

INTENTION TO MAKE A PRO-RATA NON-RENOUNCEABLE ENTITLEMENT OFFER OF OPTIONS

Vango Mining Limited ACN 108 737 711 (ASX: VAN) (**Company**) intends to lodge a prospectus on or around 5 September 2016 (**Prospectus**), offering eligible shareholders the opportunity to acquire options (**Options**) over fully paid ordinary shares in the capital of the Company (**Shares**) through a pro-rata non-renounceable entitlement issue of one (1) Option for every two (2) Shares held on the record date at an issue price of \$0.001 per Option, with each Option having an exercise price of \$0.06 and expiring on 15 March 2018, to raise up to \$187,792 (before expenses) (**Entitlement Offer**). Up to 187,791,935 Options will be issued pursuant to the Entitlement Offer if it is fully subscribed.

The Options are expected to be listed subject to compliance with the ASX Listing Rules. Shares issued on exercise of the Options will rank equally with Shares already on issue.

The Offer is fully underwritten by K S Capital Pty Limited ACN 124 761 557 AFSL No. 316880 (**Underwriter**), subject to conditions precedent, termination rights and other terms and conditions customary for an underwriting agreement of this nature. The Underwriter has entered into sub-underwriting arrangements with the directors of the Company and certain of the Company's largest shareholders and/or their respective family members. A summary of the terms of the Underwriting Agreement is contained in Annexure A to this ASX announcement.

Eligible shareholders for the Entitlement Offer (**Eligible Shareholders**) are expected to be those shareholders with a registered address in Australia at 5:00pm on 9 September 2016, the anticipated record date for the Entitlement Offer.

The purpose of the Entitlement Offer is to provide the Company with additional working capital and to pay the expenses of the Entitlement Offer.

Any funds from the issue of Shares on exercise of the Options will be applied to paying down debt, exploration and development, including in connection with the K2 deposit and the Trident deposit which form part of the Plutonic Dome Project, and the remainder to general working capital and corporate overheads.

These intentions are the current intentions of the Directors of the Company as at the date of this ASX announcement.

The indicative timetable for the Entitlement Offer is as follows:

Announcement of Entitlement Offer and lodgment of Appendix 3B	26 August 2016
Letters to be sent to existing option holders and convertible note holders	26 August 2016
Lodgment of Prospectus with the ASIC and the ASX	5 September 2016
Notice to be sent to Shareholders	6 September 2016
Ex date (date Shares are quoted ex-rights)	8 September 2016
Record Date for determining entitlements	5:00pm AEST 9 September 2016
Prospectus/Entitlement and Acceptance Form to be sent out to Shareholders and Opening Date of the Entitlement Offer	13 September 2016
Closing Date*	5:00pm AEST 30 September 2016
Options quoted on a deferred settlement basis	4 October 2016
ASX to be notified of undersubscriptions	4 October 2016
Allotment Date of the Options	10 October 2016
Despatch of holding statements	11 October 2016
Expected ASX quotation on normal settlement basis of Options issued under the Entitlement Offer*	11 October 2016

* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Options are expected to commence trading on the ASX may vary.

The above indicative timetable is indicative only and subject to change. The Company reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth) (**Corporations Act**), the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to further extend the Closing Date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of Options on a normal settlement basis is subject to confirmation from ASX.

An Appendix 3B for the Options to be issued pursuant to the Entitlement Offer follows this ASX announcement. Further details of the key risks and how to accept the Entitlement Offer, will be set out in the Prospectus.

Following lodgment of the Prospectus it is anticipated that a copy of the Prospectus will be able to be obtained on the Company's website (www.vangominer.com) or in the Company's announcements on the ASX website (www.asx.com.au; ASX Code: VAN). The Prospectus and the Entitlement and Acceptance Form will also be sent to Eligible Shareholders.

Shareholders should consider the Prospectus when it is lodged when deciding whether to acquire Options under the Entitlement Offer, and will need to complete the personalised Entitlement and Acceptance Form that will accompany the Prospectus if they wish to subscribe for Options.

Yours sincerely,

Mark Camilleri

Company Secretary

For further information, please contact:

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Company Secretary

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Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not necessarily limited to, statements concerning Vango Mining Limited's planned exploration program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate" "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although Vango Mining Limited believes that its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

ANNEXURE A: SUMMARY OF UNDERWRITING AGREEMENT TERMS

Pursuant to an agreement between K S Capital Pty Limited (**Underwriter**) and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer of up to 187,791,935 Options.

Pursuant to the Underwriting Agreement, the Company has agreed to:

- (a) pay the Underwriter an underwriting fee of \$11,268 (being 6% of the amount raised under the Entitlement Offer); and
- (b) reimburse the Underwriter for all reasonable expenses incidental to the offer.

The obligation of the Underwriter to underwrite the Entitlement Offer is subject to certain events of termination. The Underwriter may terminate, without cost or liability, its obligations under the Underwriting Agreement if:

- (a) **Misleading statement in the Prospectus:** from or after the lodgement date of the Prospectus a material statement in the Prospectus is found to be untrue, misleading or deceptive or it is found that the Prospectus contains a material omission;
- (b) **ASIC stop order, hearing or investigation:** ASIC issues a stop order under section 739(1) or (3) of the Corporations Act, gives notice of intention to hold a hearing in relation to the Prospectus pursuant to section 739(2) of the Corporations Act, applies for an order under Part 9.5 of the Corporations Act in relation to the Prospectus or the Entitlement Offer or commences any investigation, examination or hearing or gathers information under Part 3 of the Australian Securities and Investment Commission Act 2001 (*Cth*) in connection with the Prospectus or the Entitlement Offer;
- (c) **Notices concerning the Prospectus:** any person (provided that if that person is the Underwriter, the Underwriter must act in good faith) gives a notice under section 730 or section 733(3) of the Corporations Act or withdraws a consent previously given under section 720 of the Corporations Act, in relation to the Prospectus;
- (d) **Lodgement of supplementary Prospectus:** a supplementary or replacement Prospectus is lodged under the Corporations Act without the prior written approval of the Underwriter (which approval may not be unreasonably withheld);
- (e) **Changes in prospects of the Company:** any adverse change occurs in the condition, financial position or prospects of the Company or a related body corporate that is, in the Underwriter's reasonable opinion, material;
- (f) **Breach of constitution:** the Company or any of its subsidiaries (if any) breaches its Constitution;
- (g) **Breach of material contract:** any person breaches any material contract;
- (h) **Termination of material contracts:** a material contract referred to in the Prospectus is terminated (whether by breach or otherwise), rescinded, altered or amended, without the prior consent of the Underwriter, or any such contract is found to be void, voidable or unenforceable;
- (i) **Breach of law or regulation:** the Company or any of its subsidiaries or any officer of the Company or a subsidiary contravenes any provision of the Corporations Act, the ASX Listing Rules or any other legislation of the Commonwealth of Australia or any State or Territory of Australia which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Entitlement Offer;

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- (j) **Prescribed Occurrence:** a Prescribed Occurrence (as defined in section 652C(1) or (2) of the Corporations Act but substituting the Company for “target”) occurs in relation to the Company or any of the Company’s subsidiaries;
 - (k) **Insolvency:** an insolvency event occurs or, in the reasonable opinion of the Underwriter, is likely to occur;
 - (l) **Breach of agreement:** the Company or any of its subsidiaries is in breach of any provision of the Underwriting Agreement that, in the Underwriter’s reasonable opinion, is material.
 - (m) **Breach of warranty:** any warranty given by the Company under the Underwriting Agreement is not true in any respect that, in the Underwriter’s reasonable opinion, would materially and adversely affect the Company or the Entitlement Offer or has ceased to be true;
 - (n) **Conviction of Officers:** any officer of the Company or any of its subsidiaries is charged with or convicted of any criminal offence involving fraudulent or dishonest conduct;
 - (o) **Unapproved alteration of capital:** the Company alters, or announces an intention to alter, its capital structure or its constitution without the prior consent of the Underwriter (such consent not to be unreasonably withheld);
 - (p) **Unapproved encumbrances:** the Company or any of its subsidiaries gives security in favour of any person who is not a security holder at the date of the Underwriting Agreement;
 - (q) **False or misleading information given to the Underwriter:** any information that, in the Underwriter’s reasonable opinion, would materially and adversely affect the Company or the Entitlement Offer, was supplied at any time by or on behalf of the Company to the Underwriter in respect of any aspect of the Company or any of its subsidiaries or the Offer is or becomes misleading or deceptive;
 - (r) **Quotation on ASX:** 3 months or such other period agreed by the Underwriter elapses after the date of issue of the Prospectus without ASX granting quotation of the Options on the securities market operated by ASX;
 - (s) **Grant by ASX:** any grant by ASX referred to in (r) is withdrawn or is made subject to any conditions other than the standard conditions that may be imposed by ASX on its permission for the quotation of the Options;
 - (t) **Statements issued in breach of agreement:** during the term of the Underwriting Agreement the Company or its officers breach certain undertakings made by the Company in connection with certain statements relating to the Company and the Offer;
 - (u) **Withdrawal of Prospectus:** the Company withdraws the Prospectus;
 - (v) **Significant Change to Management or Board:** either or both of Mr Bruce McInnes or Mr Shengqiang (Sean) Zhou cease to be Directors of the Company without the approval of the Underwriter (which approval may not be unreasonably withheld or delayed);
 - (w) **Judgement:** a judgement in an amount exceeding \$250,000 is obtained against the Company or any subsidiary and is not set aside or satisfied within 5 Business Days;
 - (x) **Requirement to repay application money:** any circumstance arises after the Prospectus is lodged a consequence of which is either that the Company is required to repay the money received from applicants or to offer applicants an opportunity to withdraw their applications and receive a refund of their application money;

- (y) **Movement in the All Ordinaries Index:** the All Ordinaries Index of ASX is at any time on any 3 consecutive business days prior to settlement of the Options 90% or less of the level that Index attained at the close of trading on the business day before the date of signing the Underwriting Agreement; or
- (z) **Movement in the ASX Small Ords Index:** the ASX Small Ords Index is at any time on any 3 consecutive business days prior to settlement of the Options 90% or less of the level that Index attained at the close of trading on the business day before the date of signing the Underwriting Agreement.

The Underwriting Agreement contains a number of conditions that must be satisfied by the Company before the Underwriter's obligation to underwrite the Offer commences that are considered standard for an agreement of this type. If any of these conditions are not satisfied by the relevant date the Underwriter will be entitled to terminate the Underwriting Agreement.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

Sub-underwriting arrangements

The Underwriter has entered into sub-underwriting arrangements with various parties, including the Directors of the Company and certain of the Company's largest shareholders and/or their respective family members who have agreed to sub-underwrite the Offer to an aggregate of approximately \$156,000.

Sub-underwriting commission is payable by the Underwriter out of the fees it receives from the Company under the Underwriting Agreement.