

ASX Announcement
16 May 2017

VANGO ENTRES JV WITH DAMPIER GOLD FOR DEVELOPMENT OF K2 GOLD DEPOSIT

Dampier to fund upto \$3m to bring K2 into production and earn up to 50% interest

Gold exploration and development company Vango Mining Limited (ASX: VAN) (Vango, the Company) is pleased to announce it has entered into a Binding Terms Sheet (Terms Sheet) with Dampier Gold Limited (ASX: DAU) (Dampier) for Dampier to enter into a Joint Venture over Vango's K2 Gold Deposit and provide up to \$3 million to fund the exploration and mining of K2.

The K2 Deposit is part of Vango's Plutonic Dome Gold Project in the Mid-West region of Western Australia. K2 is the Project's most advanced deposit and Vango aims to develop it into a significant gold producing asset.

On execution of the Terms Sheet, Vango and Dampier will form a Joint Venture for the purpose of conducting further exploration and achieving gold production at K2, on the commercial terms set out in the Terms Sheet. The commencement date of the Joint Venture will be the date of execution of the Terms Sheet.

Under the Terms Sheet;

- Dampier will contribute the lesser of 50% of the Capital Expenditure (CAPEX) or \$3 million to the:
 - Development of a mine at the K2 Deposit;
 - Exploration for and mining of gold ore at K2 and its processing for the extraction of gold; and
 - Any other item, as agreed by the Joint Venture.
- The funds provided by Dampier are to be made in tranches to be approved by the Joint Venture.
- In consideration for its funding under the Joint Venture, Dampier will earn a Joint Venture interest in K2 equal to the lesser of:
 - Its funding as a percentage of the CAPEX; or
 - 50%, within the two year period from the Commencement Date.

The Terms Sheet supersedes the previous non-binding Heads of Agreement entered into by both parties (ASX announcement, 17 January 2017).

Vango and Dampier will form a Joint Venture Committee which will be responsible for; determining and approving the CAPEX and the funding tranches of the CAPEX, preparation of exploration and mine plans, procuring any requisite personnel and contractors, obtaining regulatory approvals, and preparing budgets and project management. Vango and Dampier will have one vote each on the Joint Venture Committee.

Vango will manage the development of K2 under the Joint Venture and Dampier will manage the exploration. Both Parties will conduct the operations of the Joint Venture in accordance with the

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programs, budgets and decisions made by the Joint Venture Committee, and in accordance with accepted mining and exploration methods and practices.

Vango Mining executive chairman Bruce McInnes said:

“We are delighted to enter into this Binding Terms Sheet with Dampier for the K2 Deposit. It provides a clear pathway for the funding and development of the asset into production and represents a significant point in the evolution of the Plutonic Dome Project, in line with our goal to develop a substantial gold mining operation. The updated Definitive Feasibility Study released earlier this year reaffirmed the economic robustness of the K2 Deposit. The funding to be provided by Dampier under the Terms Sheet significantly reduces the already low capital cost requirement of K2 and helps pave the way for the commencement of mining activities.”

About the K2 Deposit

The K2 Deposit is part of Vango’s 100%-owned Plutonic Dome Gold Project, which covers an area of 412 km². K2 is located in the north-eastern extent of the Project, approximately 35km by haul road from the Plutonic Gold Mine Treatment Plant (owned by Billabong Gold Pty Ltd).

The Deposit was last mined in 1997 by Resolute Mining who completed an underground development Feasibility Study. Resolute excavated a boxcut and established a decline to access underground drill positions before the mine was prematurely closed in 1998 after only minor amounts of ore extraction.

Vango recently released an update of its Definitive Feasibility Study for the K2 Deposit (ASX announcement, 14 February 2017), and based on the positive outcomes of the upgraded DFS is progressing plans to bring the K2 Deposit into production.

In parallel, the Company is also expediting exploration at the larger Trident Deposit within the Plutonic Dome Project area, where drilling is currently underway. Vango plans to systematically develop the Project’s assets into a significant, long term gold mining operation.

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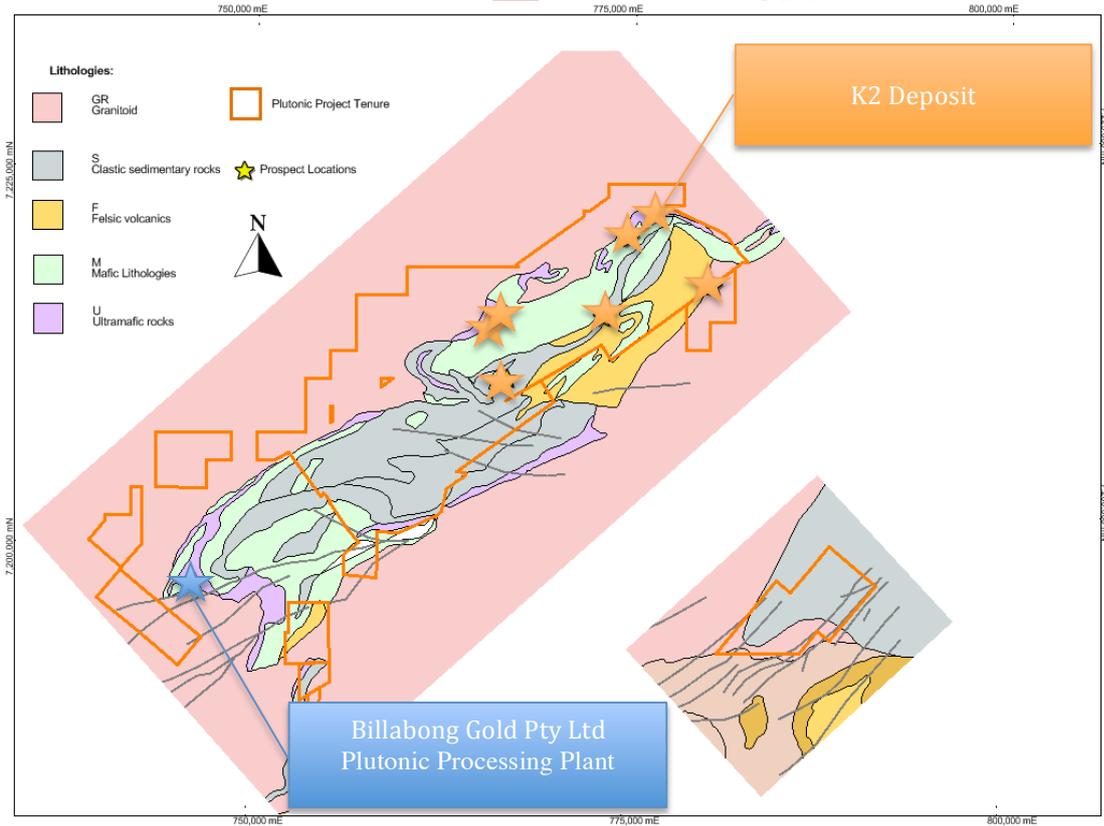


Figure 1: K2 Deposit Location Plan

ENDS

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