



29 April 2015

Dear Shareholder

On behalf of the Board of Xanadu Mines Ltd (**Xanadu or the Company**) I am pleased to invite you to attend the Company's 2015 Annual General Meeting (**AGM**) which will be held at the offices of Computershare in Sydney on Friday, 29 May 2015.

This letter accompanies a Notice of Meeting in respect of the AGM. The Resolutions themselves are set out in the Notice of Meeting and more details are provided in the Explanatory Memorandum accompanying the Notice of Meeting.

I encourage you to read these documents and vote in favour of the Resolutions at the Annual General Meeting.

Shareholders attending the AGM will have the opportunity to ask questions at the Meeting. If you are unable to attend the Meeting and have a question that you would like to address to the Board or to our external auditor, Ernst & Young, please email your question to our Company Secretary, Janine Rolfe, at info@xanadumines.com prior to the AGM.

I look forward to seeing as many of you as possible at the AGM.

Yours sincerely,

Mark Wheatley
Executive Chairman
Xanadu Mines Ltd



CONTACT

Mark Wheatley
Executive Chairman
T: +61 417 688 539
mark.wheatley@xanadumines.com

www.xanadumines.com



AUSTRALIA

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



MONGOLIA

2nd Khoroo, Military Town
AOS Street, Bayanzurkh District
Ulaanbaatar, Mongolia
T: +967 5011 0211



ASX
XAM



XANADU MINES LTD
ABN 92 114 249 026

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (**AGM** or **Meeting**) of Shareholders of Xanadu Mines Ltd (**Xanadu** or **the Company**) will be held:

Date: Friday, 29 May 2015
Time: 11:00am (Sydney time)
Venue: Computershare Investor Services
Level 4
60 Carrington Street
Sydney NSW 2000

The Explanatory Memorandum accompanying this Notice of Meeting (**Notice**) provides additional information on matters to be considered at the AGM. The Explanatory Memorandum and proxy form are part of this Notice.

BUSINESS OF THE MEETING

A. Consideration of Reports

To receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report of the Company for the financial year ended 31 December 2014.

Unless the Company's Share Registry has been notified otherwise, Shareholders have not been sent a hard copy of the Annual Report. All Shareholders can view the Annual Report which contains the Financial Report for the year ended 31 December 2014 on the Company's website at www.xanadumines.com.

B. Questions and Comments

Following consideration of the Reports, the Chairman will give Shareholders attending the Meeting a reasonable opportunity to ask questions about or comment about the management of the Company.

The Chairman will also give Shareholders an opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the Independent Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by Shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of written questions, if any, submitted by Shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the AGM.

ITEMS FOR APPROVAL

1. Re-election of Mr Ganbayar Lkhagvasuren, Executive Director

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

"That Mr Ganbayar Lkhagvasuren, who retires in accordance with clause 11.4 of the Company's Constitution, offers himself for re-election and being eligible, is re-elected as a Director of the Company."

2. Remuneration Report

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

"That, the Company's Remuneration Report for the financial year ended 31 December 2014 (set out in the Directors' Report) is adopted."

The Remuneration Report is set out in the Annual Report dated 13 March 2015. Please note that, in accordance with section 250R(3) of the Corporations Act 2001 (Cth), the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

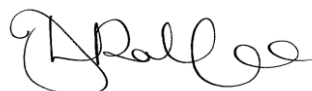
A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of:

- a. a member of the Key Management Personnel (**KMP**) whose remuneration is included in the Remuneration Report for the financial year ended 31 December 2014; and
- b. a closely related party (such as close family members and any controlled companies) (**Closely Related Party**) of such a KMP.

However, such a person may cast a vote on Resolution 2 as proxy for a person who is entitled to vote if:

- a. the proxy appointment is in writing and specifies how the proxy is to vote (for, against, abstain); or
- b. the vote is cast by the person chairing the Meeting and:
 - i. the appointment does not specify how the proxy is to vote; and
 - ii. the appointment expressly authorises the Chair of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

BY ORDER OF THE BOARD



Janine Rolfe
Company Secretary
29 April 2015

ENTITLEMENT TO ATTEND AND VOTE

In accordance with Reg 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 Wednesday, 27 May 2015 will be entitled to attend and vote at the AGM as a Shareholder.

If more than one joint holder of shares is present at the AGM (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 will be 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 2001 (Cth) (the **Act**) to exercise its powers as proxy at the AGM.

A proxy need not be a Shareholder of the Company.

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

To be effective, the proxy must be received at the Share Registry of the Company no later than 11:00am (Sydney time) on Wednesday, 27 May 2015. 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
By delivery in person:	Level 4 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 the Company no later than 11:00am (Sydney time) on Wednesday, 27 May 2015 being 48 hours before the AGM.

Corporate Representatives

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

EXPLANTORY 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 AGM to be held on Friday, 29 May 2015.

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

Resolution 1 is to be voted on as an ordinary resolution. An ordinary resolution requires a simple majority of votes cast by Shareholders entitled to vote on the resolution. Resolution 2 is an advisory resolution.

The Directors unanimously recommend Shareholders vote in favour of all Resolutions.

Resolution 1: Re-election of Mr Ganbayar Lkhagvasuren, Executive Director

In accordance with clause 11.4 of the Company's Constitution, Mr Lkhagvasuren retires by rotation and, being eligible, offers herself for re-election as a Non-Executive Director of Xanadu.

Mr Lkhagvasuren was appointed as an Executive Director of Xanadu on 28 August 2006. Mr Lkhagvasuren is a co-founder of Xanadu and has been a Director since 2006. He is the joint venture partner in Mongol Metals LLC and brings a vital Mongolian perspective to the Board of Directors. He works closely with the Executive Chairman and Chief Executive Officer in corporate development and managing the day-to-day operations in Mongolia. Mr Lkhagvasuren is a member of the Audit Committee.

The Directors, with Mr Ganbayar Lkhagvasuren abstaining, unanimously recommend Shareholders vote in favour of Resolution 1.

Resolution 2: Remuneration Report

Section 250R(2) of the Act requires that the section of the Directors' Report dealing with the remuneration of directors and key management personnel (**Remuneration Report**) be put to the vote of Shareholders for adoption by way of a non-binding vote.

The Remuneration Report is contained in the Company's Annual Report dated 13 March 2015 (available on the Xanadu website, www.xanadumines.com).

The Chairman will give Shareholders a reasonable opportunity to ask questions about or make comments on the Remuneration Report.

Resolution 2 is an advisory resolution only (as stipulated by section 250R(3) of the Act) and does not bind the Directors or the Company.

A voting exclusion statement is set out under Resolution 2 in the Notice of Meeting.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to Resolution 2.



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

000001 000 XAM
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the annual report 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 11:00am (Sydney time) Wednesday 27 May 2015

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

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 on 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 directions set out below (or if no directions have been given, to vote as the proxy sees fit, to the extent permitted by law) at the Annual General Meeting of Xanadu Mines Ltd to be held at Computershare Investor Services, Level 4, 60 Carrington Street, Sydney NSW 2000 on Friday, 29 May 2015 at 11:00am (Sydney time) (Meeting) and at any adjournment or postponement of that Meeting.

Chairman of the Meeting is authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 2 (except where I/we have indicated a different voting intention below) even though Item 2 is connected directly or indirectly with the remuneration of a member of key management personnel of Xanadu Mines Ltd.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 2 by marking the appropriate boxes in Step 2 below.

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	Re-election of Mr Ganbayar Lkhagvasuren, Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date