



10 March 2015

ASX Limited
Market Announcements Office
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Securities Trading Policy

Following the release of Guidance Note 27 "Trading Policies" and in accordance with ASX Listing Rule 12.10, attached is a new Securities Trading Policy which was adopted by the Xanadu Board of Directors on Friday, 6 March 2015.

Yours sincerely

Janine Rolfe
Company Secretary



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ASX
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SECURITIES TRADING POLICY

XANADU MINES LTD

ACN 114 249 026

1. Introduction – Purpose and Objectives

1.1 Xanadu Mines Limited (**Company** or **Xanadu**) Securities Trading Policy (**Policy**) as required by the Australian Securities Exchange (**ASX**) Listing Rules sets guidelines for:

- (a) when Directors, officers, senior management, other employees, consultants and contractors of the Company (and any family member or associate over whom they have influence) may deal in the Company's Securities;
- (b) when Directors, officers, senior management, other employees, consultants and contractors of the Company may deal in listed securities of another entity (because they may obtain inside information about another entity's securities while performing their duties for the Company); and
- (c) procedures to reduce the risk of insider trading.

1.2 For the purposes of this Policy, **Xanadu Securities** includes listed shares in Xanadu, options over those shares and any other financial products of Xanadu traded on any securities exchange.

1.3 The Policy is aimed at ensuring that all Xanadu Personnel (defined in clause 2) comply with the law at all times and their dealings in Securities and inside information are within both the letter and the spirit of the law, and meet industry practice and market expectations. The Policy also assists Xanadu in its disclosure and reporting obligations, while maintaining and promoting Xanadu's reputation.

Xanadu recognises the primacy of the insider trading laws and the importance of managing both regulatory and reputational risk. Any perception that directors or employees may have traded on the basis of an unfair advantage and/or breached their legal obligations could have a significant impact on the personal reputation of those persons, and negatively affect the Company's standing in the market. Therefore the purpose of this Policy is to both manage the risk of insider trading, and to avoid any perception of insider trading and the significant reputational harm that may cause. The Policy will be administered and communicated to Xanadu Personnel in accordance with its purpose.

1.4 For the purposes of this Policy, **dealing** includes, without limitation, securities transactions such as transfers of beneficial ownership and trading (either directly or indirectly).

2. Who does this Policy apply to?

This Policy applies to:

- all Executive and Non-Executive Directors, officers, employees, contractors and consultants (collectively, **Personnel**) of the Company, and its subsidiaries; and
- in relation to Black Out Periods (see clause 5.2), Directors and Senior Executives (Senior Executives being key management personnel, i.e. direct reports to the Managing Director, and those persons' direct reports) (collectively, **Designated Persons**) of the Company, and its subsidiaries (and any family member or associate over whom they have influence). This may include technical advisors and consultants engaged by Xanadu for the purposes of its operations and prospects.

3. Insider Trading – the Law

3.1 The principal insider trading prohibition in Australian law is contained in section 1043A of the *Corporations Act 2001*.

Inside Information is information relating to the Company that is not generally available but, if the information was generally available, a reasonable person would expect that information to have a material effect on the price or value of the Company's Securities.

Section 1043A prohibits a person (an Insider) who is in possession of Inside Information from:

- (a) applying for, acquiring, disposing of or entering into an agreement to apply for, acquire or dispose of the Company's Securities;
- (b) procuring another person to apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of the Company's Securities; or
- (c) directly or indirectly communicating the Inside Information to another person when the Insider knows, or ought reasonably to know, that the other person would or would be likely to:
 - (i) apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of the Company's Securities; or
 - (ii) procure another person to apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of the Company's Securities.

3.2 Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. A company may also be liable if an employee or Director engages in insider trading.

3.3 Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading.

3.4 Information is generally available if it:

- (a) is readily observable; and
- (b) has been made known in a manner (e.g. released to the ASX) likely to bring it to the attention of persons who commonly invest in Securities and a reasonable period for that information to be disseminated has elapsed since it was made known.

3.5 Outside a Black Out Period (see clause 5), the laws prohibiting insider trading continue to apply to Xanadu Personnel. The fact that a Company is not in a Black Out Period does not mean a Xanadu Personnel member is not in possession of inside information. A person may possess inside information notwithstanding that dealing by employees is generally permitted, and if this is the case, a person should not deal in the Company's Securities.

3.6 Similarly, Xanadu Personnel should be aware that the insider trading laws apply even where a person has been given clearance to deal under this Policy, and a clearance to deal will not absolve a person from a breach of the insider trading laws. If a person is in possession of inside information, any dealing in the relevant securities will be a breach of the insider trading provisions.

4. When Personnel May Deal in Securities

Dealing in the Company's Securities includes but is not limited to buying, selling and transferring the Company's Securities.

Personnel (who are not Designated Persons) may deal in Xanadu Securities or the listed Securities of another entity if he or she does **not** have information that he or she knows, or ought reasonably to know, is Inside Information in relation to Xanadu Securities or those Securities of the other entity.

5. When Personnel May Not Deal In Securities

5.1 Personnel (who are not Designated Persons) must **not** deal or procure a third party to deal in Xanadu Securities if he or she has information that he or she knows, or ought reasonably to know, is Inside Information in relation to Xanadu Securities.

5.2 Black Out Periods

Circumstance	Black Out Period
Release of Full Year results to ASX	2 weeks before release until start of the next trading day following release
Release of Half Year results to ASX	2 weeks before release until start of the next trading day following release
Release of Quarterly Reports to ASX	2 weeks before release until start of the next trading day following release

5.3 Additional Black Out Periods

The Company may also determine that certain additional periods are Black Out Periods for the purposes of this Policy, including when the Company is considering matters subject to ASX Listing Rule 3.1A (**Additional Black Out Periods**). The Company may also determine that a Black Out Period will apply in the period prior to a corporate event such as the Annual General Meeting or the issue of a disclosure document. Additional Black Out Periods will be notified to Designated Persons, and to Xanadu Personnel if applicable. Any communication in this regard will be carefully managed to ensure the Company maintains confidentiality.

5.4 In exceptional circumstances, permission to trade may be granted during a Black Out Period (see clauses 6 and 7).

6. **Exceptional Circumstances**

In exceptional circumstances Designated Persons may be given prior written clearance to dispose of (but not acquire) Xanadu Securities, where they would otherwise be prevented from doing so due to a Black Out Period. Those circumstances may include where the Designated Person:

- is in severe financial hardship and can **only** meet their financial commitments by selling the securities. A tax liability would not normally constitute severe financial hardship, including a tax liability relating to securities received under an employee incentive plan; or
- a court order or enforceable undertaking requiring the sale or disposal of Xanadu Securities (such as a bona fide family settlement), or a disposal under some other overriding legal or regulatory requirement, may constitute exceptional circumstances.

7. **Dealing in Xanadu Securities – Approval Requirements for Designated Persons**

7.1 The following procedures apply to Designated Persons who wish to deal in Xanadu Securities during a Black Out Period:

- a Designated Person (or a family member or associate over whom they have influence) must provide the Chairman (or in the case of the Chairman, an Independent Non-Executive Director) with a notice in writing (which may be by email), requesting permission to deal in Xanadu Securities, including any reasons for the request (see clause 6);
- a Designated Person must not deal in Xanadu Securities unless they have received permission in writing (which may be by email) from the Chairman;
- a Designated Person must effect the instructions to deal within 2 days of receiving permission, and the dealing must be executed within that period;
- permission to deal may be withdrawn if new information arises, or if there is a change in circumstances. The Designated Person will be notified of any withdrawal in writing (which may be by email); and
- if the dealing is not executed within the 2 day period, the permission to deal lapses, and the Designated Person must submit a further request to the Chairman for permission to deal.

7.2 Permission to deal is at the discretion of the Chairman, and may be given or refused without providing any reasons.

7.3 When considering a request from a Designated Person for permission to deal in accordance with clause 7.2, the Chairman will take into account a range of factors to determine if the risk of insider trading, or the appearance of insider trading is not a concern. These factors include but are not limited to whether:

- the Company is about to release a periodic report or other financial information that the market may not expect;
- the Company will shortly release market sensitive information under ASX Listing Rule 3.1;
- the Company is considering a matter that is subject to ASX Listing Rule 3.1A; and
- the Designated Person has access to or is likely to have access to other material information that has not been released to the market.

More generally, the Chairman will consider the specific circumstances of a request as a whole, in light of the underlying purpose of this Policy, to both minimise the risk of insider trading and avoid any appearance of insider trading and possible reputational damage. The Chairman may seek professional advice to assist in making any decision. In most circumstances if the Company is about to release information that falls into the categories set out above, the Chairman will not grant permission to deal.

7.4 A refusal to grant permission to deal is final and binding on the person seeking the permission. If permission is refused, the person must keep that information confidential and not disclose it to anyone, to ensure that the Company manages its disclosure obligations in accordance with its policies, the ASX Listing Rules and the Law.

7.5 The Chairman must follow the same procedures set out above in relation to any proposed dealing by the Chairman in Xanadu Securities, but permission must be sought from an Independent Non-Executive Director.

8. Excluded Trading

Trading that is excluded from the restrictions in this Policy includes:

- transfers of Securities already held into a superannuation fund or other saving scheme in which the member of Xanadu Personnel is a beneficiary;
- an investment in, or trading units of, a fund or other scheme (other than a scheme only investing in the Company's Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- where a Designated Person is a trustee, trading in Securities by that trust provided the Designated Person is not a beneficiary of the trust and any decision to trade during a Black Out Period is taken by the other trustees or by the investment managers independently of the Designated Person;
- undertakings to accept, or the acceptance of, a takeover offer;

- trading under an offer or invitation made to all Shareholders, such as, a rights issue or share purchase plan, where the plan that determines the timing and structure of the offer has been approved by the Board; and
- trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy and where:
 - the Designated Person did not enter into the plan or amend the plan during a Black Out Period; and
 - the trading plan does not permit Designated Persons to exercise any influence or discretion over how, when, or whether to trade.

9. Prohibited Trading and Transactions

Xanadu Personnel are prohibited from participating in or entering into any of the following under this Policy:

- trading in derivative products over Xanadu Securities, including warrants, exchange-traded and over-the-counter options, and contracts for difference;
- price protection arrangements in respect of unvested remuneration or vested remuneration which is the subject of a holding lock (hedging);
- short-term trading of Xanadu Securities over a period not less than 6 months;
- short-selling – the borrowing and sale of Xanadu Securities with the intention of purchasing the securities at a later date at a lower price, thus closing out the short position at a profit;
- margin lending – the nature of margin lending arrangements, including the right of a lender to sell securities the subject of such an arrangement, may mean that the requirements of this Policy would be breached by the actions of a third party. Therefore Xanadu Personnel are not permitted to enter into margin lending arrangements that involve Xanadu Securities.

10. Disclosure to ASX

- 10.1** ASX Listing Rule 12.9 requires this Policy to be disclosed to the ASX. Where Xanadu makes a material change to this Policy, the amended policy must be provided to ASX within 5 business days of the material changes taking effect, in accordance with ASX Listing Rule 12.10.
- 10.2** In addition, if a change to a notifiable interest of a Xanadu Director occurs during a Closed Period, Xanadu must tell ASX (in its Appendix 3Y filing) that this is the case, whether prior written clearance for the relevant dealing was provided and the date of such clearance.

11. Breaches of this Policy

11.1 Xanadu has established processes to ensure Xanadu Personnel are aware of, and understand their obligations under this Policy, and to monitor and enforce compliance with the Policy. The Company Secretary is responsible for maintaining a register of all requests for permission to deal under this Policy, decisions relating to those requests, and any relevant trades.

11.2 Measures in addition to these described in clause 11.1 include:

- Xanadu Personnel are provided with a copy of this Policy and any amendments to the Policy;
- sending email reminders of the start and finish dates for Black Out Periods, one week before commencement of the period and immediately before commencement;
- Designated Persons are required to provide annual written confirmation that they are aware of and understand this Policy and are in compliance with the Policy.

11.3 All Xanadu Personnel must comply with the principles and requirements of this Policy. Failure to comply may result in the relevant staff member being subject to disciplinary action, including possible dismissal. The Company may require any person who has acquired securities in breach of this policy to sell those securities as soon as possible within the requirements of the law, and donate any profit from the sale to charity.

11.4 As described in clauses 3.2 and 3.3, a breach of this Policy may also result in exposure to potential civil or criminal liability under applicable laws and regulations.

12. Review of this Policy

This Policy will be reviewed regularly by the Company's Directors having regard to the changing circumstances of the Company and any changes to this Policy will be notified to affected persons in writing. If Directors and Senior Executives have any comments or views concerning the operation or effectiveness of this Policy, they should be communicated to the Company Secretary.