part of the Notice of Meeting, is approved.”

Resolution 3.2 Issue of Performance Rights to Dr Andrew Stewart under the Xanadu Equity Incentive Plan

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

“That, for the purposes of ASX Listing Rule 10.14 and section 260C(4) of the Corporations Act 2001 (Cth), the issue of 7 million Performance Rights to Dr Andrew Stewart under the Xanadu Mines Ltd Equity Incentive Plan on the terms described in the Explanatory Memorandum which forms part of the Notice of Meeting, is approved.”

Resolution 3.3 Issue of Performance Rights to Mr Ganbayar Lkhagvasuren under the Xanadu Equity Incentive Plan

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

“That, for the purposes of ASX Listing Rule 10.14 and section 260C(4) of the Corporations Act 2001 (Cth), the issue of 4 million Performance Rights to Mr Ganbayar Lkhagvasuren under the Xanadu Mines Ltd Equity Incentive Plan on the terms described in the Explanatory Memorandum which forms part of the Notice of Meeting, is approved.”

Resolution 3.4 Issue of Performance Rights to Dr Darryl Clark under the Xanadu Equity Incentive Plan

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

“That, for the purposes of ASX Listing Rule 10.14 and section 260C(4) of the Corporations Act 2001 (Cth), the issue of 1 million Performance Rights to Dr Daryl Clark under the Xanadu Mines Ltd Equity Incentive Plan on the terms described in the Explanatory Memorandum which forms part of the Notice of Meeting, is approved.”

Resolution 3.5 Issue of Performance Rights to Mr Michele Muscillo under the Xanadu Equity Incentive Plan

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

“That, for the purposes of ASX Listing Rule 10.14 and section 260C(4) of the Corporations Act 2001 (Cth), the issue of 1 million Performance Rights to Mr Michele Muscillo under the Xanadu Mines Ltd Equity Incentive Plan on the terms described in the Explanatory Memorandum which forms part of the Notice of Meeting, is approved.”

Voting Exclusion Statement for Resolutions 3.1 to 3.5

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolutions 3.1 to 3.5 by any Director and their associates.

However, the Company need not disregard a vote cast on Resolutions 3.1 to 3.5 if:

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

In addition, a vote must not be cast on Resolutions 3.1 to 3.5 as a proxy by a member of the Key Management Personnel (“KMP”) at the date of the EGM, or a closely related party of those persons, unless it is cast as proxy for a person entitled to vote in accordance with their directions. This restriction on voting undirected proxies does not apply to the Chairman of the meeting because the Company’s proxy appointment expressly authorises the Chairman of the meeting to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of the KMP.

BY ORDER OF THE BOARD



Phil Mackey
Company Secretary
10 October 2017

ENTITLEMENT TO ATTEND AND VOTE

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that persons who are registered holders of shares of the Company as at 7:00pm (Sydney time) on Tuesday, 14 November 2017 are entitled to attend and vote at the EGM as a Shareholder.

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

Voting by Proxy

If you are a Shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the EGM.

A proxy does not need to be a Shareholder of the Company.

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

To be effective, the proxy must be received at the Company's Share Registry no later than 3:00pm (Sydney time) on Tuesday, 14 November 2017. Proxies must be received before that time by one of the following methods:

By post: Computershare Investor Services Pty Limited
 GPO Box 242
 Melbourne VIC 3001
 Australia

By facsimile: 1800 783 447 (within Australia)
 +61 3 9473 2555 (outside of Australia)

By delivery in Level 4
person: 60 Carrington Street
 Sydney NSW 2000

Online: www.investorvote.com.au (for Shareholders)
 www.intermediaryonline.com (Intermediary Online subscribers only)

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

Voting by Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by no later than 3:00pm (Sydney time) on Tuesday, 14 November 2017 being 48 hours before the EGM.

Corporate Representatives

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

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

IMPORTANT: If you appoint the Chairman of the Meeting as your proxy, or the Chairman becomes your proxy by default, and you do not direct your proxy how to vote on Resolutions 1, 2, 3.1, 3.2, 3.3, 3.4 and 3.5 then by submitting the Proxy Form you will be expressly authorising the Chairman to exercise your proxy on the relevant resolution.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in relation to the business to be conducted at the Company's EGM to be held at 3:00pm (Sydney time) on Thursday, 16 November 2017.

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

All resolutions are to be voted on as ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders present and entitled to vote on the resolution.

Subject to the abstentions noted below, the Directors unanimously recommend that Shareholders vote in favour of all of the resolutions. The Chairman of the EGM intends to vote in favour of all the resolutions.

RESOLUTION 1. RATIFICATION OF PLACEMENT

Specific information about Resolution 1

Under ASX Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its ordinary securities within a 12 month period. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been made with approval for the purpose of ASX Listing Rule 7.1.

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

On 28 September 2017, Xanadu announced a placement of ordinary shares to institutional investors (**Institutional Placement**) to raise approximately \$15.4 million at \$0.20 per fully paid ordinary share in Xanadu (**New Shares**). On 5 October 2017, the Company issued 76,785,295 New Shares to institutional investors under the Institutional Placement.

The Institutional Placement was made within the 15% limit permitted under ASX Listing Rule 7.1 and without shareholder approval. Accordingly, Resolution 1 is proposed for the purpose of ratifying the shares issued under the Institutional Placement and thereby refreshing the Company's ability to issue Shares in the future up to the 15% limit should the need or opportunity arise.

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

- the number of Shares issued under the Institutional Placement was 76,785,295;
- the Shares issued under the Institutional Placement were issued at a price of 20 cents per share;
- New Shares under the Institutional Placement have been issued to:
 - a range of sophisticated and professional investors who qualify under the requirements of sections 9 and 708 of the Corporations Act identified by Bell Potter; and
 - international resident investors to whom an offer of the Institutional Placement Shares did not require disclosure under the laws of the relevant jurisdiction;
- the New Shares issued under the Institutional Placement were fully paid ordinary shares which rank equally with all other existing Shares from the date of issue;
- The funds raised will be used to fund:
 - ongoing exploration activities on the Kharmagtai and Oyut Ulaan projects;
 - repayment of the loan from Noble Resources totalling US\$2.8m;
 - general working capital requirements; and
 - corporate overhead and administration costs;
- a Voting Exclusion Statement accompanies Resolution 1 in the Notice of Meeting.

2 ELECTION OF DIRECTORS

Resolution 2.1 Election of Mr Kevin Tomlinson, Non-executive director

Mr. Tomlinson was appointed as a Non-Executive Director on 29 May 2017 and assumed the role of Chairman upon the retirement of Mr Mark Wheatley at the conclusion of the Company's Annual General Meeting held on that date. Under the Company's Constitution, a Director appointed to fill a casual vacancy holds office only until the next general meeting. In accordance with this requirement, Mr. Tomlinson now retires from the Board and offers himself for election.

Mr. Tomlinson, based in London, has more than 30 years' experience in the resource and finance sectors within the Canadian, Australian and United Kingdom stock markets. In Australia, Mr. Tomlinson held senior executive roles with Plutonic Resources and Hartleys Australia as Head of Research. In London, he was Managing Director of Investment Banking at Westwind Partners/Stifel Nicolaus raising equity and providing corporate advice for many resources companies. Mr. Tomlinson brings extensive experience in exploration, development and financing of mining projects internationally. Currently, Mr. Tomlinson holds non-executive positions on the boards of listed mining companies Cardinal Resources Limited (ASX:CDV) and Samco Gold Limited (TSXV:SGA). Previous long term board positions held have included Chair of Medusa Mining, Director with Orbis Gold and Director with Centamin Plc.

The Directors, with Mr Tomlinson abstaining, unanimously recommend that Shareholders vote in favour of Resolution 2.1.

Resolution 2.2 Election of Mr Michele Muscillo, Non-executive director

Mr. Muscillo was appointed as a Non-Executive Director on 14 August 2017. Under the Company's Constitution, a Director appointed to fill a casual vacancy holds office only until the next general meeting. In accordance with this requirement, Mr. Muscillo now retires from the Board and offers himself for election.

Mr Muscillo is a Partner with HopgoodGanim Lawyers in Brisbane. Mr. Muscillo has practised exclusively in corporate law for the duration of his legal career and has extensive experience in mergers and acquisitions and capital markets transactions, including the negotiation of significant commercial contracts and agreements. His key areas of practice include Corporate Advisory and Governance, Mergers and Acquisitions, Capital Markets and Resources and Energy.

Mr Muscillo is also currently a Non-Executive Director with ASX-Listed Aeris Resources Limited (ASX:AIS). Formerly, Mr. Muscillo was also Non-Executive Director of Orbis Gold Limited from the time of its ASX listing, through the discovery of its flagship Natougou project and ultimately to the sale of the company to TSX-Listed SEMAFO Inc. (TSX:SMF) in 2015.

The Directors, with Mr Muscillo abstaining, unanimously recommend that Shareholders vote in favour of Resolution 2.2.

3 ISSUE OF PERFORMANCE SHARE RIGHTS TO DIRECTORS

Grant of Performance Rights to directors under the Xanadu Equity Incentive Plan ("Plan")

Shareholder approval is being sought under Item 3 for the issue of:

- 3,000,000 Share Rights to Mr Kevin Tomlinson under the Plan (**Resolution 3.1**);
- 7,000,000 Share Rights to Dr Andrew Stewart under the Plan (**Resolution 3.2**);
- 4,000,000 Share Rights to Mr Ganbayar Lkhagvasuren under the Plan (**Resolution 3.3**);
- 1,000,000 Share Rights to Dr Darryl Clark under the Plan (**Resolution 3.4**); and
- 1,000,000 Share Rights to Mr Michele Muscillo under the Plan (**Resolution 3.5**).

Xanadu Remuneration Philosophy: General

Objective

The Board believes that appropriately designed equity based plans are an important component of the Company's remuneration arrangements. Such plans are a key tool to allow the Group to attract and retain directors and employees and ensure the interests of directors and employees are aligned with those of Shareholders in creating long-term Shareholder value.

Xanadu Equity Incentive Plan

The Xanadu Equity Incentive Plan ("**EIP**" or the "**Plan**") is designed to create a stronger link between increasing Shareholder value and the incentive based compensation payable to Directors and senior executives. It also means that a portion of the Director's emolument is "at-risk" and tied commensurately with company performance (reflected in share price growth).

Key terms of the EIP

The Board is empowered under the EIP terms and conditions to determine the key terms of any Plan Interest allocated under the EIP.

Eligibility

The EIP is open to eligible persons, namely Non-Executive Directors, Executive Directors of the Group, employees, contractors, consultants and or any other person whom the Board determines to be eligible to participate in the EIP from time to time (**Eligible Person**).

Participation

Each Eligible Person who acquires a legal or beneficial interest in a Plan Interest (including the legal personal representative of the person) becomes a '**Participant**' in the EIP.

Invitation

An offer by the Board to acquire a Plan Interest and become a Participant in the EIP will be in such form and subject to such conditions as the Board determines.

The invitation will specify the terms attaching to the offer, including each of the following (as applicable):

- 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;
- the date the Plan Interests will be allotted;
- any amount payable by an Eligible Person to acquire the Plan Interests;
- the date which unvested Plan Interests will lapse or expire (**Expiry Date**);
- any conditions that must be satisfied in relation to a Participant's or the Company's performance during a specified period (**Performance Conditions**);
- any conditions that will result in the forfeiture of a Plan Interest (**Forfeiture Conditions**);
- any conditions that must be satisfied before a Plan Share can be disposed of by a Participant (**Disposal Restrictions**);
- any holding lock period; and
- any exercise price payable by Participants.

Rights of Participants

Unless Forfeiture Conditions are triggered or the Expiry Date reached, Plan Interests remain subject to the terms and conditions of the EIP until all applicable Performance Conditions and Disposal Restrictions are achieved.

If Options or Share Rights have been granted, upon vesting and exercise (as applicable), Participants will receive either a beneficial entitlement to Plan Shares (i.e. subject to Disposal Restrictions) or a legal and beneficial entitlement to Shares (which are no longer held under the EIP). Plan Shares will rank equally with Shares in respect of dividends and voting entitlements.

In respect of a Share Right or Option, a Participant may not participate in:

- (a) new issues of Shares to Shareholders;
- (b) bonus issues of Shares or other securities to Shareholders; or
- (c) any pro-rata issue of Shares or other securities pro-rata to Shareholders,

unless the Option is exercised or the Share Right is converted into Shares or Plan Shares (as the case may be), in each case before the record date for the relevant issue.

The Company will apply for quotation on the official list of the ASX of the Plan Shares or Shares (as the case may be) upon the exercise of an Option issued or a vested Share Right that vests under the EIP. The Company will not seek official quotation by ASX of any Options or Share Rights.

In the event of a change of control, the Board may in its discretion give written notice to Participants and deal with the EIP Interests by:

- converting Participants' Share Rights to Shares whether or not all conditions have been met;
- permitting the exercise of some or all Options whether or not Vesting Conditions have been met; and/or
- removing any Disposal Restrictions attaching to Plan Shares.

Assignment

Unless the Board determines otherwise, Plan Interests issued under the EIP are not transferable or assignable.

Administration

The EIP will be administered by the Board, which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to any applicable Listing Rules) in addition to those set out in the EIP.

Termination and Amendment

The EIP may be terminated or suspended at any time by the Board but any such suspension or termination will not affect nor prejudice rights of any Participant holding Plan Interests at that time. The EIP may be amended at any time by the Board.

Share Rights

Subject to Shareholder approval, the Share Rights will be issued shortly after the EGM. Subject to the achievement of certain vesting conditions (described below), the Share Rights may vest and become exercisable and convert upon exercise of Share Rights to ordinary shares on a one-for-one basis for nil financial consideration.

As with prior awards to Non-Executive Directors of the Company, the Board has decided to a grant of Share Rights for the following reasons:

- the grant of Share Rights is in accordance with acceptable market practice;
- the grant of Share Rights has a minimal dilutionary effect on the issued share capital of the Company; and
- vested rights will create recognisable value to the holder, which when granted under transparent and appropriate performance conditions, ensures alignment with value creation to Shareholders.

Details of the awards to Messrs Tomlinson, Stewart and Lkhagvasuren were disclosed to ASX on 25 May 2017. The awards have taken into account feedback from major shareholders following an alternative proposed design in late 2016.

Design of Current Awards

Resolution 4.1:

Kevin Tomlinson, Non-Executive Chairman:

- Tranche 1: 1.5 million Share Rights
- Tranche 2: 1.5 million Share Rights

Resolution 4.2:

Andrew Stewart, Managing Director and Chief Executive Officer:

- Tranche 1: 3.5 million Share Rights
- Tranche 2: 3.5 million Share Rights

Resolution 4.3:

Ganbayar Lkhagvasuren, Executive Director:

- Tranche 1: 2 million Share Rights
- Tranche 2: 2 million Share Rights

Resolution 4.4:

Darryl Clark, Non-Executive Director:

- Tranche 1: 500,000 Share Rights
- Tranche 2: 500,000 Share Rights

Resolution 4.5:

Michele Muscillo, Non-Executive Director:

- Tranche 1: 500,000 Share Rights
- Tranche 2: 500,000 Share Rights

The Vesting Conditions which must be satisfied in respect of the Share Rights are as follows:

- **Tranche 1 Share Rights** - the volume weighted average price of the Company's Shares (**VWAP**) as traded on ASX is equal to, or exceeds, \$0.40 per Share for 45 consecutive days during the period commencing on the Start Date and ending on one year after the Start Date and the holder remains employed by the Company as at that date (**Tranche 1 Share Rights Vesting Condition**). If the Tranche 1 Share Rights Vesting Condition is not satisfied, the Tranche 1 Share Rights will not lapse but will instead be subject to the Tranche 2 Share Rights Vesting Condition (defined below) and tested on the date that the Tranche 2 Share Rights are tested;
- **Tranche 2 Share Rights** - the VWAP of the Company's Shares as traded on ASX is equal to or exceeds \$0.60 per Share for 45 consecutive days during the period commencing on date that is one year after Start Date and ending on date that is one year later and the holder remains employed by the Company as at that date (**Tranche 2 Share Rights Vesting Condition**). If the Tranche 2 Share Rights Vesting Condition is not satisfied, the Tranche 1 Share Rights and the Tranche 2 Share Rights will automatically lapse on the date that is two years after Start Date.

Whether the Vesting Conditions in respect of the Share Rights have been satisfied will be tested on the dates that are one year and two years after the Start Date (as applicable).

Vested Share Rights may be exercisable up to 15 years after the date of grant.

If there is a Control Event (as defined in the Terms and Conditions), the number of Share Rights which will vest will be determined having regard to the price per Share to be paid by the third party for the Company's Shares.

If the price payable per Share as part of the Control Event during the two year vesting period is less than \$0.40 per Share, all Share Rights will lapse. If the price paid per Share is \$0.40 per Share or greater, Tranche 1 and Tranche 2 Share Rights will vest.

If a participant's performance is terminated for poor performance or if a participant resigns before relevant Vesting Conditions are met, the Share Rights will lapse unless the Board otherwise determines.

Share Price Hurdles

The Board believes that the share price hurdles above are appropriate to both incentivise management and align management with shareholder interests. Specifically, the hurdles tie commensurately in Xanadu's 24 month corporate strategy.

Technical information for the purposes of the ASX Listing Rules

In accordance with the requirements of ASX Listing Rule 10.15, the following information is provided with respect to Resolutions 3.1 to 3.5 inclusive:

- Mr Kevin Tomlinson, Dr Andrew Stewart, Mr Ganbayar Lkhagvasuren, Dr Darryl Clark and Mr Michele Muscillo are all Directors of the Company;
- the number of Shares Rights to be awarded to the following directors for nil financial consideration are:
 - Mr Kevin Tomlinson: 3 million;
 - Dr Andrew Stewart: 7 million;
 - Mr Ganbayar Lkhagvasuren: 4 million;
 - Dr Daryl Clark: 1 million; and
 - Mr Michele Muscillo: 1 million;
- there have been no awards of equity made under the Plan to any person referred to in ASX Listing Rule 10.14 since the last approval at the 2016 AGM on 6 May 2016;
- under the terms of the Plan, all Directors are entitled to participate in the Plan, that is each of the following persons:
 - Mr Kevin Tomlinson;
 - Dr Andrew Stewart;
 - Mr Ganbayar Lkhagvasuren;
 - Ms Hannah Badenach;
 - Dr Darryl Clark;
 - Mr Marcus Engelbrecht; and
 - Mr Michele Muscillo;
- a voting exclusion statement is set out under Resolutions 3.1 to 3.5 in the Notice of Meeting;
- there is no loan attaching to the offer under the Plan;
- the Company is expected to award the Share Rights shortly after the EGM but in any event within 12 months after the EGM; and
- if approval is given for the issue of securities under ASX Listing Rule 10.14, approval is not required under Listing Rule 7.1.

APPENDIX 1
Resolutions 3.1 to 3.5

The following is the current issued capital of the Company

Details				Total Number of Securities
Quoted				
Fully Paid Ordinary Shares				588,687,267
Unquoted				
1. Share Rights				
Vesting price	Vesting date	Issued to		
Individual KPIs	1 February 2018	Middle management		300,000
\$0.2281	16 June 2018	M. Engelbrecht		333,334
\$0.40	26 July 2018	M. Dambiinyam		1,000,000
\$0.40	26 July 2018	M. Brown		1,000,000
				2,633,334
2. Options				
Series	Exercise price	Exercise date	Issued to	
A	\$0.00	14 January 2019	Temujin Mining Corp	15,000,000
B	\$0.00	14 January 2019	Temujin Mining Corp	20,000,000

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XANADU MINES

XANADU MINES LTD
ABN 92 114 249 026

Lodge your vote:

Online:
www.investorvote.com.au

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

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

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

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

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



Proxy Form



Vote and view the Notice of Meeting online

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



Your access information that you will need to vote

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

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

For your vote to be effective it must be received by 5pm (Sydney time) Tuesday, 14 November 2017

How to Vote on Items of Business

All your securities will be voted in accordance with your direct or indirect instructions.

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

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

Signing Instructions for Postal Forms

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

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

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

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

Attending the Meeting

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

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

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

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

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



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

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

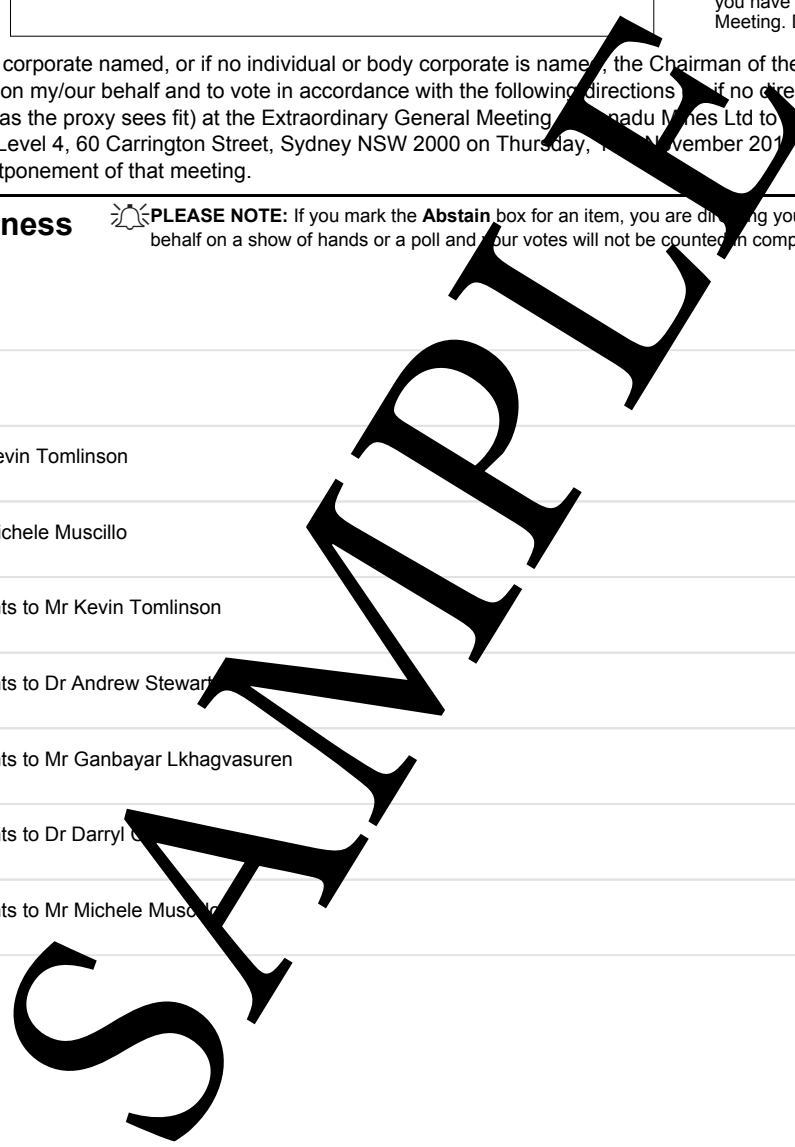
the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Xanadu Mines Ltd to be held at Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney NSW 2000 on Thursday, 11 November 2010 at 3.00pm (Sydney time) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business **PLEASE NOTE:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Ratification of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.1 Election of Director - Mr Kevin Tomlinson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2 Election of Director - Mr Michele Muscillo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.1 Issue of Performance Rights to Mr Kevin Tomlinson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2 Issue of Performance Rights to Dr Andrew Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.3 Issue of Performance Rights to Mr Ganbayar Lkhagvasuren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.4 Issue of Performance Rights to Dr Darryl C...	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.5 Issue of Performance Rights to Mr Michele Muscillo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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

Individual or Securityholder 1 <input style="width: 90%; height: 20px;" type="text"/>	Securityholder 2 <input style="width: 90%; height: 20px;" type="text"/>	Securityholder 3 <input style="width: 90%; height: 20px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____