



dampiergold

12 February 2020

DAMPIER SEEKS COMPENSATION FROM VANGO MINING LIMITED RE: K2 FARM-IN JOINT VENTURE

Further to the ASX announcement by Dampier Gold Limited (ASX: DAU) (**Dampier**) dated 19 November 2019, Dampier wishes to provide further details to shareholders in relation to the legal dispute (**Dispute**) with Vango Mining Limited (ASX: VAN) (on its own behalf and on behalf of its wholly owned subsidiary Dampier (Plutonic) Pty Limited) (**Vango**) with respect to Dampier's interests in the K2 Joint Venture tenement (**K2 Project**) (Mining Lease 52/183) which forms part of what Vango describes as its Marymia Gold Project (**K2 Project Tenement**) and rights to earn further equity in the K2 Project Tenement pursuant to the Binding Term Sheet (**BTS**) entered into between the parties dated 12 May 2017 (**Joint Venture**).

Dampier has retained the services of King & Wood Mallesons who have today issued to Vango a Letter of Demand in relation to Vango's repudiation and termination of the Joint Venture (**Letter of Demand**).

By way of the Letter of Demand, Dampier:

1. Demands payment within 30 days by Vango to Dampier of **AU\$21,573,813**, being the estimated losses incurred to date by Dampier. This loss is calculated by reference to:
 - a. Vango's announcement to the ASX dated 8 October 2014, where it estimated that the K2 Mine could recover 54,000 ounces at an All In Sustaining Cost (**AISC**) of AU\$1,030 per ounce; and
 - b. the gold price at the relevant times.
2. Identifies **further significant losses** as a result of Vango's repudiation, estimated by reference to Vango's 2019 Annual Report, where it reported 104,000 ounces as Indicated and Inferred Resources for the K2 Tenement, i.e. potentially up to a further 50,000 ounces, and the current gold price.
3. Alleges that Vango has repeatedly breached the BTS and Joint Venture.
4. Alleges that, for reasons including but not limited to Vango's continued refusal from the commencement of the Joint Venture in May 2017 to take steps to progress the Joint Venture and/or allow Dampier to earn up to its full 50 percent interest in the K2 Tenement, together with its letter to Dampier dated 14 November 2019, Vango has repudiated the BTS and the Joint Venture.
5. Alleges that Dampier has suffered and continues to suffer significant loss and damage as a result of Vango's failure to perform the Joint Venture and its repudiation of the BTS and Joint Venture, including without limitation, in respect of Dampier's right to earn up to a full 50 percent interest in the K2 Tenement and the anticipated profits associated with that right.

6. States if Vango does not make payment as demanded by Dampier, Dampier reserves its rights to pursue Vango for all losses that have been and will be incurred in relation to Vango's repudiation (including in respect of future net revenue), including by way of commencement of court proceedings.
7. Seeks written confirmation from Vango within 7 days that:
 - a. Dampier owns at a minimum its 4.1% interest in the K2 Tenement already earned as at 12 May 2017 and confirmed in clause 3(a) of the BTS; and
 - b. Vango will honour each of the Milestone Payments and Royalty Payments (**totalling AU\$6M**) pursuant to the provisions of the Plutonic Dome Purchase and Sale Agreement between Vango and Dampier dated 16 August 2016 which agreement is separate and apart from the BTS and Joint Venture.

Malcolm Carson, Executive Chairman of Dampier, stated:

"Dampier will be relentless in its pursuit of Vango for all of its legal rights under the K2 Joint Venture and full compensation for Dampier shareholders."

This announcement has been authorised by the Chairman

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