



XANADU MINES

XANADU MINES LTD  
ABN 92 114 249 026

**NON RENOUNCEABLE RIGHTS ISSUE OFFER DOCUMENT**

A 2 for 7 pro rata non-renounceable offer at 12.0 cents per share to raise approximately \$8.4 million before costs, including the allocation of any shortfall.

The Offer opens on 9 December 2014 and closes at 5:00pm (AEDST) on 18 December 2014. Valid acceptances must be received before that time.

The Offer is not underwritten. The Directors reserve the right to offer any shortfall at a price no less than 12.0 cents per share within three months from the close of the Offer.

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions about the securities being offered under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**



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## IMPORTANT NOTICES

This Offer Document is dated 4 December 2014.

This Offer is being made without a disclosure document in accordance with section 708AA of the Corporations Act and utilises ASIC Class Order CO 08/35.

This Offer Document is not a prospectus or disclosure document within the meaning of the Corporations Act and a copy of this Offer Document has not been lodged with ASIC. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus or disclosure document. The information in this Offer Document does not constitute a securities recommendation or financial product advice.

This Offer Document is important and should be read in its entirety before deciding to participate in the Offer. This Offer does not take into account, and this Offer Document has been prepared without taking into account, the investment objectives, financial or taxation situation or particular needs of any Applicant.

Before applying for New Shares and Top Up Shares, each Applicant should consider whether such an investment, and the information contained in this Offer Document, is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Neither the Company, nor any other person guarantees the repayment of capital or the payment of income. Investors should note that the past Share price performance of the Company provides no guidance to its future Share price performance.

By returning an Entitlement and Acceptance Form, or otherwise arranging for payment for your New Shares or Top Up Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

### No Overseas offering

This Offer Document has been prepared to comply with the requirements of the securities laws of Australia, New Zealand and Singapore.

The New Shares being offered under this Offer Document are being offered to existing Shareholders with registered addresses in Australia, and also to existing Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand) and to existing shareholders with registered addresses in Singapore in reliance on section 272B of the Securities & Futures Act.

This Offer Document is not an investment statement or prospectus under New Zealand law or Singapore law, and may not contain all the information that an investment statement or prospectus under New Zealand law or Singapore law is required to contain.

This Offer Document and the accompanying Entitlement and Acceptance Form does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Offer Document does not constitute an offer to Non-

qualifying Shareholders. No action has been taken to lodge this Offer Document in any jurisdiction outside of Australia, or to otherwise permit a public offering of Rights or Shares, in any jurisdiction outside Australia or New Zealand or Singapore.

This Offer Document is not to be distributed in, and no offer of New Shares or Top-Up Shares is to be made in countries other than Australia, New Zealand and Singapore. The distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Returning the Entitlement and Acceptance Form constitutes an acknowledgement, representation or warranty by the Applicant that there has been no breach of any foreign securities laws. Nominees, trustees and custodians are therefore advised to seek independent advice as to how to proceed.

### Definitions, currency and time

Definitions of certain terms used in this Offer Document are contained in section 13. All references to currency are to Australian Dollars and all references to time are to AEDST, unless otherwise indicated.

### Entire Agreement

Subject to this paragraph, the terms contained in this Offer Document constitute the entire agreement among the Company and you as to the Offer and your participation in the Offer to the exclusion of all prior representations, understandings and agreements among the Company and you.

### Governing law

This Offer Document, the Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

### Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation in connection with the Offer not contained in the Offer Document may not be relied upon as having been authorised by the Company or any of its officers.

### Past Performance

Investors should note that the Company's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including the Company's future financial position or share price performance.

### Future performance

This Offer Document contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of the Company and certain plans and objectives of the management of the Company. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes

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will not differ materially from these statements. Neither the Company, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of the Company. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Offer Document in light of those disclosures.

**United States disclaimer**

None of the information in this Offer Document or the accompanying Entitlement and Acceptance Form constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Document (or any part of it), the accompanying ASX announcement nor the accompanying Entitlement and Acceptance Form may be released or distributed directly or indirectly, to persons in the United States.

The New Shares and Top-Up Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States, and the New Shares and Top-Up Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction in the United States.

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4 December 2014

Dear Shareholder,

On behalf of the Board of Xanadu Mines Ltd (**Xanadu or the Company**) I am pleased to invite you to participate in a 2 for 7 non-renounceable rights issue (**Rights Issue or Offer**) at an issue price of 12.0 cents per share to raise approximately \$8.4 million. The Rights Issue follows a high level of shareholder participation at Xanadu's recent 2014 AGM, including the strong support for the \$13.6 million private placement. The Company has appointed BBY Limited (**BBY**) as its financial advisor to assist with the Rights Issue.

The funds raised under the Rights Issue will be deployed alongside of the new private placement funds as Xanadu continues to advance its highly prospective copper-gold projects in Mongolia's South Gobi region. The proceeds will be used to further pay-down the deferred acquisition consideration for the Kharmagtai project, fund our minimum exploration spending obligations for the Oyut Ulaan project, to reach the next important exploration milestones at both projects, and for working capital.

As I mentioned at the AGM, Xanadu has an exciting year ahead in 2015. Following the Rights Issue we will enter the New Year in a strong position to add value to the Kharmagtai and Oyut Ulaan copper-gold projects. The results from this work should further distinguish Xanadu from its peers at a time when investors are seeking-out high quality assets. It is important that your Company is properly capitalised in order to realise the full potential of its two copper-gold projects.

Under the Rights Issue, you will be able to acquire 2 new fully paid ordinary shares for every 7 fully paid ordinary shares you hold at 4 December 2014 at an issue price of 12.0 cents per share. This issue price is rounded down from the 12.26 cents per share Placement price. The Offer Document includes an Entitlement and Acceptance Form that details your personalised entitlement under the Rights Issue. If you take up your entitlement, as an existing shareholder, you can also apply for additional shares under a top-up facility (**Top-Up Facility**). It is the Board's intention to prioritise the Top-Up Facility over placing any shortfall to third parties to enable eligible existing shareholders every opportunity to participate.

The accompanying Offer Document contains important information and I urge you to read it in detail as you consider the merits of participating in the Rights Issue.

Your Directors and I thank you for your continuing support of Xanadu.

Yours sincerely



Mark Wheatley  
Chairman



**AUSTRALIA**

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



**MONGOLIA**

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



[www.xanadumines.com](http://www.xanadumines.com)

## TIMETABLE OF KEY DATES

<b>Event</b>	<b>Date</b>
Initial announcement of Rights Issue and lodgement of Appendix 3B	28 November 2014
Despatch of notices to Shareholders informing them of Rights Issue (including ineligible holders)	1 December 2014
Shares quoted on ex-entitlement basis	2 December 2014
Record Date for determining Entitlements	4 December 2014
Despatch of Offer Document and Entitlement and Acceptance Form	9 December 2014
Closing Date	18 December 2014
Company notifies ASX of under subscriptions	23 December 2014
Anticipated date for allotment and issue of New Shares	29 December 2014
Mail out of transaction confirmation statements	29 December 2014

This Timetable is indicative only and subject to change. The Directors reserve the right to vary these dates, including the Closing Date without prior notice, in accordance with the Listing Rules. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the New Shares.

The Directors also reserve the right not to proceed with the whole or part of the Offer any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

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## 1. Description of the Offer

### 1.1 Overview

The Company is making a pro rata non-renounceable offer of New Shares to Eligible Shareholders to acquire 2 new fully paid ordinary shares (**New Share**) for every 7 fully paid ordinary shares held on the Record Date, at an issue price of 12.0 cents per New Share.

This Offer follows the \$13.6 million raised under the Placement that was recently approved by Shareholders at the Company's 2014 AGM on 28 November 2014.

Fractional entitlements will be rounded up to the nearest whole number of New Shares. An Entitlement and Acceptance Form setting out your Entitlement to New Shares accompanies this Offer Document.

The Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be transferred or otherwise disposed of.

As a result of this Offer, Eligible Shareholders who do not take up all of their Entitlement are likely to have their percentage shareholding in the Company diluted. The extent of the dilution will depend upon the participation by other Eligible Shareholders and any allocation of Shortfall Shares.

If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

New Shares issued under the Offer will be fully paid Shares and rank equally with existing Shares on issue.

Eligible Shareholders should be aware that an investment in the Company involves many risks and should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances.

### 1.2 Top-Up Facility

Eligible Shareholders may subscribe for all or part of their Entitlement.

Any New Shares not taken up by the Closing Date may be made available to those Eligible Shareholders who took up their full Entitlement and applied for additional New Shares under the Top-Up Facility detailed in Section 3.1.

There is no guarantee that such Shareholders will receive all or any of the number of New Shares applied for under the Top-Up Facility.

There is no cap on the number of additional New Shares that Eligible Shareholders may apply for under the Top-Up Facility, although the number of New Shares available under the Top-Up Facility will not exceed the shortfall from the Entitlement Offer.

**Whilst the Directors reserve the right to allot and issue New Shares under the Top-Up Facility at their discretion, it is the Board's intention to prioritise Top-Up applications from those Eligible Shareholders who take up their full Entitlement applications.**

### 1.3 No rights trading

The Offer is non-renounceable. There will be no trading of Rights on ASX, and Rights may not be sold or transferred.

## 1.4 Shortfall

The Offer is not underwritten but the Directors reserve the right to offer any Shortfall Shares to investors at the discretion of the Directors in accordance with section 5 of this Offer Document.

**It is the Board's intention to prioritise existing Shareholders in the placement of any Shortfall. BBY have been appointed by the Company as financial advisor and will assist the Company in placing the Shortfall.**

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## 2. Non-qualifying Shareholders

The Offer is not being extended to any Shareholder as at the Record Date whose registered address is not in Australia, New Zealand or Singapore (**Non-qualifying Shareholders**) because of the cost of complying with applicable regulations in jurisdictions outside Australia, New Zealand and Singapore.

Furthermore, the New Shares have not been and will not be registered under the US Securities Act and may not be offered, sold or resold in, or to persons in, the United States except in accordance with an available exemption from registration. Accordingly, the Offer is not being made in the United States and Rights will not be distributed to Shareholders with registered addresses in the United States.

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## 3. Shareholder choices - what Eligible Shareholders may do

The number of New Shares to which Eligible Shareholders are entitled (**Entitlement**) is shown on the accompanying Entitlement and Acceptance Form. Eligible Shareholders may:

- take up their Entitlement in full and, if they do so, they may apply for additional New Shares under the Top-Up Facility (refer section 3.1);
- take up part of the Entitlement and allow the balance to lapse (refer section 3.2); or
- allow all of the Entitlement to lapse (refer section 3.3).

Non-qualifying Shareholders may not take any of the steps set out in sections 3.1 and 3.2.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

### 3.1 **Taking up all of the Entitlement and participating in the Top-Up Facility**

If you wish to take up the Entitlement in full, complete the Entitlement and Acceptance Form in accordance with the instructions set out therein. Post your completed Entitlement and Acceptance Form together with your Application Monies in accordance with section 3.8 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than 5:00pm (AEDST) on 18 December 2014 at the address detailed on your Entitlement and Acceptance Form.

You may also take up all of your Entitlement by arranging for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY, you do not need to return the Entitlement and Acceptance Form. Your payment must be received no later than 5:00pm (AEDST) on 18 December 2014.

If you have applied to take up all of your Entitlement, you may also apply for additional New Shares under the Top-Up Facility.

If you do not return the Entitlement and Acceptance Form, amounts received by the Company in excess of the Issue Price multiplied by your Entitlement (Excess Amount) may be treated as an application under the Top-Up Facility to apply for as many additional New Shares as your Excess Amount will pay for in full.

If you apply for additional New Shares under the Top-Up Facility and your application is successful (in whole or in part) your New Shares will be issued at the same time that other New Shares are issued under the Offer. There is no guarantee you will receive any New Shares under the Top-Up Facility. The Directors reserve their right to allot and issue New Shares under the Top-Up Facility at their discretion, however it is the Board's intention to prioritise Top-Up applications from those Eligible Shareholders who take up their full Entitlement applications.

### **3.2 Taking up part of the Entitlement and allowing the balance to lapse**

If you wish to take up part of the Entitlement and allow the balance to lapse, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the steps required in accordance with section 3.1. If you take no further action, the balance of the Entitlement will lapse.

Alternatively, arrange for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY and the Company receives an amount that is less than the Issue Price multiplied by your Entitlement (Reduced Amount), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

### **3.3 Allow all of the Entitlement to lapse**

If you do not wish to accept any part of the Entitlement, do not take any further action and the Entitlement will lapse. You will receive no payment for your lapsed Entitlement. You cannot sell or transfer your Entitlement to another person.

### **3.4 Consequences of Not Accepting your Entitlement**

If you do not accept all of your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise have been entitled to under the Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired by other Shareholders under the Top-Up Facility.

In addition, in accordance with Listing Rule 7.2, Exception 3, the Board (at its discretion) reserves the right to issue any shortfall from the Offer to investors that may include existing Shareholders and third parties, within three months after the Closing Date.

No party will acquire a relevant interest in voting Shares exceeding 20% as a result of the Offer or placement of any Shortfall.

### **3.5 Consider all relevant information**

The Offer is being made pursuant to section 708AA of the Corporations Act and ASIC Class Order 08/35 which allow rights issues to be offered without a prospectus. This Offer Document is not a prospectus and it does not contain all of the information which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares.

This Offer Document has not been lodged with the Australian Securities & Investments Commission. As a result, it is important for Eligible Shareholders to read and understand the information on the Company and the Offer made publicly available, prior to taking up all or part of their Entitlement.

Before deciding whether to apply for New Shares and Top-Up Shares, you should:

- read this Offer Document in conjunction with the Company's other periodic and continuous disclosure announcements made to the ASX, including announcements made regarding this Offer; and,
- conduct your own independent review, investigation and analysis of the Company and the New Shares which are the subject of the Offer, considering whether they are a

suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved.

**3.6 Not investment advice**

This Offer Document is not financial product advice and has been prepared without taking into account your investment objectives, or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares or Top-Up Shares

**3.7 Consider the Offer in light of your particular investment objectives and circumstances**

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspects of the Offer. You should also have particular regard to the risks outlined in section 5 of this Offer Document.

**3.8 Payment**

The issue price for the New Shares (including under the Top-Up Facility) is payable in full on application by a payment of 12.0 cents per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to "Xanadu Mines Ltd" and crossed "Not Negotiable".

Alternatively, you may arrange for payment of the Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. Eligible Shareholders must not forward cash or postal notes by mail. Receipts for payment will not be issued.

Different financial institutions may implement earlier cut-off times with regards to electronic payment, so please take this into consideration when making payment by BPAY. It is your responsibility to ensure that funds submitted through BPAY are received by no later than 5.00pm (AEDST) on the Closing Date.

Refund amounts, if any, will be paid in Australian Dollars. You will be paid by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders),

**3.9 Entitlement and Acceptance Form is binding**

A completed Entitlement and Acceptance Form sent to the Share Registry accompanied by a cheque, bank draft, or money order, or a payment made through BPAY constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document.

Any Entitlement and Acceptance Forms provided without payment of the Application Monies by cheque, bank draft, or money order may be rejected by the Directors at their absolute discretion.

You cannot withdraw your application for New Shares once your Entitlement and Acceptance Form has been received by the Share Registry or payment is made through BPAY.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. The Company reserves the right to refuse any Application, for example, if a cheque is returned unpaid or if the Entitlement and Acceptance Form has not been properly completed, or where there are grounds for believing that the Applicant is not acting in good faith.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

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- For personal use only
- (a) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue of New Shares under the Offer;
  - (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act; and
  - (c) you have not and will not send any materials relating to the Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

### **3.10 Brokerage**

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement to the New Shares or Top-Up Shares issued by the Company. No stamp duty is payable for subscribing for an Entitlement.

### **3.11 Notice to Nominees and Custodians**

Nominees and custodians may not distribute any part of this Offer Document or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial holders of Shares in New Zealand and Singapore, and beneficial holders of Shares who are institutional or professional investors in other countries that the Company has approved as being a country in which investors are eligible to participate, as well as any other country to the extent the Company may determine it is lawful and practical to make the Offer.

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## **4. Shortfall Shares**

### **4.1 Placement of Shortfall Shares**

Under an exception to the Listing Rule 7.1 requirement for Shareholder approval to an issue of securities in excess of 15% of the Company's issued share capital, the Company may issue any Shortfall Shares at the discretion of the Directors, provided that:

- the price at which Shortfall Shares are issued is not less than the issue price for the New Shares and Top-Up Shares under the Offer; and
- Shortfall Shares are issued within three (3) months of the closing date of the Offer.

If there is such a shortfall, then the Directors reserve the right to utilise this exception to Listing Rule 7.1 in which case the Board may, through its advisors or Company executives:

- seek bids or expressions of interest from institutions and other prospective investors for the Shortfall Shares; and
- determine the issue price and offer or allot the Shortfall Shares on the basis of those bids or information.

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## **5. Risks**

The activities of the Company, as in any business, are subject to risks which may impact on the Company's future performance.

Prior to deciding whether to apply for New Shares and Top-Up Shares, Eligible Shareholders should read the entire Offer Document and review all announcements made to the ASX in order to gain an appreciation of the Company, its activities, operations, financial position and prospects. Eligible Shareholders should pay particular attention to the ASX announcements made regarding this Offer and the notice under section 708AA of the Corporations Act released on 28 November 2014.

Eligible Shareholders should also consider the following summary of risk factors which the Directors believe represent some of the general and specific risks that Eligible Shareholders

should be aware of when evaluating the Company and deciding whether to subscribe for New Shares. The following risk factors are not intended to be an exhaustive list of risks to which the Company is exposed.

### **Specific Risks**

#### **Political & Regulatory Risks**

The Company's operations are subject to various levels of government controls and regulations in the countries where it operates, including Australia and Mongolia. These laws and regulations include matters relating to land tenure, drilling, production practices, environmental protection, royalties, various taxes and levies including income tax, foreign trade and investment and government approval of license transfers and other regulatory approvals that are subject to change from time to time. Current legislation is generally a matter of public record and the Company cannot predict what additional legislation or amendments may be proposed that will affect the Company's operations or when any such proposals, if enacted, might become effective. There is no certainty regarding obtaining government approvals. Changes in government policy or laws and regulations could adversely affect the Company's results of operations and financial condition. The Company will continue to actively monitor any risk relating to Mongolia's regulatory and political environment.

#### **Operational and Technical Difficulties**

Possible operational and technical difficulties might expectantly be encountered in achieving the Company's objectives. These difficulties may be caused by failure to achieve the economic grade or quantity at any of the Company's projects and may result in downgrading, termination or writing-off of the respective exploration project.

#### **Expenditure Risks**

The outcome of the Company's exploration programs will affect the future performance of the Company and value of the Shares. There will be no revenue from the Company's projects until a mine is approved and developed through to production. Mine development requires detailed budgeting based on a feasibility study to enable estimates of mine development expenditure. These estimates may vary and cause delays in development and changes in development plans. Overruns in expenditure estimates may impact the Company's ability to obtain sufficient funds to finance its expansion needs and future capital expenditure requirements.

The Company's capital expenditure projects may not be completed within the expected timeframe and within budget, or at all, and may not achieve the intended economic results. There are long lead times to market risk between ordering and purchase. In the event that any project does not offer returns sufficient to increase the value of the Company, a business decision might be made that the project is not worthy of further development and that it should be written-off.

Failure by the Company to pay licence fees for each of its licences within the specified timeframes may lead to grounds for revocation of those licences.

#### **Adverse Conditions affecting Exploration and Mining**

Exploration and mining activities by their nature contain risks. Operations can be affected by adverse weather conditions, industrial disputes, government regulations, environmental issues and unforeseen increases in costs. Severe weather conditions, seismic activity and water supply shortages could materially and adversely affect the Company's business and results of operations.

#### **Economic Factors**

Investors should consider the impacts of supply and demand for commodities, fluctuations in commodity prices and exchange rates, inflation rate and interest rates in Australia, Mongolia and the United States. All of these factors have a bearing on costs, potential revenue and share prices. As the Company is an exploration company, market perception of the value of its

shares can alter significantly from time to time. Fluctuations may also occur as a result of factors influencing the price of shares in other exploration and mining companies or share prices generally.

The Company's foreign currency requirements include Mongolian Tugrik, US Dollar and Australian Dollar and will vary from time to time based on, among other things, the relevant aspect of the Company's expenditure program. This exposes the Company to the fluctuations and volatility of the rates of exchange between the Australian, US and Mongolian currencies as determined in international markets. In addition, the Company has US Dollar deferred asset acquisition commitments and debt and plans, through the Placement and Rights Issue, to raise equity in Australian Dollars to repay part of these commitments.

Investors should also consider that exploration and development activities will require obtaining further approvals and will involve additional expenditure. The Company may need to raise additional capital for this purpose or seek joint venture partners. There is a risk that such approvals may not be granted and that capital or joint venture partners may not be available. Government royalties and contributions may also be levied against the revenue of the Company reducing net earnings.

Commodity prices are volatile and are subject to fluctuation. At this stage, the Company's projects do not generate any operating revenues. However, commodity prices, and in particular copper and gold prices, may impact the feasibility and valuation of the Company's projects.

#### **Clean up Concerns**

In relation to the Company's planned programs, issues could arise from time to time with respect to abandonment costs, consequential clean-up costs, environmental concerns and other liabilities. In most of these instances, the Company could become subject to liability if, for example, there is environmental pollution or damage from the Company's exploration activities and there are consequential clean up costs at a later point in time. It is not possible to quantify any such contingent liability and, whilst no guarantee can be given, the Company has received no claims or advices which would suggest that there is any particular exposure in relation to any of its present interests.

#### **Key Personnel**

If the Company is unable to attract, retain and train key personnel, its business and results of operations could be materially and adversely affected. Additionally, the Company relies substantially on third party contractors to conduct its drilling operations.

#### **General Risk Factors**

##### **General Economic Risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company and its assets. Factors which contribute to that general economic climate include:

- Contractions in the world economy or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity).
- International currency fluctuations
- Changes in interest rates
- New or increased government taxes or duties or changes in taxation laws.
- Changes in Government regulatory policy.

## Speculative Nature of Investment

There are a number of risks associated with any stock market investment. The price of shares on the ASX may rise or fall and as such the New Shares offered pursuant to this Offer Document may trade on the ASX at higher or lower prices than the Rights Issue price following listing on the ASX. Investors who decide to sell their Shares after listing may not receive the full amount of their original investment.

The price at which the Shares trade on the ASX may be affected by external factors over which the Directors and the Company have no control. These factors include movements in local and international stock exchanges, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply, competition and demand and other legal, regulatory or policy changes.

Having regard to the foregoing, the Directors give no guarantee as to future discoveries, future earnings, dividends and profitability of the Company, and therefore the New Shares offered by this Offer Document should be considered speculative.

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## 6. Offer - general information

### 6.1 Background

The Company has undergone a period of comprehensive restructuring and repositioning over the last 18-24 months. This has been partly in response to challenging business conditions in Mongolia, uncertain economic conditions across the global exploration and mining sectors as well as a review of the Company's historic performance. Opportunities have also been created from these circumstances including:

- the restructuring and completion of the Company's acquisition of the Oyut Ulaan copper-gold project; and
- the Company's decision to acquire the Kharmagtai copper-gold project from Turquoise Hill Resources Ltd following an extensive period of due diligence and negotiations.

The Oyut Ulaan and Kharmagtai acquisitions position the Company with a strong focus in copper-gold porphyry style projects located in Mongolia's highly prospective South Gobi region.

However, as a consequence of the Company's size, stage of development, restricted resources and the business environment, the Board formed the view that the Company could not reasonably fund these acquisitions through equity at the time and pursued a structured approach to negotiating the delayed purchase consideration, including:

- in respect of the Oyut Ulaan copper-gold project, the Company agreed to pay reduced upfront consideration of US\$600,000 plus issue 5,000,000 Xanadu shares to the vendor. However, this reduced upfront consideration was offset by an agreement to issue up to 35,000,000 Xanadu shares based on project specific JORC resource-based milestones and an obligation to spend a minimum of US\$1,000,000 from the date of the agreement until 18 months following approval of the project by the Government of Mongolia and an aggregate of US\$3,000,000 up to 30 months following approval of the project by the Government of Mongolia. The purchase terms are described in the Company's release to the ASX on 6 June 2013 and in the 2014 Annual Report; and
- in respect of the Kharmagtai copper-gold project, the US\$14,000,000 total purchase consideration and initial exploration capital was funded primarily by US\$4,000,000 of project joint venture equity, US\$10,000,000 of vendor finance by way of deferred consideration payable over 18 months by application of 50% of any new equity funds raised and due November 2015 (**Deferred Consideration**) and the US\$4,000,000 loan facility with Noble. The purchase terms are described in the Company's release to the ASX on 3 February 2014 and in the 2014 Annual Report.

This approach has allowed the Company to secure these projects and conduct initial exploration programs. The Company has announced its intention to implement a further

drilling program, conduct preliminary scoping studies and produce a JORC resource at the Kharmagtai project and will require substantial additional funds. The Company will also need to consider funding additional material project and general working capital commitments over the next 12 months.

The Board has considered the total funds necessary in order for the Company to be properly capitalised. The Company raised \$13.6 million under the Placement that was recently approved by Shareholders at the Company's 2014 AGM on 28 November 2014. The Board has also resolved to raise up to a further \$8.4 million under the Rights Issue to meet the Company's obligations described above.

## 6.2 Offer price

The Company, in making the Offer, has set the issue price of the New Shares at 12.0 cents per New Share. This is the rounded down from the price at which the Placement Shares were issued to the Placees.

## 6.3 Size of the Offer

The Company has 243,536,893 Shares on issue as at the Record Date (being 4 December 2014). Pursuant to this Offer Document, the maximum number of New Shares (including the Top-Up Shares) and Shortfall Shares that may be issued is 69,581,954. Upon completion of the Rights Issue and the Placement (under which 111,226,455 Placement Shares are to be issued on or about 5 December 2014 following Shareholder approval at the 2014 AGM), the Company will have approximately 424,644,948 Shares on issue if all Shortfall Shares are issued. There will be a shortfall due to the fact that Non-qualifying Shareholders will not be offered an Entitlement.

The Placees are not-eligible to participate in this Rights Issue.

## 6.4 Use of Funds

The Company intends to raise gross proceeds of approximately \$8.4 million before costs under the Offer. This is in addition to the funds raised under the Placement.

Table 1 describes the Company's estimated use of proceeds from the Placement and the Rights Issue:

**Table 1 – Use of Proceeds**

	Placement Proceeds	Placement & Rights Issue Proceeds*
	A\$(M)	A\$(M)
<i>Proceeds</i>	13.6	22.0
<b><u>Activity</u></b>		
Deferred Consideration**	6.8	11.0
Exploration & Corporate	6.8	11.0
<b>Total</b>	<b>13.6</b>	<b>22.0</b>

\* Assumes that the Rights Issue is fully subscribed through subscriptions or the placement of any shortfall.

\*\* Note that the funds allocated to repayment of the Deferred Consideration is 50% of the equity funds raised, as required by the Kharmagtai acquisition terms up to a total of US\$10.0 million being the outstanding purchase consideration due in November 2015.

Following the Placement and the Rights Issue, the Company will be in a more secure financial position through the substantial reduction in the Deferred Consideration in relation to the Kharmagtai purchase and the availability of funds to meet obligations in respect of Oyut Ulaan. As such, the Board believes that the Company will be properly capitalised to meet its immediate project objectives.

## **6.5 Closing Date**

The Closing Date for acceptance of Entitlements is 5:00pm AEDST on 18 December 2014 (and that date may be varied by the Company without prior notice, in accordance with the Listing Rules). Applications received after 5:00pm AEDST on 18 December 2014 may be rejected and Application Monies refunded without interest. The Company reserves the right not to proceed with the whole or part of the Offer at any time prior to allotment and issue of the New Shares and Top-Up Shares.

## **6.6 Information regarding the Company and the Rights Issue**

### **Continuous reporting and disclosure obligations**

The Company is a "disclosing entity" (as defined in the Corporations Act) and as such is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's Shares. ASX maintains records of company announcements for all companies listed on ASX. The announcements of the Company are available for inspection at ASX and may be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au). The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC. The Company has lodged its 2014 Annual Report on 29 October 2014. A copy of the Annual Report can be obtained from the Company's website at [www.xanadumines.com](http://www.xanadumines.com).

### **Rights Issue Offer Document and disclosure obligations**

This Offer Document is issued pursuant to section 708AA of the Corporations Act and utilises ASIC Class Order CO 08/35 as an offer document for the offer of securities for issue, under a rights issue, without disclosure to investors under Part 6D.2 of the Corporations Act. Pursuant to the conditions imposed on the Company by section 708AA of the Corporations Act for the making of a rights issue without disclosure to investors, the Company provided ASX with a notice that complied with the requirements of section 708AA(7) on 28 November 2014. In addition to certain minor and technical matters that notice was required to:

- (a) set out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
  - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on control of the Company and the consequences of that effect.

## 6.7 Taxation

You should be aware that there may be taxation implications associated with participating in the Offer and receiving New Shares and Top-Up Shares. The Directors consider that it is not appropriate to give advice regarding the taxation consequences of subscribing for New Shares under this Offer Document or the subsequent disposal of any New Shares allotted and issued under this Offer Document. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to potential Applicants. The Directors recommend that all Eligible Shareholders consult their own professional tax advisers in connection with subscribing for, and subsequent disposal of, New Shares allotted and issued under this Offer Document.

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## 7. **ASX quotation and allotment of New Shares**

### 7.1 ASX quotation

The Company has made an application to ASX for the New Shares to be granted quotation on ASX. If permission is not granted for quotation of the New Shares on ASX, then no allotment and issue of any New Shares will take place and Application Monies (without interest) will be returned in full to Applicants.

### 7.2 Allotment and Despatch of Shareholding Statements

Subject to the New Shares being granted quotation on ASX, the New Shares will be allotted and issued and holding statements despatched in accordance with the Timetable. It is expected that allotment and issue of New Shares will take place on or about 29 December 2014. It is expected that holding statements for the New Shares will be mailed on 29 December 2014.

Application Monies will be held in trust in a subscription account until allotment and issue of the New Shares. This account will be established and kept by the Company on behalf of each Eligible Shareholder who submits an Entitlement and Acceptance Form or arranges for payment by BPAY. The Company will be entitled to retain any interest paid on the monies so held, even if the Rights Issue does not proceed.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

### 7.3 CHESS

The Company participates in the Clearing House Electronic Sub register System ("**CHESS**"), operated by ASX Settlement Pty Limited ("**ASX Settlement**"), a wholly-owned subsidiary of ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, the Company does not issue certificates to Shareholders but will instead provide Shareholders with a statement of their holdings in the Company. If you are broker-sponsored, ASTC will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued to you under the Offer Document and give details of your holder identification number, in the case of a holding on the CHESS sub-register and the terms and conditions applicable to the New Shares.

If you are registered in the Issuer Sponsored sub register your statement will be despatched by the Share Registry and will contain the number of New Shares issued under the Offer Document and your security holder reference number.

A CHESS statement or Issuer Sponsored statement is routinely sent to Shareholders by the Company's Share Registry at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time; however a charge may be incurred for additional statements.

#### 7.4 Rights attaching to New Shares

From allotment and issue, the New Shares allotted and issued pursuant to the Offer Document will rank equally in all respects with existing Shares.

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### 8. Information availability

Eligible Shareholders can obtain a copy of this Offer Document during the period of the Offer from the Company's website at [www.xanadumines.com](http://www.xanadumines.com).

Persons who access the electronic version of this Offer Document should ensure that they download and read the entire Offer Document. The electronic version of this Offer Document on the Company's website will not include an Entitlement and Acceptance Form.

A replacement Entitlement and Acceptance Form and a copy of this Offer Document can be requested by calling +61 2 8280 7497 from 9.00am to 5.00pm (AEDST) Monday to Friday during the Offer period.

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### 9. Future performance and forward looking statements

Neither the Company nor any other person warrants or guarantees the future performance of the New Shares, Shortfall Shares or any return on any investment made pursuant to the Offer. Forward looking statements, opinions and estimates provided by the Company are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

The words "anticipate", "believe", "will", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Any forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Board, including the risks described in this Offer Document.

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### 10. Governing law

This Offer Document, the Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

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### 11. Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's Shareholding in the Company.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your Application. The Company collects your personal information to process and administer your Shareholding in the Company and to provide related services to you. If you do not complete the Entitlement and Acceptance Form in full, the Company may reject your Application. The Company may disclose your personal information for purposes related to your Shareholding, including to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal

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information that the Company holds about you. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company through the Share Registry.

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## 12. Enquiries

If you have any queries about your Entitlement please contact BBY on +61 2 9226 0112 or the Company on +61 2 8280 7497 from 9.00am to 5.00pm (AEDST) Monday to Friday during the Offer period.

Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

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## 13. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Offer Document.

**2014 AGM** means the annual general meeting of the Company held on 28 November 2014.

**AEDST** means Australian Eastern Daylight Savings Time.

**Applicant** means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

**Application** means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

**Application Monies** means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY.

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

**ASX** means ASX Limited ACN 008 624 691 or the market conducted by it.

**BBY** means BBY Limited ABN 80 006 707 777; Australian Financial Services License 238095.

**Business Day** has the same meaning as in the Listing Rules.

**Company or Xanadu** means Xanadu Mines Ltd (ABN 92 114 249 026)

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

**Directors** means the directors of the Company.

**Disclosure Document** means a prospectus, profile statement of offer information statement as defined by the Corporations Act or other such document or further disclosure that would avoid a breach of section 727 of the Corporations Act by the Company in offering the Shortfall Shares.

**Dollars or \$** means Australian Dollars. References to US Dollars are expressly referred to as US\$ throughout this document.

**Eligible Shareholder** means a Shareholder as at the Record Date who is not a Non-qualifying Shareholder.

**Entitlement** means the entitlement to subscribe for New Shares pursuant to the Offer as evidenced by the Entitlement and Acceptance Form.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

**Ineligible Shareholder** means a Shareholder (or beneficial holder of Shares) on the Record Date with a registered address outside Australia, New Zealand and Singapore or any other jurisdiction that the Company decides to whom ASX Listing Rule 7.7.1(a) applies.

**Listing Rules** means the official listing rules of ASX.

**New Shares** means Shares to be allotted and issued under the Offer.

**Non-qualifying Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia, New Zealand or Singapore.

**Offer** means a pro rata non-renounceable offer to subscribe for New Shares on the basis of 2 New Shares for every 7 Shares of which the Shareholder is the registered holder at the Record Date at an issue price of 12.0 cents per New Share, pursuant to the Offer Document.

**Offer Document** means this document.

**Placees** means the persons who subscribed for Placement Shares as identified in the explanatory memorandum accompanying the notice of 2014 AGM.

**Placement** means the placement of 111,226,455 Shares at a price of 12.26 cents per share for total proceeds of A\$13.6 million as announced to ASX on 6 October 2014 and as described in the explanatory memorandum accompanying the notice of 2014 AGM.

**Placement Shares** means the Shares issued under the Placement, following Shareholder approval at the 2014 AGM.

**Record Date** means 7:00pm (AEDST) on 4 December 2014. (Note: Shares traded on the ASX on or after quotation of Shares on an ex-entitlement basis will not affect the Entitlement.)

**Rights** means the rights to subscribe for New Shares pursuant to this Offer Document.

**Rights Issue** means the issue of New Shares offered pursuant to the Offer.

**Shareholder** means a holder of Shares as registered on the Company's register of members.

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

**Share Registry** means Computershare Investor Services Pty Limited.

**Shortfall Shares** means those New Shares not taken up by Shareholders under the Offer and includes those New Shares not offered to Non-qualifying Shareholders.

**Timetable** means the indicative table set out in the Offer Document.

**Top-Up Facility** means facility described in Section 3.1, under which Eligible Shareholders may apply for New Shares in excess of their entitlement.

**Top-Up Shares** means extra Shares a Shareholder may apply for in excess of their entitlement.

**United States** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

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## **14. Corporate Directory**

### **Directors**

Mark Wheatley (Independent Non-Executive Chairman)  
George Lloyd (Managing Director)  
Ganbayar Lkhagvasuren (Executive Director – Mongolia)  
Hannah Badenach (Non-Executive Director)  
Darryl Clark (Independent Non-Executive Director)  
Barry Lavin (Independent Non-Executive Director)

### **Company Secretary**

Janine Rolfe

### **Lead Manager**

BBY Limited  
Level 17, 60 Margaret Street  
Sydney NSW 2000

Tim Wilson  
Corporate Finance  
T: +61 2 9226 0112  
tew@bby.com.au

### **Registered Office – Australia**

c/o Company Matters Pty Ltd  
Level 12, 680 George Street  
Sydney NSW 2000

Tel: +61 2 8280 7497  
Fax: +61 2 9287 0350  
Email: info@xanadumines.com  
Website: www.xanadumines.com

### **Registered Office – Mongolia**

2<sup>nd</sup> Khoroo, AOS Street  
Military Town, Bayanzurkh District  
Ulaanbaatar, Mongolia

Tel: +976 11 5011 0211

### **Share Registry**

Computershare Investor Services Pty Limited  
Level 4, 60 Carrington Street  
Sydney NSW 2000

### **External Auditors**

Ernst & Young  
680 George Street  
Sydney NSW 2000

### **Stock Exchange Listing**

Xanadu Mines Ltd shares are listed on the Australian Securities Exchange (ASX: XAM)



XANADU MINES

XANADU MINES LTD  
ABN 92 114 249 026

**For all enquiries:**

**Phone:**



Xanadu Mines Ltd +61 2 8280 7497

000001 000 XAM  
MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

**Make your payment:**



See over for details of the Offer and how to make your payment

## Non-Renounceable Entitlement Offer Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm (AEDST) Thursday, 18 December 2014**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

### Step 1: Registration Name & Offer Details

Details of the securityholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via [www.investorcentre.com](http://www.investorcentre.com) if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

### Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. If you apply to accept your full Entitlement, you can also apply for Additional New Shares under the Top Up Facility. Enter overleaf, the number of New Shares you wish to apply for and the amount of payment for those New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Offer Document.

Choose one of the payment methods shown below.

**BPAY®:** See overleaf. Do not return the slip with BPAY payment.

**By Mail:** Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque or bank draft payable in Australian dollars to "**Xanadu Mines Ltd**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the slip below as indicated. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

**Turn over for details of the Offer →**

Xanadu Mines Ltd Non-Renounceable Entitlement Offer Entitlement and Acceptance Form  
Payment must be received by 5:00pm (AEDST) Thursday, 18 December 2014

© Registered to BPAY Pty Limited ABN 69 079 137 518

# Entitlement and Acceptance Form with Additional Shares

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IND

## STEP 1 Registration Name & Offer Details

 For your security keep your SRN/HIN confidential.

Registration Name: MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

Entitlement No: 12345678

Offer Details: Existing shares entitled to participate as at  
4 December 2014:

Entitlement to New Shares  
on a 2 for 7 basis:

Amount payable on full acceptance  
at \$0.12 (12 cents) per New Share:


## STEP 2 Make Your Payment

	Bill Code: Ref No:
--	-----------------------

### Pay by Mail:

 Make your cheque, bank draft or money order payable to "Xanadu Mines Ltd" and cross "Not Negotiable".

Return your cheque with the below payment slip to:  
**Computershare Investor Services Pty Limited**  
GPO BOX 505 Melbourne Victoria 3001 Australia

Contact your financial institution to make your payment from your cheque or savings account.

### Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5:00pm (AEDST) Thursday, 18 December 2014. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Xanadu Mines Ltd accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5:00pm (AEDST) Thursday, 18 December 2014. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Xanadu Mines Ltd accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

### Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.

Detach here -----

## Xanadu Mines Ltd Acceptance Payment Details

Entitlement taken up: 

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Number of Additional New Shares applied for: 

--	--	--	--	--	--	--	--	--	--

Amount enclosed at \$0.12 per New Share: **A\$**

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Entitlement No: 12345678

MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

**Payment must be received by 5:00pm (AEDST) Thursday, 18 December 2014**

## Contact Details

Contact Name \_\_\_\_\_ Daytime Telephone \_\_\_\_\_

## Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

123456789123456789+000000001-3051+14