

Response to ASX Price & Volume - Query

6 April 2022

Nikki Ciavatta
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By email: ListingsCompliancePerth@asx.com.au

Dear Ms Ciavatta

Xanadu Mines Limited ('XAM'): Price & Volume - Query

I refer to your attached Price & Volume Query Letter received today and set out below, is the Company's response to the ASX's Request for Information.

1. *Is XAM aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?*

XAM's Response

Yes. As the ASX is aware and as is referenced in the Company's Request for Trading Halt of 5 April 2022 (**Trading Halt Request**), the Company is in the process of imminently finalising an announcement in respect of the Scoping Study for its Kharmagtai Copper-Gold Project (**Kharmagtai Scoping Study Announcement**).

The release of the Kharmagtai Scoping Study Announcement is a significant step for the Company, reflective of the entry into a new phase in the potential future development of the Kharmagtai project.

It is anticipated that the Kharmagtai Scoping Study Announcement will be released on Wednesday, 6 April 2022.

Separate to the Kharmagtai Scoping Study, and as has previously been announced, the Company has actively been seeking to attract a strategically aligned partner to assist in funding the future appraisal and development program for Kharmagtai with the Company reviewing various potential investment structures, including an equity or debt investment in the Company, project level investment or a combination of these arrangements (**Strategic Partner Process**).

In this regard, the Company has established a data-room, granted due diligence access to a number of potentially interested parties and commenced negotiations with certain parties that the Xanadu Board considers can contribute both funding and project development expertise to progress Kharmagtai to a development decision and ultimately production.

The Company cautions investors that there are currently no concluded negotiations nor binding arrangements with any party in respect of the Strategic Partner Process, and there can be no guarantee that any discussions or negotiations will successfully conclude or that binding agreements will ultimately be reached.

The Company is not aware of any other information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities.

2. *If the answer to question 1 is "yes".*

(a) *Is XAM relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in XAM's securities would suggest to ASX that such information may have ceased to be confidential and therefore XAM may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.*

XAM's Response

Yes, and the Company has lodged and has been granted a Trading Halt until the earlier of such time as the Company issues the Kharmagtai Scoping Study Announcement or the commencement of trading on Thursday, 7 April 2022.

(b) *Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).*

XAM's Response

No. See response to Question 1 and 2(a) above.

(c) *If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?*

XAM's Response

Please see the response to Question 1 and 2(a) above.

3. *If the answer to question 1 is "no", is there any other explanation that XAM may have for the recent trading in its securities?*

XAM's Response

Please refer to the response to Question 1 and 2 above.

4. *Please confirm that XAM is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

XAM's Response

The Company confirms that it is compliant with the Listing Rules and, in particular, Listing Rule 3.1.

5. *Please confirm that XAM's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of XAM with delegated authority from the board to respond to ASX on disclosure matters.*

XAM's Response

The Company confirms that the responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of XAM with delegated authority from the board to respond to ASX on disclosure matters.

Yours sincerely



Colin Moorhead

Executive Chairman and Managing Director



5 April 2022

Reference: ODIN50199

Mr Philip Mackey
Company Secretary
Xanadu Mines Ltd

By email: mackey@companymatters.com.au

Dear Mr Mackey

Xanadu Mines Ltd ('XAM'): Price & Volume - Query

ASX refers to the following:

- A. The change in the price of XAM's securities from an intraday low of \$0.031 to an intraday high of \$0.037 at the time of writing this letter.
- B. The significant increase in the volume of XAM's securities traded today.

Request for information

In light of this, ASX asks XAM to respond separately to each of the following questions and requests for information:

- 1. Is XAM aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
- 2. If the answer to question 1 is "yes".
 - (a) Is XAM relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in XAM's securities would suggest to ASX that such information may have ceased to be confidential and therefore XAM may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
- 3. If the answer to question 1 is "no", is there any other explanation that XAM may have for the recent trading in its securities?
- 4. Please confirm that XAM is complying with the Listing Rules and, in particular, Listing Rule 3.1.
- 5. Please confirm that XAM's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of XAM with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2:45PM AWST Tuesday, 5 April 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall

within the exceptions mentioned in Listing Rule 3.1A, XAM's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require XAM to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in XAM's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in XAM's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to XAM's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that XAM's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Nikki Ciavatta
Adviser, Listings Compliance (Perth)