

28 November 2014


ASX Limited
Company Announcements Office
20 Bridge Street
Sydney NSW 2000


SECTION 708AA NOTICE

Xanadu Mines Ltd (**Xanadu** or **the Company**) gives notice in accordance with Section 708AA (2)(f) of the Corporations Act, 2001 (**the Act**) that:

1. The Company will offer to issue without disclosure to investors under Part 6D.2 of the Act, 69,581,954 fully paid ordinary shares (**Shares**) at an issue price of 12.26 cents per share under a non-renounceable rights issue on the basis of 2 new fully paid ordinary shares for every 7 shares held at 7:00pm (AEDST) on 4 December 2014 (**Record Date**) by shareholders whose address on the Company's register of members is in Australia, New Zealand or Singapore.
2. This notice is being given under section 708AA(2)(f) of the Act.
3. As at the date of this announcement, Xanadu has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act as they apply to Xanadu; and
 - (b) section 674 of the Corporations Act.
4. As at the date of this announcement, there is no information:
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (b) that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of Xanadu; or
 - (ii) the rights and liabilities attaching to the new Shares.

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 **ASX**
XAM

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Xanadu Mines Ltd (ASX: XAM) is an exploration company that has assembled a significant exploration portfolio across Mongolia's porphyry belts. These belts are part of the larger Central Asian Orogenic Belt – one of the last great exploration frontiers known to host large copper porphyry deposits – with Mongolia emerging as a globally significant copper province.

5. The Rights Issue will not have any material effect on the control of the Xanadu. The capital structure before the Rights Issue and the potential structure after the Rights Issue is set out below:

| Issued Shares | Number of Shares |
|--|-------------------------|
| Total issued capital of Xanadu at the Record Date for the Rights Issue | 243,836,539 |
| Number of new shares offered under the Rights Issue including any shortfall shares and subject to rounding | 69,581,954 |
| Issue of placement shares subject to approval of shareholders at the Annual General Meeting to be held later during the day | 111,226,455 |
| Total issued capital of Xanadu at completion of Rights Issue assuming maximum number of New Shares under the Rights Issue are issued | 424,644,948 |

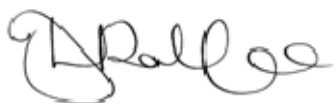
The Directors have reserved the right to offer any shortfall under the Rights Issue in accordance with Listing Rule 7.2 Exception 3.

Investors should note the following:

- (a) If particular eligible shareholders do not take up all of their entitlements under the offer, the shareholding interests of those eligible shareholders will be diluted;
- (b) The proportional interests of shareholders with registered addresses outside Australia, New Zealand and Singapore will be diluted because those shareholders are not entitled to participate in the Rights Issue; and
- (c) Should Xanadu's major shareholders subscribe for their full entitlement under the Rights Issue, there will not be any material impact on the control of the Company following the issue of shares under the Rights Issue.

Further details about the Rights Issue were announced on 25 November 2014.

Yours Sincerely



Janine Rolfe
 Company Secretary