

# Form 603

## Corporations Act 2001 Section 671B

### Notice of initial substantial holder

To: Company Name/Scheme Xanadu Mines Limited (**Xanadu**)  
ACN/ARSN ACN 114 249 026

#### 1. Details of substantial holder (1)

ACN/ARSN (if applicable)

NA

Name

This notice is given by Zijin Mining Group Co., Ltd (**Zijin**) (a company incorporated in the People's Republic of China) on its own behalf, and on behalf of:

- I. Zijin (Singapore) International Mining Pte Ltd (**Zijin Singapore**), Zijin Overseas Development (Hainan) Co., Ltd (**Zijin Overseas**) and Zijin International Holdings Co Ltd (**Zijin International**);
- II. Jinping (Singapore) Mining Pte. Ltd. 038986 (**Jinping**);
- III. **Zijin Subsidiaries** (set out in **Annexure A**); and
- IV. Minxi Xinghang State-owned Assets Investment Co., Ltd. (**Minxi**) which holds approximately 23.10% of the shares in Zijin

The holder became a substantial holder on **27 April 2022**

#### 2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully paid ordinary shares ( <b>Shares</b> )	139,000,000	139,000,000	9.84% (on the basis that the company has 1,412,260,215 Shares on issue)

#### 3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Jinping	Jinping is the registered holder of the relevant Shares and has a relevant interest in those Shares under section 608(1)(a) of the <i>Corporations Act 2001</i> (Cth) ( <b>Corporations Act</b> ), which were acquired pursuant to a Share Subscription Agreement, between Xanadu, Jinping and Zijin, set out in <b>Annexure B</b> .	139,000,000 Shares
Zijin Singapore	Zijin Singapore has the same relevant interests as Jinping under section 608(3)(b) of the <i>Corporations Act</i> by virtue of being the sole shareholder of Jinping and thus controlling Jinping.	139,000,000 Shares
Zijin Overseas, Zijin International and Zijin ( <b>Zijin Parent Companies</b> )	The Zijin Parent Companies have the same relevant interests as Jinping under section 608(3)(b) of the <i>Corporations Act</i> by virtue of Jinping being controlled by the Zijin Parent Companies.	139,000,000 Shares

Zijin Subsidiaries	The Zijin Subsidiaries are deemed to have the same relevant interests as Jinping under section 608(3)(a) of the Corporations Act by virtue of them each being controlled bodies corporate of Zijin and each Zijin Subsidiary therefore having voting power of more than 20% in Jinping.	139,000,000 Shares
Minxi	Minxi has the same relevant interest as Zijin under section 608(3)(a) of the Corporations Act by virtue of having voting power of more than 20% in Zijin.	139,000,000 Shares

#### 4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Jinping	Jinping	Jinping	139,000,000 Shares
Zijin Singapore	Jinping	Jinping	139,000,000 Shares
Zijin Parent Companies	Jinping	Jinping	139,000,000 Shares
Zijin Subsidiaries	Jinping	Jinping	139,000,000 Shares
Minxi	Jinping	Jinping	139,000,000 Shares

#### 5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Jinping, Zijin Singapore, Zijin Parent Companies and Zijin Subsidiaries	27 April 2022	AUD \$0.04 per Share, equalling AUD \$5,560,000 in total.	NA	139,000,000 Shares
Minxi	27 April 2022	Nil	NA	139,000,000 Shares

#### 6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Zijin Parent Companies, Zijin Singapore and Minxi	Each an associate of Jinping by reason of section 12(2)(a)(ii) of the Act.
Zijin Subsidiaries	Each an associate of Jinping by reason of section 12(2)(a)(iii) of the Act.

#### 7. Addresses

The addresses of the persons named in this form are as follows:

Name	Address
Zijin and Zijin Subsidiaries	No. 1 Zijin Road, Shanghang County, Longyan City, Fujian Province, PRC
Zijin International	Room 2901,29/F, Tower B(Building 2),Int'l Health Resort Center, Sanya Bayroad Int'l Passenger Port Area, Hainan, China
Zijin Overseas	Room 2901,29/F, Tower B(Building 2),Int'l Health Resort Center, Sanya Bayroad Int'l Passenger Port Area, Hainan, China
Zijin Singapore	6 Temasek Boulevard, #41-02/03 Suntec Tower Four, Singapore (038986)
Jinping	6 Temasek Boulevard, #41-02/03 Suntec Tower Four, Singapore (038986)
Minxi	Sixth Floor, Tingjiang Building, Beihuan 2nd Road, Linjiang Town, Shanghang County, Longyan City, Fujian Province

Signed by Zijin Mining Group Co., Ltd

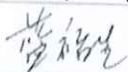
print name

capacity

LAN FUSHENG

Director

sign here



date / /

4.28.2022

#### DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of the relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement, and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is annexure A of four pages (including this page) referred to in Form 603 "Notice of initial substantial holder" lodged by Zijin Mining Group Co., Ltd.

Signed by Zijin Mining Group Co., Ltd

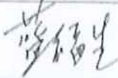
print name

LAN FUSHENG

capacity

Director

sign here



date / /

4.28.2022

<b>Zijin Subsidiaries</b>
Zijinshan Gold and Copper Mine
Heilongjiang Duobaoshan Copper Industry Inc.
Xinjiang Habahe Ashele Copper Co., Ltd.
Xinjiang Jinbao Mining Co., Ltd.
Xinjiang Zijin Zinc Co., Ltd.
Tibet Julong Copper Co., Ltd.
Urad Rear Banner Zijin Mining Co., Ltd.
Hunchun Zijin Mining Co., Ltd.
Guizhou Zijin Mining Co., Ltd.
Shanxi Zijin Mining Co., Ltd.
Luoyang Kunyu Mining Co., Ltd.
Longnan Zijin Mining Co., Ltd.
Wenshan Malipo Zijin Tungsten Group Co., Ltd.
Neimenggu Golden China Minerals Inc.
Luoning Huatai Mining Development Co., Ltd.
Yuanyang Huaxi Gold Co., Ltd.
Wuping Zijin Mining Co., Ltd.
Qinghai West Copper Co., Ltd.
Shanxi Yilian Gold Mine Co., Ltd.
Heilongjiang Tongshan Mining Co., Ltd.
Fuyun Jinshan Mining Co., Ltd.
Xinyi Zijin Mining Co., Ltd.
Sanming Hongguo Mining Development Co., Ltd.
Zijin Mining South Investment Qinglong Energy Co., Ltd.
Shangri-La Huaxi Mining Co., Ltd.
Yunnan Huaxi Mineral Resources Co., Ltd.
Longsheng Dexin Mining Co., Ltd.
Ankang Jinfeng Mining Co., Ltd.
Henan Jinda Mining Co., Ltd.
Guizhou Xinhengji Mining Co., Ltd.
Liancheng Zijin Mining Co., Ltd.
Fujian Makeng Mining Co., Ltd.
Wancheng Commercial Dongshengmiao Co., Ltd.
Tibet Yulong Copper Co., Ltd.
Beijing Larkworld Environmental Technology Incorporated Company
Songpan Zijin Industrial and Commercial Co., Ltd.
Tibet Tianyuan Mining Exploration Co., Ltd.
Zijin Mining Group Southwest Co., Ltd.
Zijin Copper Co., Ltd.
Zijin Mining Group Gold Smelting Co., Ltd.
Fujian Zijin Copper Co., Ltd.
Jilin Zijin Copper Co., Ltd.
Bayannur Zijin Non-ferrous Metals Co., Ltd.
Heilongjiang Zijin Copper Co., Ltd.
Xinjiang Zijin Non-ferrous Metals Co., Ltd.
Luoning Zijin Gold Refinery Co., Ltd.
Luoyang Zijin Yinhui Gold Refinery Co., Ltd.
Xinjiang Altay Jinhao Iron Co., Ltd.
Zijin Mining Group Gold Jewelry Co., Ltd.
Xiamen Cross-Strait Gold Jewelry Industrial Park Co., Ltd.
Zijin Jinhang E-Commerce Co., Ltd. (Shenzhen)
Fujian Zijin Precious Metals Materials Co., Ltd.
Shanghang Zijin Jiabo Electronics New Material Technology Co., Ltd.
Fujian Jinshan High-abrasive Material Co., Ltd.
Fujian Zijin Mineral Processing Chemicals Co., Ltd.
Wengfu Zijin Chemical Co., Ltd.
Fujian Evergreen New Energy Technology Co., Ltd.

<b>Zijin Subsidiaries</b>
Fujian Haixia Technology Co., Ltd.
Kuitun Tongguan Metallurgical and Chemical Industry Co., Ltd.
Zijin Mining Group Qinghai Co., Ltd.
Fujian Shanghang Jinshan Hydropower Co., Ltd.
Fujian Shanghang Zijin Hydropower Co., Ltd.
Fujian Shanghang Ting River Hydropower Co., Ltd.
Zijin Hydropower Plant
Fujian Wuping Zijin Hydropower Co., Ltd.
Zijin Mining Group South Investment Co., Ltd.
Shanghang Zijin Railway Co., Ltd.
Yongding Zijin Longhu Ecological Industry Development Co., Ltd.
Joint Venture Zeravshan Limited Liability Company
Altynken Limited Liability Company
Longxing Limited Liability Company
Barrick (Niugini) Limited
Norton Gold Fields Pty Ltd
Kamoa Holding Limited
La Compagnie Minière de Musonoie Global Société par Actions Simplifiée
La Carrière Du Lualaba Société par Actions Simplifiée
Bisha Mining Share Company
Nkwe Platinum Limited
Serbia Zijin Copper Doo Bor
Serbia Zijin Mining Doo Bor
Continental Gold Limited Sucursal Colombia
AGM Inc.
Zijin Mining and Metallurgy Research Institute
Xiamen Zijin Mining and Metallurgy Technology Co., Ltd.
Fujian Zijin Mining and Metallurgy Testing Technology Co., Ltd.
Zijin (Xiamen) Engineering Co., Ltd.
State Key Laboratory of Comprehensive Utilization of Low-grade Refractory Gold Ores
Fujian Kingkop Co., Ltd
Zijin Mining Construction Co., Ltd.
Fujian Zijin Commercial Services Co., Ltd.
Fujian Zijin Engineering Technology Co., Ltd.
Beijing Anchuang Management Consulting Co., Ltd.
Zijin Mining Logistics Co., Ltd.
Xinjiang Gold International Logistics Co., Ltd.
Xinjiang Jinjie International Logistics Co., Ltd.
Fujian Zijin Shun'an Logistics Co., Ltd.
Fujian Zijin Trade Co., Ltd.
Shanghang Zijin Metallic Resources Co., Ltd.
Zijin Mining Group (Xiamen) Metallic Materials Co., Ltd.
Zijin International Trading Co., Ltd.
Zijin Mining Group Finance Co., Ltd.
Zijin Mining Group Capital Investment Co., Ltd.
Shenzhen Zijin Global Metals Exchange Co., Ltd.
Zisen (Xiamen) Supply Chain Management Co., Ltd.
Zijin Mining Group (Xiamen) Investment Co., Ltd.
Gold Mountains (H.K.) International Mining Co., Ltd.
Gold Mountains Asset Management Ltd.
Rio Blanco Copper S.A.
Zijin Environmental Technology Co., Ltd.
Fujian Zijin New Energy Co., Ltd.
Institute of Geology and Mineral Exploration
Liancheng Jiuxin Mining Co., Ltd.
Ankang Zijin Mining Co., Ltd.
Shanghang Jinshan Mining Co., Ltd.
Sichuan Ganzi Zijin Mining Co., Ltd.
Huanmin Mining Co., Ltd.

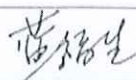
<b>Zijin Subsidiaries</b>
Sichuan Jinkang Mining Co., Ltd.
Zijin International Mining Co., Ltd.
Zijin Mining Group Northwest Co., Ltd.
Fujian Zijin Hotel Property Management Co., Ltd.
Zijin Mining Group (Xiamen) Investment Co., Ltd. (Airport Hotel)
Xiamen Zijin Travel Service Co., Ltd.

Annexure B

Share Subscription Agreement

This is **annexure B** of 39 pages (including this page) referred to in Form 603 "Notice of initial substantial holder" lodged by Zijin Mining Group Co., Ltd.

Signed by Zijin Mining Group Co., Ltd

print name	LAN FUSHENG	capacity	Director
sign here		date / /	4.28.2022

I, LAN FUSHENG endorse that the Share Subscription Agreement Annexed to this ASIC Form 603 is a true copy of the Share Subscription Agreement entered into between Xanadu Mines Ltd, Jinping (Singapore) Mining Pte. Ltd and Zijin Mining Group Co. Ltd on 19 April 2022.



# Share Subscription Agreement

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Xanadu Mines Ltd (ACN 114 249 026) (**Company**)

Jinping (Singapore) Mining Pte. Ltd. (**Subscriber**)

Zijin Mining Group Co. Ltd (**Guarantor**)

3451-7300-4826v8Contact - Michele Muscillo, Partner, m.muscillo@hopgoodganim.com.au

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1.	Reference Schedule, definitions and interpretation .....	1
1.1	Reference Schedule .....	1
1.2	Definitions .....	3
1.3	Interpretation .....	8
1.4	Business Days .....	9
1.5	Parties .....	9
2.	Subscription .....	9
3.	Completion .....	9
3.1	Completion Date .....	9
3.2	Place for Completion .....	9
3.3	Subscriber's Obligations on Completion .....	9
3.4	Company's Obligations on Completion .....	10
3.5	Simultaneous actions at Completion .....	10
3.6	Company's obligations following Completion .....	10
3.7	Subscriber bound by Constitution .....	10
4.	Participation Right .....	10
4.1	Grant of Participation Right .....	10
4.2	Participation Conditions .....	11
4.3	Extension of Participation Condition A .....	11
4.4	Provisions in respect of Participation Condition B .....	11
4.5	Termination of Participation Right .....	12
5.	Phase 2 Placement and Joint Venture .....	12
6.	Guarantee .....	12
7.	Other obligations and warranties of the parties .....	12
7.1	Interim obligations .....	12
7.2	Warranties and representations by Company .....	13
7.3	Representations and Warranties by Subscriber .....	13
8.	Notices .....	13
8.1	Form .....	13
8.2	Manner .....	14
8.3	Time .....	14
8.4	Initial details .....	14
8.5	Changes .....	14
9.	Governing law and jurisdiction .....	14
9.1	Governing law .....	14
9.2	Jurisdiction .....	15
10.	Confidentiality and Announcements .....	15
10.1	Public announcements .....	15
10.2	Public announcements required by law .....	15
11.	Miscellaneous .....	15
11.1	Exercise rights .....	15
11.2	Merger .....	15
11.3	Moratorium legislation .....	15
11.4	No assignment .....	16
11.5	Remedies cumulative .....	16
11.6	Severability .....	16
11.7	Further assurance .....	16
11.8	Costs .....	16
11.9	Time .....	16
11.10	Variation .....	16
11.11	Waiver .....	16
11.12	Counterparts .....	16
11.13	Whole agreement .....	17
	Schedule 1 – Form of public announcement .....	18
	Schedule 2 – Phase 2 Placement and Joint Venture .....	19
	Schedule 3 - Company warranties .....	20



**Date** 19 April 2022

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## Parties

Xanadu Mines Ltd (ACN 114 249 026) (**Company**)

Jinping (Singapore) Mining Pte. Ltd. of 6 Temasek Boulevard, #41-02/03 Suntec Tower Four, Singapore (038986) (**Subscriber**)

Zijin Mining Group Co. Ltd of 38/F, Tower B, AVIC-Zijin Plaza, 1811 Huandao East Road, Xiamen, Fujian, China (**Guarantor**)

## Background

- A. The Subscriber wishes to be issued the Subscription Shares so that it holds the Agreed Proportion of the share capital of the Company immediately following Completion.
- B. The Company has agreed to issue the Subscription Shares to the Subscriber on the provisions of this agreement and, in consideration of the Subscriber entering into this agreement.

## It is agreed

### 1. Reference Schedule, definitions and interpretation

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#### 1.1 Reference Schedule

Where a term used in this agreement appears in bold type in the Reference Schedule, that term has the meaning shown opposite it in the Reference Schedule.

<b>Company's Address Details</b> (see clause 8.4)	Address:	Level 6, 22 Pitt Street, Sydney NSW 2000
	Electronic Mail:	andrew.stewart@xanadumines.com
	Attention:	Andrew Stewart
<b>Subscriber's Address Details</b> (see clause 8.4)	Address:	6 Temasek Boulevard, #41-02/03 Suntec Tower Four, Singapore (038986)
	Electronic Mail:	wang.chao@zijinmining.com
	Attention:	Chao Wang
<b>Guarantor's Address Details</b> (see clause 8.4)	Address:	38/F, Tower B, AVIC-Zijin Plaza, 1811 Huandao East Road, Xiamen, Fujian, China
	Electronic Mail:	shaoyang.shen@zijinmining.com
	Attention:	Shaoyang Shen
<b>Agreed Proportion</b>		Approximately 9.9% (on an undiluted basis)

# Share Subscription Agreement



B

<b>Completion Date</b>	5 Business Days after the date this agreement is signed by the last of the parties.
<b>Subscription Consideration</b>	A\$5,560,000
<b>Subscription Price</b>	A\$0.04 for each Subscription Share
<b>Subscription Shares</b>	139,000,000 fully paid ordinary shares in the capital of the Company

## 1.2 Definitions

In this agreement:

**Action** means any:

- (a) action, dispute, claim, demand, investigation, inquiry, prosecution, litigation, proceeding, arbitration, mediation, conciliation or dispute resolution procedure whether by third party or Government Body; or
- (b) circumstance required to be notified to an insurer.

**ADI** has the meaning given in section 5 of the *Banking Act 1959* (Cth).

**ASX** means ASX Limited or the market operated by it, as the context requires.

**ASX Listing Rules** means the listing rules of ASX as waived or modified in respect of the Company.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given in section 12 of the Corporations Act.

**Authorised Officer** of a party which is a corporation means:

- (a) an employee of the party whose title contains either of the words Director or Manager;
- (b) a person performing the function of any of them;
- (c) a solicitor acting on behalf of the party; or
- (d) a person appointed by the party to act as an Authorised Officer for the purposes of this agreement and notified to the others.

**Bank** means an ADI that is permitted under section 66 of the *Banking Act 1959* (Cth) to call itself a bank.

**Bank Cheque** means a cheque drawn by an ADI on itself.

**Board** means the board of directors of the Company from time to time.

**Business** means any business carried on by the Company and its Subsidiaries at the date of this agreement.

**Business Day** means:

- (a) if determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Brisbane, China and Singapore.

**Claim** means, in relation to a person, any action, allegation, claim, demand, judgment, liability, proceeding, remedy, right of action or right of set-off made against the person concerned however it arises whether:

- (a) it is present, unascertained, immediate, future or contingent;
- (b) it is based in contract, tort, statute or otherwise; or
- (c) it involves a third party or a party to this agreement.

**Cleansing Notice** means a notice in relation to the Subscription Shares in accordance with section 708A(5)(e) of the Corporations Act which complies with section 708A(6) of the Corporations Act.

**Completion** means completion of the issue and allotment of the Subscription Shares in accordance with clause 3.

**Constitution** means the constitution from time to time of the Company.

**Control** has the meaning given in section 50AA of the Corporations Act.

**Controller** has the meaning given to it in section 9 of the Corporations Act.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Data Room** means the data room established by the Company and hosted by Ansarada, entitled "Project Sumo".

**Directors** means the directors of the Company from time to time.

**Dispose** means to sell, assign, transfer, convey, exchange, create a Security Interest over or otherwise dispose of a legal or beneficial interest and **Disposal** shall be construed accordingly.

**Encumbrance** means in relation to any property:

- (a) a Security Interest over the property;
- (b) a writ of execution or monetary claim affecting the property;
- (c) an estate, interest, claim or arrangement affecting the property;
- (d) a contract of sale or option to purchase or acquire the property; or
- (e) an agreement to grant, create, allow or register any of these,

whether the Encumbrance is registered or unregistered, statutory, legal or equitable.

**Equity Securities** has the meaning given to it in the ASX Listing Rules.

**External Administrator** means an administrator, Controller, trustee, provisional liquidator, liquidator or any other person holding or appointed to an analogous office or acting or purporting to act in an analogous capacity.

**Fairly Disclosed** means fairly disclosed to the Subscriber in writing or electronically in the Data Room at least two Business Days prior to the date of this agreement, to the extent that a reasonable and sophisticated buyer such as the Subscriber has sufficient detail so as to enable the Subscriber to identify the nature and scope of the relevant matter, event or circumstance. For the avoidance of any doubt, a matter will be deemed to have been fairly disclosed to the Subscriber where the matter was fairly disclosed to the Guarantor.

**FIRB** means the Foreign Investment and Review Board.

**Government Body** means:

- (a) any person, body or other thing exercising an executive, legislative, judicial or other governmental function of any country or political subdivision of any country;
- (b) any public authority constituted by or under a law of any country or political subdivision of any country; and
- (c) any person deriving a power directly or indirectly from any other Government Body.

**Immediately Available Funds** means:

- (a) cash;
- (b) Bank Cheque; or
- (c) electronic transfers of cleared funds.

**Insolvency Event** means:

- (a) in relation to any corporation:
  - (1) its Liquidation;
  - (2) an External Administrator is appointed in respect of the corporation or any of its property;
  - (3) the corporation ceases or threatens to cease to carry on its business;
  - (4) the corporation being deemed to be, or stating that it is, unable to pay its debts when they fall due;
  - (5) any other ground for Liquidation or the appointment of an External Administrator occurs in relation to the corporation;
  - (6) the corporation resolves to enter into Liquidation; or
  - (7) an application being made which is not dismissed or withdrawn within ten Business Days for an order, resolution being passed or proposed, a meeting being convened or any other action being taken to cause or consider anything described in paragraphs (1) to (6) (inclusive) above;
- (b) in relation to an individual, that person becoming an insolvent under administration as defined in section 9 of the Corporations Act; and
- (c) in relation to any person, anything analogous to or having a similar effect to anything described above in this definition under the law of any relevant jurisdiction.

**Judgment** includes any unsatisfied judgment, order, arbitral award or decision of any court, tribunal or arbitrator, or unsatisfied settlement of proceedings in any court, tribunal or arbitration.

**Law** includes any law or legal requirement, including at common law, in equity, under any statute (including specifically the Corporations Act), regulation or by-law and any authorisation, decision, directive, guidance or guideline of a Government Body.



**Liquidation** means:

- (a) a winding up or liquidation (whether voluntary or involuntary), provisional liquidation, dissolution, bankruptcy or other analogous proceeding; or
- (b) an arrangement, assignment, composition or moratorium with or for the benefit of creditors or any class or group of creditors (including an administration or arrangement under part 5.3A of the Corporations Act).

**Listing Rules** means the Listing Rules of ASX.

**Obligation** means any commitment, covenant, duty, obligation or undertaking whether arising by operation of law, in equity or by statute and whether expressed or implied.

**Offer Notice** has the meaning given to that term in clause 4.1.

**Participation Condition** has the meaning given to that term in clause 4.2.

**Participation Condition A** has the meaning given to that term in clause 4.2(a).

**Participation Condition B** has the meaning given to that term in clause 4.2(b).

**Percentage Holding** means the total number of Shares in the Company held by the Subscriber and its Associates divided by the total number of issued Shares in the Company expressed as a percentage.

**PPS Act** means the *Personal Property Securities Act 2009* (Cth).

**Prescribed Equity Offer** means any issue of Equity Securities by the Company, but excluding an issue of Equity Securities:

- (a) under or pursuant to:
  - (1) a share purchase plan or a bonus issue, a pro rata entitlement issue or any other rights made available to all Shareholders;
  - (2) a dividend or distribution plan (as defined in the ASX Listing Rules);
  - (3) an employee incentive scheme pursuant to and in accordance with ASIC Class Order 14/1000 or any other employee, director, officer or consultant incentive arrangement; or
  - (4) an agreement, arrangement or understanding disclosed by the Company to the ASX in relation to the acquisition by the Company of the shares or assets of another company for scrip consideration;
- (b) in respect of:
  - (1) the exercise or conversion of any Equity Securities on issue as at the date of this agreement;
  - (2) any merger, business combination, tender offer, takeover or scheme of arrangement; or
- (c) to the Subscriber or a Related Entity of the Subscriber.

**Prescribed Percentage Holding** means 5% or such less percentage that results from the issue of Equity Securities by the Company in circumstances where the Subscriber was required to be provided with an Offer Notice and has not been provided with an Offer Notice to participate in the issue of those Equity Securities in accordance with clause 4

**Primary Offer** has the meaning given to that term in clause 4.1

**Reference Schedule** means the schedule in clause 1.1.

**Related Entities** means, in respect of any person, a second person that:

- (a) Controls directly or indirectly the first person;
- (b) is under the Control directly or indirectly of the first person;
- (c) is under the Control directly or indirectly of a third person that also Controls the first person (whether alone or with another person or persons); or
- (d) is under the common Control directly or indirectly of the first person and another person or persons,

and, if the first person is the Subscriber, includes:

- (e) any trust, managed investment scheme, limited liability company, body corporate, account or investment portfolio or other fund or entity (**Fund Vehicle**) established and Controlled by the first person or any Related Entity of the first person; and
- (f) any Fund Vehicle for which the first person or Related Entity acts as sponsor, investment adviser or manager or with respect to which the first person or its Related Entity exercises discretionary control or otherwise has ability to direct or control investment decisions, vote on behalf of or take any other action on behalf of, including where such rights are contractual by nature;

**Secondary Offer** has the meaning given to that term in clause 4.1(c).

**Securities** has the meaning given in the Corporations Act.

**Security Interest** means:

- (a) an interest in or right:
  - (1) reserved over property (including any retention of title to property or any right to set off or withhold payment of any deposit or other money);
  - (2) created or otherwise arising over property under a mortgage, charge, bill of sale (as defined in any relevant statute), lien, pledge, trust or right; or
  - (3) by way of security for the payment of a debt or other monetary Obligation or the performance of or compliance with any other Obligation;
- (b) any instrument or transaction which reserves, constitutes or evidences the interests and rights referred to in paragraph (a); and
- (c) any other interest which constitutes a security interest as that term is defined in the PPS Act.

**Shareholders** means the holders of Shares or any of them as the case requires.

**Shares** means fully paid ordinary shares in the capital of the Company.

**Subsidiary** has the meaning given to it in part 1.2, division 6 of the Corporations Act.

**Third Party** means a person other than the Subscriber or any of its Related Entities.

**TSX** means the Toronto Stock Exchange.

**Voting Power** has the meaning given to that term in section 610 of the Corporations Act.

## 1.3 Interpretation

- (a) Unless the contrary intention appears, a reference in this agreement to:
  - (1) this agreement or another document includes any variation or replacement of it despite any change in the identity of the parties;
  - (2) one gender includes the others;
  - (3) the singular includes the plural and the plural includes the singular;
  - (4) a person, partnership, corporation, trust, association, joint venture, unincorporated body, Government Body or other entity includes any other of them;
  - (5) an item, recital, clause, subclause, paragraph, schedule or attachment is to an item, recital, clause, subclause, paragraph of, or schedule or attachment to, this agreement and a reference to this agreement includes any schedule or attachment;
  - (6) a party includes the party's executors, administrators, successors, substitutes (including a person who becomes a party by novation) and permitted assigns;
  - (7) any statute, ordinance, code or other law includes regulations and other instruments under any of them and consolidations, amendments, re-enactments or replacements of any of them;
  - (8) money is to Australian dollars, unless otherwise stated; and
  - (9) a time is a reference to Brisbane time unless otherwise specified.
- (b) The words include, including, such as, for example and similar expressions are not to be construed as words of limitation.
- (c) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (d) Headings and any table of contents or index are for convenience only and do not affect the interpretation of this agreement.
- (e) A provision of this agreement must not be construed to the disadvantage of a party merely because that party or its advisers were responsible for the preparation of this agreement or the inclusion of the provision in this agreement.

## 1.4 Business Days

- (a) If anything under this agreement must be done on a day that is not a Business Day, it must be done instead on the next Business Day.
- (b) If an act is required to be done on a particular day, it must be done before 5.00pm on that day or it will be considered to have been done on the following day.

## 1.5 Parties

- (a) If a party consists of more than one person, this agreement binds each of them separately and any two or more of them jointly.
- (b) An agreement, Obligation, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them separately.
- (c) An agreement, Obligation, representation or warranty on the part of two or more persons binds them jointly and each of them separately.

## 2. Subscription

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Subject to the provisions of this agreement, the Company agrees to issue to the Subscriber and the Subscriber agrees to subscribe for and pay for, the Subscription Shares.

## 3. Completion

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### 3.1 Completion Date

Completion of this agreement must take place at 10.00am (Brisbane time) on the Completion Date (or such other time as agreed to by the parties).

### 3.2 Place for Completion

Completion must take place at the offices of the Company, or at such other place as the Company may nominate to the Subscriber by written notice.

### 3.3 Subscriber's Obligations on Completion

On or before the Completion Date the Subscriber must:

- (a) pay the Subscription Consideration to the Company in Immediately Available Funds; and
- (b) deliver to the Company:
  - (1) all documents required to be delivered under this agreement and not previously delivered; and
  - (2) such other documents as are reasonably requested by the Company in order to effectively carry out the transactions contemplated by this agreement.

## 3.4 Company's Obligations on Completion

On the Completion Date, the Company must:

- (a) subject to the receipt of the Subscription Consideration in accordance with clause 3.3(a), issue the Subscription Shares to the Subscriber free from all Encumbrances; and
- (b) register the Subscriber as the holder of the Subscription Shares and provide the Subscriber with reasonable evidence of such registration.

## 3.5 Simultaneous actions at Completion

The obligations of the parties at Completion are interdependent and all actions will be taken to have been performed simultaneously. If one party defaults in an Obligation, then Completion may not take place and each party must take all steps necessary to reverse any step taken to Completion (such as returning monies or documentation exchanged between them).

## 3.6 Company's obligations following Completion

As soon as practicable following Completion occurring, the Company must:

- (a) apply for quotation for the Subscription Shares on the ASX and final listing approval of the TSX and do all things reasonably necessary to ensure that the Subscription Shares are quoted as soon as practicable on such terms and conditions as are usual for quotation of securities;
- (b) provide ASX with a Cleansing Notice or, where the Company is unable to issue a Cleansing Notice, within 60 days of Completion lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Subscription Shares does not require disclosure to investors;
- (c) take all steps to procure the delivery to the Subscriber of a holding statement evidencing that the Subscription Shares have been issued and allotted to the Subscriber with effect from Completion.

## 3.7 Subscriber bound by Constitution

The Subscriber agrees to be bound by the Constitution immediately on issue of the Subscription Shares to it.

# 4. Participation Right

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## 4.1 Grant of Participation Right

Provided that one of the Participation Conditions in clause 4.2 is met, then following Completion:

- (a) the Company agrees that it will not make any Prescribed Equity Offers to any Third Party unless the Subscriber is also given a reasonable opportunity to participate in the Prescribed Equity Offer (**Participation Right**);
- (b) the Company must notify the Subscriber in writing, on a confidential basis, of any proposed Prescribed Equity Offer and such notice must include the material terms of the Prescribed Equity Offer (**Offer Notice**); and

- (c) the Subscriber shall have a period of at least five Business Days after receiving the Offer Notice to accept the offer, with completion of the issue of Equity Securities under any such offer to occur no less than 10 Business Days after the Subscriber's acceptance of the offer, and subject to receipt of any FIRB, PRC or other required regulatory approvals (**Secondary Offer**).

If the Subscriber does not provide written notice of its acceptance to the Company within this period, the Participation Right will lapse. For the avoidance of doubt, nothing in this clause prevents the completion of issues of securities under Prescribed Equity Offers to Third Parties (**Primary Offer**), provided this clause 4 is complied with.

## 4.2 Participation Conditions

The Participation Right shall only apply where one of the following conditions (each a **Participation Condition**) is met:

- (a) ASX Listing Rule 10.11 does not apply to the issue to the Subscriber (**Participation Condition A**); or
- (b) the Company is required to seek Shareholder approval for the Primary Offer (**Participation Condition B**).

## 4.3 Extension of Participation Condition A

Despite clause 4.2, where:

- (a) at the time of a Primary Offer, Participation Condition A is not satisfied; and
- (b) the Subscriber subsequently holds less than 10% of the issued capital of the Company as a result of dilution suffered from the issue of Shares pursuant to a Primary Offer,

then, if Listing Rule 10.11.3 does not apply to an issue to the Subscriber on a day that is 6 months and 1 day following the date on which the Subscriber was diluted by that Primary Offer, the parties agree that upon receipt by the Company of written confirmation of such from the Subscriber, the Company must within 5 Business Days provide an Offer Notice to the Subscriber in respect of the relevant Primary Offer to which clause 4.1(c) shall apply, provided for the avoidance of doubt that such issue would not require Shareholder approval under ASX Listing Rule 10.11.

## 4.4 Provisions in respect of Participation Condition B

Where the Company is required to seek Shareholder approval for a Primary Offer and Shareholder approval would also be required for the Secondary Offer:

- (a) the Company must seek such Shareholder approval for the Secondary Offer at the same time as approval is sought for the Primary Offer;
- (b) the completion of the Secondary Offer is subject to Shareholder approval also being obtained for the Secondary Offer; and
- (c) if the Secondary Offer is not approved by the Shareholders, the Company shall have no further Obligations to the Subscriber, and the Participation Right will be deemed to be satisfied, in respect of that Secondary Offer.

## 4.5 Termination of Participation Right

Notwithstanding anything else in this clause 4, the Participation Right will cease and terminate in respect of the Subscriber if, as a consequence of a Disposal by the Subscriber, the Subscriber's Percentage Holding falls below the Prescribed Percentage Holding for more than 20 consecutive days on which the ASX is open for trading, in which case, the Subscriber's rights under this clause 4 will cease to apply and will not be reinstated even if the Percentage Holding subsequently exceeds the Prescribed Percentage Holding.

## 5. Phase 2 Placement and Joint Venture

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- (a) The parties agree to execute on the date of this agreement the term sheet in respect of the joint venture and investment agreement in the form set out in Schedule 2 to this agreement.
- (b) The parties agree to negotiate the formal transaction documents in respect of the joint venture and investment agreement in good faith, but nothing in this clause 5 or in Schedule 2 shall obligate either party to proceed with the joint venture and investment agreement.

## 6. Guarantee

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The Guarantor hereby unconditionally and irrevocably guarantees in favour of the Company, as principal and not as surety, the due and punctual performance (and, where applicable, payment) by the Subscriber (and its successors and permitted assigns) of each of its Obligations and Liabilities under this agreement, as the same may be amended, changed, replaced, settled, compromised or otherwise modified from time to time, and irrespective of any bankruptcy, insolvency, dissolution, winding-up, termination of the existence of or other matter whatsoever in respect of the Subscriber or any successor or permitted assignee, including payment of all other fees and expenses for which the Subscriber is responsible under the terms of this agreement. The Guarantor hereby agrees that the Company shall not have to proceed first against the Subscriber in respect of any such matter before exercising its rights under this guarantee against the Guarantor and agrees to be liable for all guaranteed Obligations as if it were the principal obligor of such Obligations. The Guarantor acknowledges that the Company is acting in reliance on the Guarantor incurring obligations and giving rights under this guarantee. The Guarantor benefits from the guarantee given under this agreement and has entered this agreement for valuable consideration.

## 7. Other obligations and warranties of the parties

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### 7.1 Interim obligations

From the date of this agreement until the Completion Date, the Company must:

- (a) conduct its Business in the ordinary course and substantially in the same manner as conducted at the date of this agreement;
- (b) not declare or pay any dividend or make any distribution, directly or indirectly of its capital;
- (c) not, directly or indirectly, redeem any of its share capital;
- (d) not amend its Constitution other than as provided for in this agreement; and

- (e) maintain its books in the usual, regular and ordinary manner, on a basis consistent with prior practices.

## 7.2 Warranties and representations by Company

- (a) The Company represents and warrants to the Subscriber that, other than as Fairly Disclosed to the Subscriber, each warranty in Schedule 3 is correct and not misleading in any material respect on the date of this agreement and on the date of Completion (unless stated to only apply as at a particular date).
- (b) Where any representation or warranty is, qualified by reference to the Company's awareness, knowledge, information, belief (or similar), the Company's awareness, knowledge, information, belief (or similar) is deemed to include matters within the actual knowledge of each Director and each member of the Company's senior management.

## 7.3 Representations and Warranties by Subscriber

The Subscriber represents and warrants to the Company that each of the following warranties is correct and not misleading on the date of this agreement and on the date of Completion (unless stated to only apply as at a particular date):

- (a) the Subscriber is validly incorporated, organised and subsisting in accordance with the laws of its country of incorporation;
- (b) the Subscriber has the power to enter into and perform this document and has obtained all necessary consents and authorisations to enable it to do so;
- (c) that subject to the satisfaction of the Conditions Precedent, the Subscriber has obtained all consents necessary to enable it to subscribe for the Subscription Shares;
- (d) this document constitutes valid and binding Obligations upon the Subscriber enforceable in accordance with its terms by appropriate legal remedy;
- (e) this document does not conflict with or result in a breach of any Obligation (including any statutory, contractual or fiduciary Obligation) or constitute or result in any default under any provision of the Subscriber's constitution (or equivalent constituting documents);
- (f) the Subscriber is not insolvent; and
- (g) the Subscriber is a "Sophisticated Investor" (within the meaning of section 708(8) of the Corporations Act) or a "Professional Investor" (within the meaning of section 708(11) of the Corporations Act).

## 8. Notices

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### 8.1 Form

Any notice or other communication to or by any party must be:

- (a) in writing and in the English language;
- (b) addressed to the address of the recipient in clause 8.4 or to any other address as the recipient may have notified the sender; and



- (c) be signed by the party or by an Authorised Officer of the sender.

## 8.2 Manner

In addition to any other method of service authorised by law, the notice may be:

- (a) personally served on a party;
- (b) left at the party's current address for service;
- (c) sent to the party's current address for service by prepaid ordinary mail or if the address is outside Australia by prepaid airmail; or
- (d) sent by electronic mail to the party's electronic mail address.

## 8.3 Time

If a notice is sent or delivered in the manner provided in clause 8.2 it must be treated as given to or received by the addressee in the case of:

- (a) delivery in person, when delivered;
- (b) delivery by post:
  - (1) in Australia to an Australian address, the fourth Business Day after posting; or
  - (2) in any other case, on the tenth Business Day after posting; or
- (c) electronic mail, when the sender's computer reports that the message has been delivered to the electronic mail address of the addressee,

but if delivery is made after 5.00pm on a Business Day it must be treated as received on the next Business Day in that place.

## 8.4 Initial details

The addresses and numbers for service are initially:

- (a) for the Company, those set out in the Company's Address Details;
- (b) for the Subscriber, those set out in the Subscriber's Address Details; and
- (c) for the Guarantor, those set out in the Guarantor's Address Details.

## 8.5 Changes

A party may from time to time change its address or numbers for service by notice to each other party.

## 9. Governing law and jurisdiction

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### 9.1 Governing law

This agreement is governed by and construed in accordance with the laws of Victoria.

## 9.2 Jurisdiction

Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Victoria and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating to this agreement; and
- (b) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within paragraph 9.2(a).

## 10. Confidentiality and Announcements

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### 10.1 Public announcements

- (a) The parties agree that immediately after signing this document, or at such other time as the parties may agree having regard to any trading halt in connection with the transaction contemplated by this agreement, the Company must issue a public announcement to the ASX in the form set out in Schedule 1 and a copy of this document may be annexed by the Subscriber to an ASIC Form 603.
- (b) Subject to clause 10.1(a) and 10.2, any other announcement or disclosure of information relating to the subject matter of this agreement requires the prior written consent of both parties (not to be unreasonably withheld).

### 10.2 Public announcements required by law

A party may disclose information relating to this agreement if required to do so by law or a regulation of a stock exchange or any Government Body.

## 11. Miscellaneous

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### 11.1 Exercise rights

A single or partial exercise or waiver by a party of any right under or relating to this agreement will not prevent any other exercise of that right or the exercise of any other right.

### 11.2 Merger

If the liability of a party to pay money under this agreement becomes merged in any deed, judgment, order or other thing, the party liable must pay interest on the amount owing from time to time under that deed, judgment, order or other thing at the higher of the rate payable under this agreement and that fixed by or payable under that deed, judgment, order or other thing.

### 11.3 Moratorium legislation

Any law which varies prevents or prejudicially affects the exercise by a party of any right, power or remedy conferred on it under this agreement is excluded to the extent permitted by law.

## 11.4 No assignment

A party must not assign, transfer or novate all or any part of its rights or Obligations under or relating to this agreement or grant, declare, create or dispose of any right or interest in it, without the prior written consent of each other party.

## 11.5 Remedies cumulative

The rights and remedies under this agreement are cumulative and not exclusive of any rights or remedies provided by law.

## 11.6 Severability

If a provision of this agreement is illegal, invalid, unenforceable or void in a jurisdiction it is severed for that jurisdiction and the remainder of this agreement has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this agreement or is contrary to public policy.

## 11.7 Further assurance

Each party must promptly at its own cost do all things (including executing and delivering all documents) necessary or desirable to give full effect to this agreement and the transactions contemplated by it.

## 11.8 Costs

Each party is responsible for all its own costs incurred in the negotiation and performance of this agreement including legal costs.

## 11.9 Time

- (a) Time is of the essence of this agreement.
- (b) If the parties agree to vary a time requirement, the time requirement so varied is of the essence of this agreement.
- (c) An agreement to vary a time requirement must be in writing.

## 11.10 Variation

An amendment or variation to this agreement is not effective unless it is in writing and signed by the parties.

## 11.11 Waiver

- (a) A party's waiver of a right under or relating to this agreement, whether prospectively or retrospectively, is not effective unless it is in writing and signed by that party.
- (b) No other act, omission or delay by a party will constitute a waiver of a right.

## 11.12 Counterparts

This agreement may be executed in any number of counterparts each of which will be considered an original but all of which will constitute one and the same instrument. A party who has executed a counterpart of this agreement may deliver it to, or exchange it with,



another party by emailing a pdf (portable document format) copy of, the executed counterpart to that other party.

## 11.13 **Whole agreement**

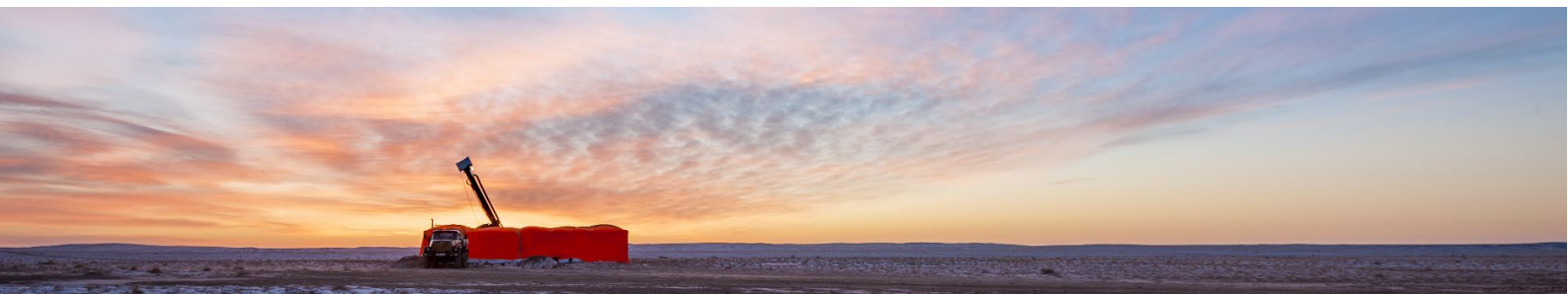
This agreement:

- (a) is the entire agreement and understanding between the parties relating to the subject matter of this agreement; and
- (b) supersedes any prior agreement, representation (written or oral) or understanding on anything connected with that subject matter.



## Schedule 1 – Form of public announcement

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## Strategic partnership with Zijin Mining Group

Not for release to US wire services or distribution in the United States

19 April 2022

Xanadu Mines Ltd (**ASX: XAM, TSX:XAM**) (**Xanadu** or the **Company**) is pleased to announce a strategic partnership (**Agreement**) with Zijin Mining Group Co., Ltd (**Zijin**) to progress the Company's flagship Kharmagtai Copper-Gold Project (**Kharmagtai**) through its next phase of project evaluation and decision on future development.

Under the Agreement, Zijin will invest in both the Company listing level and the Kharmagtai project level through a series of transactions commencing with the subscription of 139 million fully paid ordinary shares in Xanadu (**New Shares**) to provide Zijin with a 9.9% shareholding in the Company (**Phase 1 Placement**). The Phase 1 Placement will be conducted at an issue price of A\$0.04 per share, representing approximately a 38% premium to Xanadu's last traded price of A\$0.029, and will raise approximately A\$5.56 million.

Two subsequent phases are then proposed (subject to formal documentation) including a second placement of ordinary shares at A\$0.04 per share to increase Zijin's total shareholding in the Company to 19.99% (**Phase 2 Placement**) and the creation of a 50/50 Joint Venture in Khuiten Metals Pte. Ltd., the entity currently 100% owned by Xanadu that holds a 76.5% effective interest in Kharmagtai (**Phase 3 JV**)<sup>1</sup>, for a cash payment of US\$35 million.

**Executive Chairman & Managing Director, Colin Moorhead, said,** "We are delighted to have attracted Zijin, a global top 10 copper producer and highly capable mine developer as our partner, and we look forward to finalising negotiations to move Kharmagtai forward and realise its potential on an accelerated path. This partnership is a good outcome for our shareholders, for Mongolia and for a world looking to fill a global copper supply gap."

## Highlights

- **Partnership with Zijin Mining Group, a global mining company and top 10 copper producer.**
- **Staged investment by Zijin to inject up to approximately A\$11 million<sup>1</sup> into Xanadu and up to a further US\$35 million<sup>1,2</sup> into the Kharmagtai project.**

<sup>1</sup> The Phase 1 Placement Agreement provides that the parties will negotiate in good faith formal documentation for the Phase 2 Placement and Phase 3 JV. These further transactions are subject to regulatory and shareholder approvals and the parties agreeing formal documentation.

<sup>2</sup> Assuming AUD/USD exchange rate of \$0.74.

- **Phase 1 and Phase 2 Placements to be priced at A\$0.04 per share, approximately a 38% premium to Xanadu's last traded share price of A\$0.029.**
- **Phase 1 Placement expected to settle by no later than Wednesday, 27 April 2022 with a four-month exclusivity period to negotiate and finalise terms for the two remaining phases, subject to Australian Foreign Investment Review Board (FIRB) approval, People's Republic of China (PRC) regulatory approvals, Xanadu shareholder and other regulatory approvals.**
- **Following completion of all phases<sup>1</sup>, Kharmagtai will be well funded for its next phase of development, leading to a decision to construct.**

## About Zijin Mining Group

Zijin is a multinational mining group dedicated to exploration and development of gold, copper, zinc and other mineral resources globally, as well as associated refining, processing, trading and other businesses. Its operations include projects and operations in 14 provinces in the People's Republic of China (PRC) as well as 13 overseas countries across Europe, Central Asia, Africa, Oceania and South America. It is one of the largest Chinese mining companies distinguished by its significant domestic and international copper and gold resource, reserves and production.

### Zijin's Mining Operations in China



### Zijin's Offshore Mining Operations



## Phase 1 Placement Details

New Shares issued to Zijin (by way of Jinping (Singapore) Mining Pte. Ltd., a wholly owned indirect subsidiary of Zijin) under the Phase 1 Placement will be issued pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1 and will rank pari-passu with the existing fully paid ordinary shares currently on issue. Zijin will subscribe for a total of 139 million fully paid ordinary shares at an issue price of A\$0.04 per New Share.

The issue price of A\$0.04 per share represents:

- a 37.9% premium to Xanadu's last close on 14 April 2022 of A\$0.029 per share.
- a 37.9% premium to the 7-day VWAP of A\$0.029 per share; and
- a premium of 33.3% to the 30-day VWAP of A\$0.030 per share.

The proceeds of the Phase 1 Placement, together with the Company's existing cash resources, will be applied towards working capital during the exclusive negotiation period prior to commencement of the Pre-Feasibility Study (**PFS**) at the Kharmagtai copper-gold project. Remaining cash at that point will be used to fund Xanadu's share of the Kharmagtai PFS.

The Placement is scheduled to settle on Wednesday, 27 April 2022 with trading to occur on Thursday, 28 April 2022.

Following completion of the Phase 1 Placement, Zijin will have a limited and conditional participation right in future capital raisings of the Company<sup>3</sup>, with such limited and conditional right to cease where Zijin disposes of its interests in the Company to a position below 5% and remains below that threshold for a period of more than 20 consecutive trading days.

Xanadu and Zijin have also entered into a four-month period of exclusivity to negotiate the second and third phases of the strategic partnership. The relevant exclusivity deed contains terms and conditions considered standard for an arrangement of this nature, including no-talk, no due diligence and notification provisions (each of which is subject to a fiduciary carve-out), together with a break fee A\$340,000 that may be payable to Zijin in the event of the completion of a competing proposal or where Xanadu commits a material breach of the exclusivity deed.

## Phase 2 Placement and Phase 3 JV

The Phase 2 Placement will involve Zijin subscribing for an additional tranche of ordinary shares in Xanadu to increase its total shareholding in Xanadu to approx. 19.99%. The Phase 2 Placement will also be made at an issue price of A\$0.04 per share and will be accompanied with a right for Zijin to appoint one Director to the Board of Xanadu Mines Ltd (subject to Zijin maintaining at least 10% of Xanadu (other than a result of the dilution of Zijin by Xanadu)). The Phase 2 Placement will be subject to FIRB approval, PRC regulatory approval, Xanadu shareholder approval as well as other required regulatory approvals.

The third and final stage of the partnership (**Phase 3 JV**) will involve Zijin and Xanadu establishing a 50-50 JV in Khuiten Metals Pte. Ltd. (**Khuiten**), the entity which effectively owns 76.5% of the Kharmagtai project, along with 13.5% minority holder Ganbayar Lkhagvasuren (an Executive Director at Xanadu), and 10.0% minority holder QGX Ltd. Under the non-binding terms agreed with Zijin, Zijin will subscribe for shares equal to 50% of Khuiten by way of share placement for a cash payment of US\$35 million, with Xanadu remaining the operator of the JV until a decision to construct is made. At the point of a future construction decision, Zijin will then become the operator of the Khuiten JV and take leadership of the development of the mine.

The Phase 1 Placement Agreement provides that the parties will negotiate in good faith formal documentation for the Phase 2 Placement and Phase 3 JV. These further transactions are subject to regulatory and shareholder approval and the parties agreeing formal documentation. Xanadu cautions investors to not place undue reliance upon the successful completion of Phase 2 and Phase 3, as there can be no guarantee that formal transaction documents will be agreed or ultimately consummated.

Xanadu has appointed Jefferies as its financial adviser and HopgoodGanim as its legal adviser for this process.

Further updates on the finalisation of the Phase 2 Placement and Phase 3 JV transactions will be announced over coming periods in accordance with the Company's continuous disclosure obligations.

<sup>3</sup> The participation right only applies where ASX Listing Rule 10.11 does not apply (or ceases to apply) to the issue of securities to Zijin or the Company is required to seek shareholder approval in respect of the relevant capital raising (in which case, the participation by Zijin will also be put to shareholders for consideration).

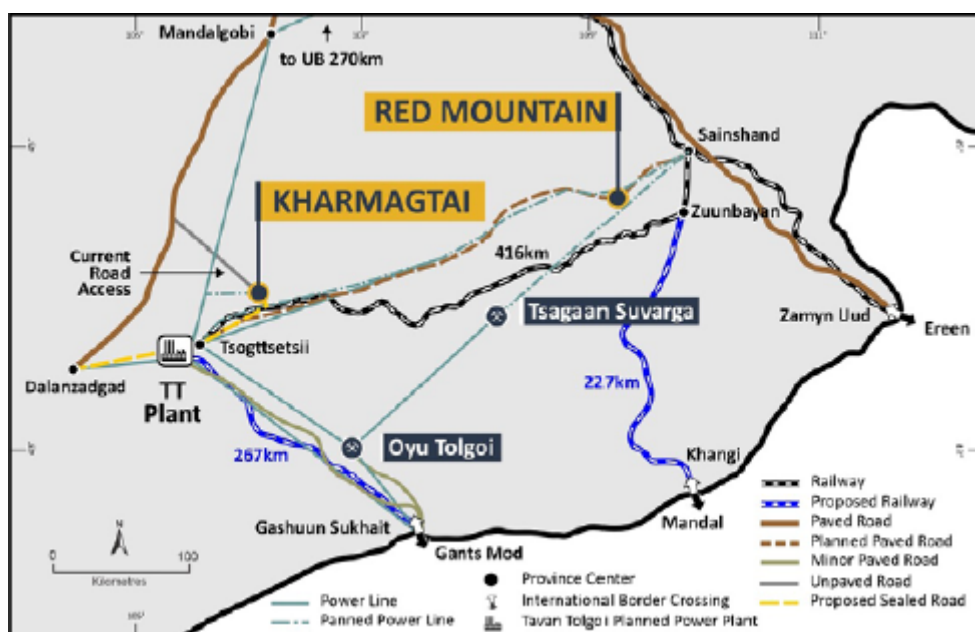


## Update on Kharmagtai Copper-Gold Project

Kharmagtai is Xanadu's flagship project, located in the South Gobi region of Mongolia and has a Mineral Resource Estimate<sup>4</sup> of 1.1 billion tonnes, containing 3 million tonnes of copper and 8 million ounces of gold. Xanadu recently released its Kharmagtai Scoping Study<sup>5</sup>, using a conventional and low risk open pit mine and sulphide process plant, which demonstrated a US\$630 million net present value (NPV), 20% investment rate of return (IRR) project, with a 4-year payback, operating as a first quartile costs producer for its first five years of operation. Multiple upside opportunities were reported for evaluation during Pre-Feasibility Study (PFS). Gating to PFS stage was approved by the Board pending funding.

The next step of development at Kharmagtai will complete a PFS and a JORC Compliant Ore Reserve, which is anticipated to require 18 months and cost US\$20 million to complete.

Once the second and third stages of investment by Zijin are agreed and committed, Xanadu will be well funded for its share of the Kharmagtai PFS. Xanadu will also be funded to progress exploration at its second project, Red Mountain, also located in the South Gobi Desert of Mongolia.



<sup>4</sup> ASX/TSX Announcement Kharmagtai Resource Grows to 1.1 billion Tonnes - 8 December 2021. Xanadu is not aware of any new information or data that materially affects the information included in the relevant market announcement and, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

<sup>5</sup> ASX/TSX Announcement Scoping Study Kharmagtai Copper-Gold Project - 6 April 2022. Xanadu is not aware of any new information or data that materially affects the information included in the relevant market announcement and, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

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This Announcement was authorised for release by Xanadu's Board of Directors.

All dollar amounts are in Australian dollars unless otherwise indicated.

**Not an offer in the United States**

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## Schedule 2 – Phase 2 Placement and Joint Venture

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# Project Sumo: Phase II Transaction Term Sheet

This term sheet (**Term Sheet**) sets out the key terms of:

1. a subscription agreement to be entered into between Jinping (Singapore) Mining Pte. Ltd., a wholly owned indirect subsidiary of Zijin Mining Group Co. Ltd (**Zijin**), Xanadu Mines Ltd ACN 114 249 026 (**Xanadu**), and Khuiten Metals Pte Ltd (**Company**) (**Khuiten Subscription Agreement**); and
2. a joint venture agreement to be entered into relating to a JV in respect of the Company (**JV**) between Zijin, Xanadu and the Company (**JV Agreement**)

General		
A	Parties and status	
1	<b>Parties</b>	Jinping (Singapore) Mining Pte. Ltd., a wholly owned indirect subsidiary of Zijin Mining Group Co. Ltd ( <b>Zijin</b> );  Xanadu Mines Ltd ACN 114 249 026 ( <b>Xanadu</b> ), and  Khuiten Metals Pte Ltd ( <b>Company</b> ).
2	<b>Status</b>	This Term Sheet is non-binding except for <b>items 26 to 29</b> .
B	Transaction summary	
3	<b>Transaction</b>	<p>Zijin proposes to invest into the Company by giving effect to the following:</p> <ul style="list-style-type: none"> <li>a) A placement of a further approximate 10% of the shares in Xanadu to Zijin at 4 cents per share to take its holding in Xanadu post issue to 19.99%;</li> <li>b) subscribing pursuant to the Khuiten Subscription Agreement for such number of ordinary shares in the Company (<b>Khuiten Shares</b>) which is equivalent to 50% of the issued and outstanding ordinary shares of the Company immediately after closing of the transaction, on a fully diluted basis, for a total subscription price of US\$35.0 million pursuant to the Khuiten Subscription Agreement (<b>Khuiten Subscription</b>);</li> <li>c) entering into a binding exclusivity deed at the same time as this Term Sheet between Zijin and Xanadu pursuant to which Zijin is to be granted 4 months' exclusivity from the date of signing the Exclusivity Deed to complete final due diligence and sign the Khuiten Subscription Agreement and the JV Agreement (<b>Exclusivity Deed</b>); and</li> <li>d) negotiation and entry into of the JV Agreement,</li> </ul>

		<p>together the Proposed Phase II Transaction.</p> <p>This Term Sheet sets out the key terms on which Zijin, Xanadu and the Company agree to conduct the Proposed Phase II Transaction.</p>
<b>Transaction Agreements</b>		
<b>C 1</b>	<b>Further Placement</b>	
<b>4</b>	<b>Parties</b>	Zijin, Xanadu
<b>5</b>	<b>Conditions</b>	Subject to conditions, including FIRB and PRC approvals
<b>6</b>	<b>Transaction</b>	Zijin subscribes for such number of ordinary shares as equates to 19.99% of Xanadu at 4 cents (following its initial subscription of 9.9% under the Subscription Agreement)
<b>7</b>	<b>Board seat</b>	Zijin entitled to a board seat on board of Xanadu on Completion, provided that Zijin continues to hold at least 10% of Xanadu (other than a result of the dilution of Zijin by Xanadu)
<b>C</b>	<b>Khuiten Subscription Agreement</b>	
<b>8</b>	<b>Parties</b>	Zijin, Xanadu and the Company.
<b>9</b>	<b>Equity interests</b>	Each of Zijin and Xanadu shall hold 50% of the issued share capital of the Company following the Khuiten Subscription.
<b>10</b>	<b>Economic interests</b>	As a result of the Khuiten Subscription, Zijin and Xanadu shall each hold a 50% economic interest in the 76.5% of the Kharmagtai copper-gold project located in Omnogovi Province, Mongolia that is currently indirectly held by Xanadu ( <b>Business</b> ).
<b>11</b>	<b>Representations and warranties</b>	<p>Company to provide customary representations and warranties for an issuer under a share subscription at signing and completion of the Khuiten Subscription Agreement including as to ownership of its subsidiaries, the mining claims and the other features of the Business.</p> <p>Zijin to provide customary limited representations and warranties for a subscriber under a share subscription at signing and completion of the Khuiten Subscription Agreement.</p>
<b>12</b>	<b>Pre-completion conduct</b>	<p>The Company must conduct the Business in the ordinary course until completion under the Khuiten Subscription Agreement, with the Company to obtain Zijin's prior approval for any business matters outside the ordinary course of business.</p> <p>Without limitation to the above, the Company must conduct the Business in the period between signing and completion of the Khuiten Subscription so as to ensure that:</p>

		<ul style="list-style-type: none"> <li>a) there is no alteration to its capital structure including by way of issue or transfer of shares or rights over shares;</li> <li>b) there is no disposal of its material assets including the mining and exploration rights, authorisations, claims, permits and titles;</li> <li>c) there are no changes to its constituent corporate documents including its constitution;</li> <li>d) there is no material negative or positive deviation to budgeted operational expenditure beyond metrics to be agreed and reflected in the Khuiten Subscription Agreement; and</li> <li>e) the Company's operations proceed in the manner contemplated in current business plans as disclosed to Zijin.</li> </ul>
13	<b>Zijin investment contribution</b>	US\$35.0 million ( <b>Khuiten Subscription Amount</b> ).
14	<b>Legal and other expenses</b>	Each party will be responsible for its own legal and other expenses incurred in connection with the Proposed Phase II Transaction.
15	<b>Conditions to Khuiten Subscription</b>	<p>Conditions including that the Khuiten Subscription will not take effect until:</p> <ul style="list-style-type: none"> <li>a) Zijin has completed all technical, commercial, financial and legal due diligence on Xanadu, the Xanadu group, the Company and their respective projects and assets to its satisfaction;</li> <li>b) final approval of Zijin's Investment Committee or other relevant Zijin authority to the transaction is obtained;</li> <li>c) PRC regulatory approvals have been obtained, including those from the provincial branches of China's National Development and Reform Commission (NDRC), Ministry of Commerce and State Administration of Foreign Exchange;</li> <li>d) any other Australian, Mongolian or Singaporean regulatory approvals required in respect of the Proposed Phase II Transaction;</li> <li>e) the parties enter into the JV agreement; and</li> <li>f) Xanadu shareholder approval has been obtained (but only to the extent required under the ASX Listing Rules or any other applicable laws)</li> <li>g) no actions or proceedings in a court of competent jurisdiction enjoining or prohibiting the Proposed Phase II Transaction.</li> </ul>
<b>D</b>	<b>JV Agreement</b>	
16	<b>Parties</b>	<p>Zijin, Xanadu and the Company.</p> <p>For the purposes of this <b>section D</b>, each of Zijin and Xanadu is a <b>JV Party</b>, and together are the <b>JV Parties</b>.</p>

17	<b>Management Committee</b>	<p><i>General:</i> A management committee of the JV (<b>Management Committee</b>) will be responsible for oversight of the JV.</p> <p><i>Composition:</i> Each JV Party shall be entitled to an equal number of Management Committee representatives. The chair of the Management Committee will rotate on an annual basis, with Xanadu appointing the initial chair for the first 12 months. The chair of the Management Committee shall not have a casting vote.</p> <p><i>Voting / Decision Making:</i> The Management Committee will approve an annual plan and budget, with the General Manager of the JV delegated authority to manage the expenditure in accordance with the approved plans and budgets. The first annual plan and budget will be set out in a schedule to the JV Agreement. The aggregate voting power of a JV Party's Management Committee representatives will be proportionate to such JV Party's economic interest in the JV.</p>
18	<b>Board of Company and subsidiaries</b>	To the fullest extent permitted by applicable laws, the boards of the Company and its subsidiaries shall comprise the members of the Management Committee and, to the extent that is not permitted by applicable laws, equal numbers of directors appointed by each JV Party.
19	<b>Management of Company and subsidiaries</b>	<p>The Manager of the JV shall have delegated authority to manage the expenditure incurred by the Company and its subsidiaries in accordance with the approved plans and budgets. Xanadu will be the first Manager of the JV. Xanadu shall appoint the General Manager during the period prior to a decision to construct. Zijin shall be entitled to appoint at least one executive into the management team of the Kharmagtai Project for the period before the decision to construct has been made.</p> <p>Both JV Parties and the Company shall procure, to the fullest extent permitted by applicable laws, that the Business is managed in accordance with approved plans and budgets and the decisions of the Management Committee.</p>
20	<b>Decision making</b>	Except as otherwise provided in the JV Agreement, all decisions of the Company and its subsidiaries shall require the approval of directors nominated by both JV Parties. The JV Agreement will list the matters within the competence of the General Manager in order to ensure the efficient and orderly conduct of the Business.
21	<b>Deadlock and dispute resolution</b>	The JV Parties will develop a mutually acceptable procedure for resolving deadlocks with respect to operating, funding, executive and other matters, including escalation to the JV Parties' CEOs and referral to independent experts (in respect of technical or accounting matters).
22	<b>Decision to mine</b>	The JV Agreement will specify the process for the taking of a decision to mine. Zijin shall appoint the general manager for the period after a decision to mine has been made.
23	<b>Technical Committee</b>	A Technical Committee will be established, allowing both JV Parties to bring their expertise in technical operating capability, exploration, sustainability and external relations to the JV. In addition, the Management Committee may establish other standing or ad hoc sub-committees from time to time as necessary. All sub-committees will be advisory only and will not have decision making authority or authority to bind the JV or the JV Parties.

24	<b>Policies and standards</b>	The JV Parties will develop a single set of policies and standards to govern all aspects of the JV, drawing from each of their respective existing policies and standards.
25	<b>Funding</b>	Funding obligations will be proportional to the economic interests of the JV Parties and strictly limited to those set out in agreed plans and budgets. Failure to fund will result in dilution on a straight-line basis, subject to customary remedy procedures.
26	<b>Right of First Refusal</b>	Any direct transfer of a JV Party's economic interest in the JV or shares in the Company to a non-affiliated third party will be subject to a right of first refusal in favour of the other JV Party.
27	<b>Access to information</b>	Each JV Party shall have customary access and information rights.
28	<b>Structure</b>	The structure of the JV will be as agreed by the JV Parties to best reflect the terms outlined herein, the results of Zijin's diligence and optimise tax and commercial considerations for both JV Parties.

### Additional Terms

29	<b>Confidentiality</b>	<p>The terms of this Term Sheet and all related matters and discussion are subject to the Confidentiality Agreement executed by the parties.</p> <p>This Term Sheet and other matters relating to the Proposed Transaction may be disclosed by a party to:</p> <ul style="list-style-type: none"> <li>a) its directors and professional advisers; and</li> <li>b) its employees and shareholders, provided they have signed a confidentiality undertaking in relation to the Proposed Transaction,</li> </ul> <p>in each case on a "need to know" basis.</p> <p>No announcement (unless otherwise agreed) or other public disclosure may be made by Zijin, Xanadu or the Company concerning the contents or existence of this Term Sheet, the Proposed Transaction or any related matter except as required by law or any relevant regulatory authority (including under the ASX Listing Rules) or by agreement between the parties.</p>
30	<b>Costs</b>	Each party must pay its own costs and expenses in relation to negotiating, executing and performing its obligations under this Term Sheet.
31	<b>Governing law</b>	This Term Sheet is governed and construed in accordance with the laws of Victoria and each party submits to the non-exclusive jurisdiction of the courts of Victoria.
32	<b>Phase II Transaction Agreements</b>	The Phase II Transaction Agreements will be governed and construed in accordance with the laws of Victoria and each party submits to the non-exclusive jurisdiction of the courts of Victoria. Each party must pay its own costs and expenses in relation to negotiating, executing and performing its obligations under the Phase II Transaction Agreements.

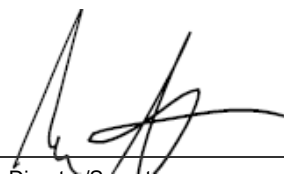


**Signing page****Executed** by Xanadu Mines Ltd


Director

**COLIN MOORHEAD**

Print full name of Director



Director/Secretary

**MICHELE MUSCILLO**

Print full name of Director/Secretary

**Executed** by Jinping (Singapore) Mining Pte. Ltd.

Director

Print full name of Director

Director

Print full name of Director

**Executed** by Khuiten Metals Pte. Ltd


Director

**ANDREW STEWART**

Print full name of Director



Director

**MUNKHSAIKHAN DAMBIINYAM**

Print full name of Director

**Signing page****Executed by Xanadu Mines Ltd**\_\_\_\_\_  
Director\_\_\_\_\_  
Director/Secretary\_\_\_\_\_  
Print full name of Director\_\_\_\_\_  
Print full name of Director/Secretary**Executed by Jinping (Singapore) Mining Pte. Ltd.**\_\_\_\_\_  
Director

Wang Chao

\_\_\_\_\_  
Print full name of Director\_\_\_\_\_  
Director

Guo Long

\_\_\_\_\_  
Print full name of Director**Executed by Khuiten Metals Pte. Ltd**\_\_\_\_\_  
Director\_\_\_\_\_  
Director\_\_\_\_\_  
Print full name of Director\_\_\_\_\_  
Print full name of Director

## Schedule 3 - Company warranties

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### 1 Incorporation, power and authority

- a. The Company is a company duly incorporated under the provisions of the Corporations Act.
- b. The Company has full power and authority to enter into this agreement, consummate the transactions contemplated by this agreement and perform its Obligations under this agreement (subject only to the satisfaction of the Conditions Precedent).
- c. This agreement does not conflict with or result in a breach of any Obligation (including any statutory, contractual or fiduciary Obligation) or constitute or result in any default under any provision of the Constitution.

### 2 Solvency

The Company is not insolvent.

### 3 Subscription Shares and share capital

- a. Once issued, the Subscription Shares will:
  - i. rank equally in all respects with existing issued fully paid ordinary shares in the Company;
  - ii. be fully paid; and
  - iii. be free from all Encumbrances.
- b. There is no restriction on the allotment and issue of the Subscription Shares (subject only to the satisfaction of the Conditions Precedent).
- c. Shares in the Company are listed on the official list of the ASX and the Company has not been removed or threatened to be removed from the official list
- d. At the date of this agreement, the Company has on issue the following Equity Securities:
  - i. 1,265,071,356 Shares; and
  - ii. 46,950,000 XAMAAA Options expiring 31 December 2023.
- e. Other than the obligations of the Company to issue shares on the exercise of any options or performance rights specified under warranty 3d) of this Schedule 3, to Whittle Consulting Pty Ltd or as has otherwise been announced to the ASX, the Company is not under any obligation to issue Equity Securities to any person (whether subject to conditions or not).

### 4 Disclosure and information

- a. The Company has at all times been, and continues to be, in all material respects in compliance with the ASX Listing Rules, including without limitation ASX Listing Rule 3.1.
- b. No information provided by or on behalf of the Company to the Subscriber or to ASX is false or misleading (whether by omission or misstatement) in any material respect.



**5 No litigation**

There is no current or to the best of the Company's knowledge threatened, material Action nor pending materially adverse Judgment in respect of the Company or any Related Entity or any of their assets.

**6 Compliance with Law and contracts**

- a. To the best of the Company's knowledge, the Company and each Related Entity has at all times materially complied with and continues to comply with all Laws relevant to it and its assets.
- b. To the best of the Company's knowledge, the Company and each Related Entity is not in material breach of any material contract to which it is a party.

# Share Subscription Agreement



B

## Signing page

**Executed** by Xanadu Mines Ltd

Director

**COLIN MOORHEAD**

Print full name of Director

**Executed** by Jinping (Singapore) Mining Pte. Ltd.

Director

Print full name of Director

**Executed** by Zijin Mining Group Co. Ltd

Authorised Representative

Print full name of Authorised Representative

Director/Secretary

**MICHELE MUSCILLO**

Print full name of Director/Secretary

Director

Print full name of Director

Share Subscription Agreement



B

Signing page

Executed by Xanadu Mines Ltd

Director

Director/Secretary

Print full name of Director

Print full name of Director/Secretary

Executed by Jinping (Singapore) Mining Pte. Ltd.

Director

Director

Wang Chao

Guo Long

Print full name of Director

Print full name of Director

Executed by Zijin Mining Group Co. Ltd

Authorised Representative

Shen Shaoyang

Print full name of Authorised Representative