



19 January 2016

100% Purchase of Plutonic Dome Gold Project

Highlights:

- Vango purchases from Dampier its remaining equity in the Plutonic Dome Gold Project
- Vango and Dampier to sell 6 tenements to Northern Star (subject to finalising final terms)
- Vango in a strong position to extract enhanced value to shareholders by securing 100% ownership of the Plutonic Dome Project

Vango Mining Limited (ACN 108 737 711) (“Vango”) Directors are pleased to advise that it has today entered into a binding Heads of Agreement for the purchase from Dampier Gold Limited (ACN 141 703 399) (ASX:DAU) (“Dampier”) of 100% of Dampier Plutonic Pty Ltd (ACN 131 670 963) (“DPPL”), which is the co-equity holder with Vango of the Plutonic Dome Gold Project (“Project”).

The agreement excludes 6 tenements which are to be separately sold to Northern Star Limited (ACN 092 832 892) (ASX:NST) (for a nominal sum subject to finalising final terms).

Each party has agreed to use its best endeavours and act in good faith to finalise and enter into a sale and purchase agreement within 90 days following the date of the Heads of Agreement.

The sale of DPPL to Vango is subject to satisfaction of the following conditions Precedent:

- Dampier shareholder approval in accordance with ASX Listing Rule 11.2; and
- any statutory, third party or other approvals as may be required in relation to the Project tenements (including entering into the transaction with Northern Star).

The conditions precedent must be satisfied (or waived by both parties) within 3 months after the date of the sale and purchase agreement. The parties will each use their best efforts to satisfy the conditions precedent.

The consideration to be paid to Dampier by Vango is as follows:

(a) Non Contingent Component:

\$2,200,000 (excluding GST) to be paid within 14 days after the satisfaction or waiver of the conditions precedent.

(b) Contingent Component

The following amounts to be paid by Vango within 7 days after the occurrence of the following events:

- \$1,000,000 (excluding GST) on production of a total of 45,000 ounces of gold from the Project tenements;
- \$1,000,000 (excluding GST) on production of a total of 100,000 ounces of gold from the Project tenements;
- \$1,000,000 (excluding GST) on production of a total of 200,000 ounces of gold from the Project tenements; and
- \$1,000,000 (excluding GST) on production of a total of 300,000 ounces of gold from the Project tenements.

(c) ROYALTY

Vango to pay a production royalty on overall production from the Project tenements as follows:

- 1.0% on each ounce of gold or equivalent production on a daily basis when the gold price is equal to or greater than US\$1,175/oz, or

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- 2.0% on each ounce of gold or gold equivalent production on a daily basis when the gold price is equal to or greater than US\$1,250/oz, or
- 3.0% on each ounce of gold or gold equivalent production on a daily basis when the gold price is equal to or greater than US\$1,400/oz, or
- 4.0% on each ounce of gold equivalent production on a daily basis when the gold price is equal to or greater than US\$1,500/oz.

The royalty is capped at A\$2 million, with production being measured on a post ore treatment basis.

A break fee of A\$100,000 is payable by Dampier if Vango complies with its obligations under the Term Sheet and Dampier does not enter into the sale and purchase agreement on or before 90 days following the date of the Term Sheet.

A break fee of A\$100,000 is payable by Vango if Dampier and DPPL both comply with their obligations under the Term Sheet and Vango does not enter into the sale and purchase agreement on or before 90 days following the date of the Term Sheet.

Completion of the purchase of the Project will give Vango an unencumbered asset with enhanced attractiveness to financiers and investors to enable the commencement of mining of its 100% owned Plutonic Gold Project as soon as practical.

Bruce McInnes
Chairman

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