



Annual Report

For the Financial Year Ended

30 June 2016

ABN 68 108 737 711



Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	22
Corporate Governance Statement	23
Consolidated Statement of Comprehensive Income	40
Consolidated Statement of Financial Position	41
Consolidated Statement of Changes in Equity	42
Consolidated Statement of Cash Flows	43
Notes to the Financial Statements	44
Directors' Declaration	80
Independent Auditor's Report	81
Shareholders' Information	83



Directors	Bruce McInnes (Executive Chairman) Shengqiang (Sean) Zhou (Non-Executive Director) Zhenzhu (Carol) Zhang (Non-Executive Director) Dongjie (David) Zhang (Alternate Director for Zhenzhu Zhang)
Company Secretary	Mark Camilleri
Registered Office	Suite 2, Level 5 71 Macquarie Street Sydney NSW 2000
Principal place of business	Suite 2, Level 5 71 Macquarie Street Sydney NSW 2000
Share Register	Boardroom Limited Level 7 207 Kent Street Sydney NSW 2000 Telephone: +61 2 9251 6812 Facsimile: +61 2 9279 0664
Auditor	Ernst & Young Ernst & Young Centre 680 George Street Sydney NSW 2000
Solicitors	Gilbert + Tobin Level 35, Tower Two International Towers 200 Barangaroo Avenue Sydney NSW 2000
Stock exchange listing	Australian Securities Exchange ASX Code: VAN
Website	www.vangomining.com



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "consolidated entity") consisting of Vango Mining Limited (referred to hereafter as the "company" or "parent entity" and the entities it controlled for the year ended 30 June 2016.

1. INFORMATION ON DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Name: Mr Bruce McInnes
Title: Non-executive director (9 May 2013 – 24 October 2013)
 Executive Deputy Chairman (25 October 2013 – 14 August 2014)
 Executive Chairman (15 August 2014 – present)
Qualifications: B.Comm (Accounting)
Experience and expertise: Mr McInnes has been in the public and commercial accounting sectors for over 30 years. He was a founding partner and is now the senior partner at accounting firm McInnes & Associates based in Leeton New South Wales. Bruce also owns a large agricultural business in Riverina, New South Wales. Mr McInnes had also volunteered as the treasurer of Telstra Child Flight, a not-for-profit organisation that provides helicopter transport for sick and injured children in remote areas of New South Wales.

Other current directorships: None
Former directorships (in the last 3 years): None
Special Responsibilities: Chairman of the Audit Committee and Remuneration Committee
Interests in shares: 12,350,918
Interests in options: -

Name: Mr Shengqiang (Sean) Zhou
Title: Non-executive director (Appointed 15 August 2014)
Qualifications: B.Comm, Masters Project Management
Experience and expertise: Mr Zhou has over 13 years' experience in project management, funds management and investment banking with a focus on infrastructure investment in the Asia Pacific Region. During Mr Zhou's time as Head of the China team of Inbound Investment at CPG Capital Partners Ltd, a Singapore based investment bank, he was responsible for raising over US\$500 million in funding. Prior to CPG, Sean was General Manager Australia for Shanghai General Metal Structural Engineering Limited.

Other current directorships: None
Former directorships (in the last 3 years): None
Special Responsibilities: Audit Committee, Remuneration Committee
Interests in shares: 14,749,000
Interests in options: 125,000



Name: Mrs Zhenzhu (Carol) Zhang
Title: Non-executive director (Appointed 25 August 2015)
Qualifications: Masters Project Management
Experience and expertise: Dr Zhang has a PHD in management. Prior to joining Vango she was an associate professor at Tianjin University, teaching logistics management.
Other current directorships: None
Former directorships (in the last 3 years): None
Special Responsibilities: None
Interests in shares: 48,478,106
Interests in options: -

Name: Mr Dongjie (David) Zhang
Title: Alternate Director for Ms Zhenzhu Zhang (Appointed 22 September 2016)
Qualifications: EMBA, Nankai University, Tianjin China
 Business Administration, Zhongnan University of Finance & Economics, China.
Experience and expertise: Mr Zhang has extensive experience at senior levels in the minerals industry in investment and marketing.
Other current directorships: Tianjin Jinwei Fund Investment management Co., Ltd.
 Tianjin Shangtuo Investment Development Co., Ltd.
Former directorships (in the last 3 years): None
Special Responsibilities: None
Interests in shares: 48,478,106
Interests in options: -

Name: Mr Frank Zhu
Title: Managing Director and Chief Executive Officer (Resigned 25 August 2015)
Qualifications: B.Comm (Finance and accounting), M.Comm (International Business)
Experience and expertise: Mr Zhu has over 14 years' experience in funds management and investment banking specialising in utilities, infrastructure, transportation and energy. Mr Zhu has experience in managing international equities at Australian Ethical Investments Limited and infrastructure investments in Australia. He is a CFA Charter holder and a member of CPA Australia.
Other current directorships: None
Former directorships (in the last 3 years): None
Special Responsibilities: Member of the Audit Committee until his resignation on 25 August 2015.
Interests in shares: 20,632,781
Interests in options: -



'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

2. DIRECTORS MEETINGS

The number of meetings of the company's Board of Directors ("the Board") held during the year ended 30 June 2016 and the number of meetings attended by each director during the time the Director held office were:

	Board		Audit Committee	
Director	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Bruce McInnes	10	10	2	2
Shengqiang (Sean) Zhou	10	10	2	2
Zhenzhu (Carol) Zhang	7	3	-	-
Frank Zhu	3	3		

3. INFORMATION ON COMPANY SECRETARY

The following person/s held the position of Company Secretary during the financial year.

Mr Mark Camilleri (Appointed 7 December 2015)

B. Bus, Sturt University, MBA UTS

Mr Camilleri is a qualified accountant with over 28 years' experience in senior executive roles with a track record for the growth of multi-million dollar start-up companies and experience in contract and license agreement negotiations.

Mr Simon Penney (Appointed 1 October 2013 resigned 7 December 2015)

B. Com, CA

Mr Penney is a Chartered Accountant with substantial experience in the auditing and financial reporting of ASX listed and unlisted companies. He is an owner of corporate advisory firm Blue Horse Corporate Pty Ltd, which specialises in the provision of corporate and financial services to public companies.

4. PRINCIPAL ACTIVITIES

The consolidated entity is presently focusing on gold exploration and the development of its wholly owned Plutonic Dome Gold Project in Western Australia. The consolidated entity's immediate goal is to become a gold producer.



5. OPERATING AND FINANCIAL REVIEW

A Review of Operations

Vango Mining Limited is an exploration company operating in Australia and Laos. The Company's aim is to create value through exploration activities which develop and quantify resource assets. Once an asset has been developed and quantified within the framework of the JORC guidelines the Company may elect to move to production, to extract and refine ore which is then sold as a primary product.

Plutonic Dome Gold Project

In August 2016 the Company announced that it had purchased from Dampier Gold Limited (**DAU**) all of its shares in Dampier Plutonic Pty Ltd (**DPPL**) which gave the Company 100% control of the Plutonic Dome Gold tenements which had previously the subject of a Farm-In/Joint Venture agreement. The non-contingent component of the purchase price, \$2.2 million, has since been paid to Dampier Gold Ltd.

The Company will now focus its efforts on the K2 deposit located 36 km from Northern Star's Plutonic Gold Mine and approximately 216 km NE of Meekatharra, Western Australia. The K2 deposit was last mined in 1997 by Resolute who had completed an underground development feasibility study in 1996. Resolute excavated a boxcut and established the decline to access underground drill positions before the mine was prematurely closed in 1998 after only minor amounts of ore extraction. With total control now in the hands of the Company the Company's focus will be directed at the dewatering process at K2 prior to the commencement of mining.

The Company identified the potential of the K2 deposit for underground mining and commissioned a review of the K2 resource to more accurately reflect underground mining parameters.

An on-site drill core audit was undertaken and 43 retained core samples were selected from diamond drill core within the K2 deposits and submitted to SGS laboratory in Perth for SG analysis. The representative samples were taken from each of the respective geological domains. The results were incorporated into an updated resource model resulting in a significant increase in the tonnage of the resource.

Vango also commissioned a Definitive Feasibility Study (DFS) on the K2 Deposit which was carried out by leading engineering and services group, Entech Pty Ltd (Entech), with input from various industry consultants. The DFS incorporated the resource upgrade and assessed the viability of underground mining methods to extract ore from K2 with toll treatment of ore at the nearby Northern Star Resources ("Northern Star", ASX: NST) owned Plutonic Processing Plant.

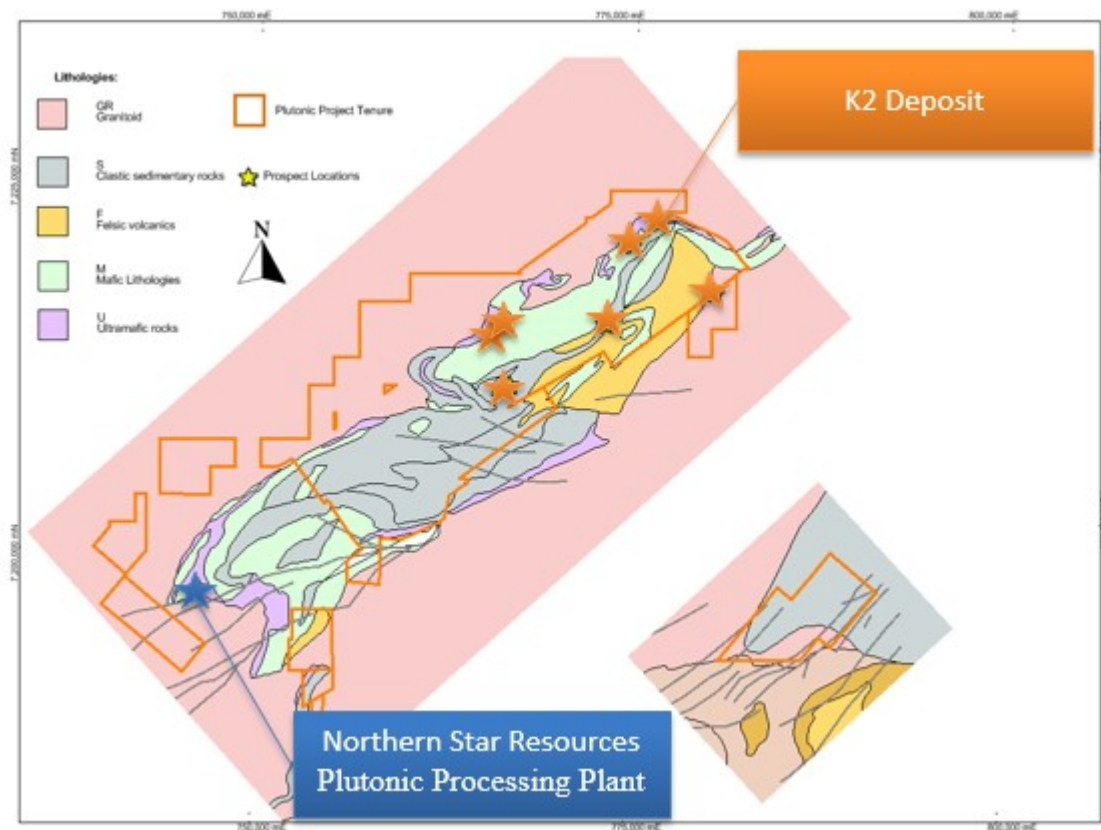


Figure 1 Project Location Plan

The Company has entered into a binding ore treatment agreement with Northern Star. Access to Northern Star's Plutonic Processing Facility is via established haul roads. Northern Star will be paid for their processing services through the provision of gold at the point of refining. This arrangement will greatly assist with the Company's cash flow.

The permitting process for the K2 Project is well advanced. The water abstraction licence, works approval and mining proposal has been approved for dewatering of K2 Open Pit and Underground. The Mining Proposal with respect to the underground mining operation of K2 has been lodged and approved by the Department of Mines and Petroleum of Western Australia.



Table 2 Plutonic Dome Gold Project Mineral Resources at June 2016

Deposit	OP/UG	Measured		Indicated		Inferred		Total		
		Tonnes (000's)	Au g/t	Tonnes (000's)	Au g/t	Tonnes (000's)	Au g/t	Tonnes (000's)	Au g/t	Ounces (000's)
*K2	UG	-	-	198	8.9	217	6.7	415	7.7	103
Sub-total		-	-	198	8.9	217	6.7	415	7.7	103
**K2SE	OP	-	-	1,048	1.1	937	1.1	1,985	1.1	70
Sub-total		-	-	1,048	1.1	937	1.1	1,985	1.1	70
**K3	OP	-	-	456	1.8	462	1.7	919	1.7	51
Sub-total		-	-	456	1.8	462	1.7	919	1.7	51
**Marwest	OP	-	-	-	-	267	2.5	268	2.5	21
Sub-total		-	-	-	-	267	2.5	268	2.5	21
***Trident	OP	-	-	-	-	-	-	-	-	-
	UG	-	-	854	6.2	1,356	4.8	2,210	5.3	379
Sub-total		-	-	854	6.2	1,356	4.8	2,210	5.3	379
***K1	OP	593	2.0	123	1.9	171	3.7	888	2.3	66
	UG	-	-	-	-	-	-	-	-	-
Sub-total		593	2.0	123	1.9	171	3.7	888	2.3	66
***PPP	OP	-	-	294	2.6	88	2.1	382	2.5	31
	UG	-	-	106	4	91	3.9	196	4	25
Sub-total		-	-	400	3	179	3	579	3	56
***Cinnamon	OP	-	-	961	2.3	54	2.3	1,015	2.3	74
	UG	-	-	-	-	-	-	-	-	-
Sub-total		-	-	961	2.3	54	2.3	1,015	2.3	74
Total		593	2.0	4,040	3.1	3,643	3.5	8,279	3.1	820

8.3 million tonnes @ 3.1 g/t Au for 820,000oz

OP = open pit, UG = underground. Underground resources reported above a 3.0g/t Au cut-off.

* Resources reported in accordance with JORC 2012 Edition of Guidelines above a 3.0g/t Au cut-off grade.

** Resources reported in accordance with JORC 2012 Edition of Guidelines above a 0.5g/t Au cut-off grade.

*** Resources reported in accordance with JORC 2004 Guidelines. OP= open pit resources, reported within optimised conceptual pit shells at \$1,700/oz gold price above a 0.5g/t Au cut off. UG= underground resources, reported above a 3.0 g/t Au cut-off grade.

Due to rounding, tonnages and grades may not equate to exact contained ounces

Competent persons' statements

The information in this report that relates to Mineral Resources for Trident, K1, PPP and Cinnamon is based on information compiled and reviewed by Mr Graham de la Mare who is a Member of the Australian Institute of Geoscientists and full-time employee of RungePincockMinarco Limited. Mr Graham de la Mare has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2004 JORC Code. Mr de la Mare consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.



The information in this report that relates to Mineral Resources for Marwest, K2, K2SE, K3 and Plutonic Dome Project Exploration Results is based on information compiled and fairly represented by Mr Jonathan King, consultant geologist, who is a Member of the Australian Institute of Geoscientists and employed by Geonomics Pty Ltd. Mr King has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr King consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

SARCO

Southwest Pacific Bauxite Limited ("**Southwest**") had been granted an in principal option to acquire Ord's 49% interest in the Sarco Bauxite Project in Laos. Ord's JV partner in SARCO (China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd ("**NFC**")) has waived their first right of refusal over Ord's SARCO interest.

Under the terms of the in principal option:

- Southwest had 12 months exclusivity from the time of entering into the option to exercise the option and to complete the transaction, in return for an option fee payment to Ord of \$300,000 ("**Option Fee**"), payable upon signing the option;
- If Southwest had exercised the option before the end of the exclusivity period, the parties would have been bound by a conditional Share Sale Agreement ("**SSA**").

On 9 March 2016 the Company announced that it had terminated the option held by Southwest (due to expiry of time) and has resumed full control of its 49% interest in the SARCO venture.

SARCO is a 226mt bauxite resource comprised of two tenements on the Bolaven Plateau, located in southern Laos. The project is subject to a joint venture between Vango (49%) and NFC-China (51%). Total accessible tenure holding is 487km² across two tenements. The Company will resume discussions in its own right with NFC-China as to how best to extract future value from this holding.

B Financial Performance & Financial Position

The financial results of the Company for the year ended 30 June 2016 are:

	Year ended 30-Jun-16	Year ended 30-Jun-15
Cash and cash equivalents	13,799	228,795
Net assets	6,945,514	7,353,377
Revenue	48,785	179,488
Net loss after tax	(1,933,169)	(2,782,628)
Loss per share (cents)	(0.62)	(1.92)
Dividend (\$)	-	-



Financial Performance

The financial result for the year ended 30 June 2016 is a net loss after tax of \$1,933,169. This represents a fall of 30.5% compared to the prior year. Factors contributing to the reduced loss include:

- Corporate costs down \$151,124 (9.5%)
- Exploration write off \$303,537 compared to an impairment in 2015 of \$770,000
- There were no share based payments (2015: \$287,036)
- The share of the SARCO loss was \$119,597 (2015: \$195,316)
- Interest charges were \$120,472 (2015: \$2,500) following the issue of convertible notes and borrowings.

The Company is aiming to create value for shareholders through its exploration expenditure and move to commence mining at K2 but currently has no revenue generating operations. Revenue is generated from interest income for funds held on deposit. The funds held on deposit have decreased during the financial year and the Company received less rent from sub-tenants, which has resulted in revenue decreasing by 50% on the prior year.

Financial Position

The Company's main activity during the year was conducting exploration on the Plutonic Dome Gold Project, and later in the year negotiating an agreement to acquire the remaining interest in the Plutonic Dome Gold Project held by Dampier Gold Limited. Total exploration and lease maintenance activity at Plutonic Dome amounted to \$1,678,163. The Company raised a net \$1,525,306 from share issues and increased borrowings from \$150,000 to \$2,772,235. These borrowings and the operating loss has resulted in a decrease in the Company's net assets of 5.5%.

C Business Strategies and Prospects for future financial years

The Company actively evaluates the prospects of each project as results from each program become available, these results are available via the ASX platform for shareholders information. The Company then assesses the continued exploration expenditure and further asset development. The Company will continue the evaluation of its mineral projects in the future and undertake generative work to identify and acquire new resource projects.

There are specific risks associated with the activities of the Company and general risks which are largely beyond the control of the Company and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Company and the market price of the Company's shares.

a) Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction



costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

b) Environmental Risks

The operations and proposed activities of the Company are subject to the laws and regulations of Australia and Laos concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

c) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

d) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- i. general economic outlook;
- ii. introduction of tax reform or other new legislation;
- iii. interest rates and inflation rates;
- iv. changes in investor sentiment toward particular market sectors;
- v. the demand for, and supply of, capital; and
- vi. terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

e) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income, the Company will require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

6. DIVIDENDS

No dividend has been paid during the financial year and no dividend is recommended for the financial year.



7. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Company reached an agreement with Dampier Gold Limited to acquire its interest in the PDGP. The Company now owns 100% of the PDGP.

The Company completed a rights issue and had 35,000 convertible notes converted during the year to fund exploration expenditure and working capital costs as follows:

- 78,251,825 fully paid ordinary shares were issued at \$0.01 as part of a non-renounceable rights issue, raising \$782,518 before costs.
- 75,060,000 fully paid ordinary shares were issued as part of the shortfall placement resulting from the rights issue at \$0.01 per share. Raising \$750,600 before costs.
- 1,199,550 fully paid ordinary shares were issued at \$0.02 per share on conversion of 35,000 convertible notes.

8. EVENTS SUBSEQUENT TO BALANCE DATE

On 25 August 2016 the Company announced that it had completed the purchase of 100% of the issued share capital in Dampier (Plutonic) Pty Ltd.

On 26 August 2016 the Company announced a fully underwritten 1 for 2 non-renounceable issue of options over fully paid ordinary shares at \$0.001 per option. The options have an expiry date of 15 March 2018 with an exercise price of \$0.06.

Since balance date borrowings have increased by an additional \$950,000 and now total \$3.5 million.

9. ENVIRONMENTAL ISSUES

The Company is not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Company. There were no ground disturbing activities conducted during the financial year.

10. REMUNERATION REPORT (Audited)

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*. The remuneration arrangements detailed in this report are for the Directors who held office during the financial year as follows:

Director	Position	Appointed	Resigned
Bruce McInnes	Executive Chairman	15 August 2014	Current
	Non-executive Deputy Chairman	25 October 2013	14 August 2014
	Non-Executive Director	9 May 2013	24 October 2013
Shengqiang Zhou	Non-Executive Director	15 August 2014	Current
Zhenzhu Zhang	Non-Executive Director	25 August 2015	Current
Frank Zhu	Managing Director	14 October 2009	25 August 2015



The Remuneration Report is set out under the following main headings:

- A Remuneration Philosophy
- B Remuneration Structure and Approvals
- C Remuneration and Performance
- D Details of Remuneration
- E Contractual Arrangements
- F Share-based Compensation
- G Adoption of Remuneration Report by Shareholders

A Remuneration Philosophy

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise). Key management personnel of the Company comprise the Board of Directors only.

The performance of the Company depends upon the quality of its key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled directors and executives.

The Company's broad remuneration policy is to ensure the remuneration package rewards performance, properly reflects the person's duties and responsibilities and is competitive in attracting, retaining and motivating people of the highest quality.

B Remuneration Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Company's development nor has the Board engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by Directors. It is considered that the size of the Board along with the level of activity of the Company renders this impractical and the full Board considers in detail all of the matters for which the Directors are responsible.

➤ Executive Remuneration Structure

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice.

Executive remuneration and incentive policies and practices must:

- be aligned with the Company's vision, values and overall business objectives;
- be designed to motivate the executives to pursue the Company's long term growth and success; and
- demonstrate a clear relationship between the Company's overall performance and the performance of executives.



The nature and amount of remuneration of executives are assessed on a periodic basis by the Board (in the absence of a Remuneration Committee) for their approval, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing executives.

The main objectives sought when reviewing executive remuneration is that the Company has:

- coherent remuneration policies and practices to attract and retain executives;
- executives who will create value for shareholders
- competitive remuneration offered benchmarked against the external market; and
- fair and responsible rewards to executives having regard to the performance of the Company, the performance of the executives and the general pay environment.

There is no predetermined equity compensation element within the remuneration structure nor predetermined performance conditions to be satisfied. All directors and executives are entitled to participate in the Vango Employee Loan Share Plan.

Further details relating to remuneration of Executive Directors are contained in the remuneration table disclosed in Section D of this Report; and within the Notes to the Financial Statements: Note 36 Share-Based Payments and Note 25 Key Management Personnel Disclosures.

➤ **Non-Executive Remuneration Structure**

Non-executive directors are remunerated by way of fees, in the form of cash, non-cash benefits and superannuation contributions. The Board's intention is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board of Directors determines the payments to the non-executive directors and reviews their remuneration annually, based on market price, duties and accountability. Independent external advice is sought when required.

The maximum aggregate fee pool to be paid to Directors (excluding executive directors) is set at \$250,000 per year (in accordance with the Company's Constitution) and as approved by the shareholders of the Company.

Non-executive directors are able to participate in share-based incentive plans and encouraged to hold shares in order to align director's interests with shareholder interests.

Non-executive directors may enter into separate consultancy mandates with the Company for the provision of professional and technical services that fall outside the scope of their directorship role. Under this mandate directors receive a consultancy fee in connection with time spent on Company business, including reasonable expenses incurred by them in carrying out this consultancy role.

During the financial year, non-executive directors received no fees, (2015: \$122,410). An amount of \$260,000 has been accrued.



Further details relating to remuneration of non-executive directors are contained in the remuneration table disclosed in Section D of this Report; and within the Notes to the Financial Statements: Note 35 Share-Based Payments and Note 24 Key Management Personnel Disclosures.

C Remuneration and Performance

Director remuneration is currently not linked to either long term or short term performance conditions. The Board feels that the shares currently on issue to the Directors are a sufficient, long term incentive to align the goals of the Directors with those of the shareholders to maximise shareholder wealth, and as such, has not set any performance conditions for the Directors of the Company. The Board will continue to monitor this policy to ensure that it is appropriate for the Company in future years.

D Details of Remuneration

The key management personnel of the Company are the Board of Directors.

Details of the remuneration of the Directors of the Company for the financial year ended 30 June 2016 are set out below. Mr F Zhu resigned on 25 August 2015 and was paid out in accordance with his management contract a total of \$250,254. All other amounts shown below were accrued at year end and remain outstanding.

2016	Salary & fees \$	Bonus \$	Non- monetary \$	Other \$	Post- employment benefits	Share- based payment	Total \$	Share-based payments as a % of total remuneration
					Superannuation \$	Vango share Plan \$		
Directors								
B McInnes	132,000	-	-	-	12,540	-	144,540	-
S Zhou	40,000	-	-	-	3,800	-	43,800	-
Z Zhang ⁽ⁱ⁾	33,333	-	-	-	3,167	-	36,500	-
F Zhu ⁽ⁱⁱ⁾	220,554	-	-	-	29,700	-	250,254	-
Total	425,887	-	-	-	49,207	-	475,094	-

(i) Mrs Z Zhang was appointed 25 August 2015.

(ii) Mr F Zhu resigned 25 August 2015. .



Details of the remuneration of the Directors of the Company for the financial year ended 30 June 2015 are set out below:

					Post-employment benefits	Share-based payment		Share-based payments as a % of total remuneration
	Salary & fees \$	Bonus \$	Non- monetary \$	Other \$	Superannuation \$	Vango share Plan \$	Total \$	
2015								
Directors								
A McGeagh⁽ⁱ⁾	45,500	-	-	-	1,100	-	46,600	0.00%
B McInnes	130,333	-	-	-	14,337	71,759	216,429	33.16%
F Zhu^(vi)	360,000	-	11,188 ^(v)	-	39,600	95,679	506,467	18.89%
P Lee⁽ⁱⁱ⁾	21,667	-	-	-	-	-	21,667	0.00%
A McLellan⁽ⁱⁱⁱ⁾	15,445	-	-	-	1,699	-	17,144	0.00%
S Zhou^(iv)	33,333	-	-	-	3,667	47,839	84,839	56.39%
Total	606,278	-	11,188	-	60,403	215,277	893,146	

- (i) Mr McGeagh resigned as a director on 15 August 2014
- (ii) Mr Lee resigned as a director on 15 August 2014
- (iii) Mr McLellan resigned as a director on 3 July 2014
- (iv) Mr Zhou was appointed as a director on 15 August 2014
- (v) Provision of car parking
- (vi) Mr Zhu resigned as a director on 25 August 2015

Contractual Arrangements

➤ Mr Bruce McInnes – Executive Chairman

- Contract commencement date: There is no service agreement in place. Director fees commenced on date of appointment as director
- Director Fee: \$11,000 per month as Executive Chairman plus superannuation at the Superannuation Guarantee Levy rate, subject to review by the Board of the Company and approval by the shareholders of the Company (if required).
- Term: Open, although subject to retirement by rotation under the Company's Constitution.

➤ Mr Shengqiang (Sean) Zhou – Non-Executive Director

- Contract commencement date: There is no service agreement in place. Director fees commenced on date of appointment as director
- Director Fee: \$3,333 per month plus superannuation at the Superannuation Guarantee Levy rate, subject to review by the Board of the Company and approval by the shareholders of the Company (if required).
- Term: Open, although subject to retirement by rotation under the Company's Constitution.

➤ Mrs Zhenzhu (Carol) Zhang – Non-Executive Director

- Contract commencement date: There is no service agreement in place. Director fees commenced on date of appointment as director
- Director Fee: \$3,333 per month plus superannuation at the Superannuation Guarantee Levy rate, subject to review by the Board of the Company and approval by the shareholders of the Company (if required).
- Term: Open, although subject to retirement by rotation under the Company's Constitution.



➤ **Mr Frank Zhu –Managing Director**

- Contract commencement date: 1 June 2012.
- Director Fee: Fixed salary of \$360,000 per annum
- Term: 3 year term
- Termination: Requires 3 months' notice from both parties

F Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and shares. Share-based compensation is at the discretion of the Board and no individual has a contractual right to participate in any share-based plan or to receive any guaranteed benefits.

➤ **Options**

There were no options granted to key management personnel as part of remuneration during the financial year, nor were shares issued upon exercise of options. As at the date of this report no options have been exercised. 75,426,799 unlisted options, exercisable at \$0.006 per share lapsed during the financial year.

At balance date the relevant interest of each key management personnel in options of the Company were:

	Balance at the start of the year	Acquired ⁽¹⁾	Effect of Consolidation	Granted as part of remuneration	Exercised	Lapsed	Balance at the end of the year	Vested and exercisable
2016								
Bruce McInnes	852,125	-	-	-	-	(852,125)	-	-
Shengqiang Zhou	5,237,500	-	-	-	-	(5,112,500)	125,000	125,000
Zhenzhu Zhang	-	-	-	-	-	-	-	-
Frank Zhu	4,260,675	-	-	-	-	(4,260,675)	-	-
	10,350,300	-	-	-	-	(10,225,300)	125,000	125,000
2015								
Frank Zhu	21,564,400	85,213,500	(101,439,005)	-	-	(1,078,220)	4,260,675	4,260,675
Bruce McInnes	8,331,700	17,042,500	(24,105,490)	-	-	(416,585)	852,125	852,125
Graham McGeagh	7,351,500	-	(6,983,925)	-	-	(367,575)	-	-
Michael P Lee	-	-	-	-	-	-	-	-
A Anthony McLellan	-	-	-	-	-	-	-	-
Shengqiang Zhou	-	104,750,000	(99,512,500)	-	-	-	5,237,500	5,237,500
	37,247,600	207,006,000	(232,040,920)	-	-	(1,862,380)	10,350,300	10,350,300

¹ Movement relates to participation in the Company's rights issues

➤ **Shares**

At the Annual General Meeting of shareholders, held 28 November 2014, shareholders approved the issue of shares to directors under the Vango Mining Employee Loan Share Plan ("Share Plan"). Under the Share Plan, eligible participants are provided with a non-recourse loan from the Company to fund the subscription price of issued shares in accordance with the terms and conditions of the Plan. Eligible participants of the Share Plan may not deal with the shares while the loan remains outstanding.



A summary of the terms and conditions of the Share Plan is set out below and a full copy of the Share Plan is available on the Company's website www.vangomining.com.

- (a) **Eligibility:** The Board may from time to time, invite executive and non-executive Directors and full-time or part-time employees of the Company (or its subsidiaries) to participate in the Share Plan.
- (b) **Shares and Purchase Price:** The Directors will determine the number of Share Plan Shares to be offered to Eligible Persons and the price per Share Plan Share. Different numbers of Share Plan Shares may be offered to different Eligible Persons and at different prices per Share Plan Share.
- (c) **Loan:** The Board may at the time an Eligible Person is invited to participate in the Share Plan either invite the Eligible Person to apply for a loan from the Company for the purpose of funding in whole or in part the acquisition of the Share Plan Shares being offered, require the Eligible Person to pay some money to the Company for the purpose of acquiring Share Plan Shares or a combination of both.

The rules of the Share Plan envisage the loans will be interest free and limited recourse such that the Company will accept in full satisfaction of repayment of a loan, the amount of the proceeds of sale of the related Share Plan Shares after deducting the costs and expenses of sale in the event that the proceeds of sale are less than the amount of the loan outstanding.

Unless otherwise determined, the loan period ends when the Share Plan Shares are forfeited including, without limitation, on termination of employment or office for cause, when the Share Plan Shares are disposed of other than in accordance with the rules of the Share Plan or such other date as specified in an Eligible Person's offer documentation.

- (d) **Forfeiture:** The Share Plan Shares offered under the Share Plan may be subject to forfeiture conditions and disposal restrictions as determined by the Board and specified in offer documents to be provided to Eligible Persons.

The Board's current policy is for each allocation of Share Plan Shares to be restricted from sale for 2 years following the issue date.

An Eligible Person's Share Plan Shares will be forfeited if the Eligible Person ceases to be an employee or Director because their employment is terminated for cause.

If an Eligible Person's Share Plan Shares are forfeited, and those Share Plan Shares are sold pursuant to the rules of the Share Plan, the proceeds will first be applied against the loan balance of the Eligible Person and any surplus proceeds shall be forfeited to the Company.

- (e) **Restrictions on Share Plan Shares:** Share Plan Shares cannot be dealt with unless they are not subject to any conditions and there is no outstanding loan on the Share Plan Shares.
- (f) **Cash distributions:** Subject to any contrary determination by the Board, cash dividends which are paid in respect of a Share Plan Share will be applied by the Company in paying any interest and repaying the principal amount outstanding under the related loan.
- (g) **Amendment:** The Board has the ability to amend or waive the rules of the Share Plan at any time, including with retrospective effect, except that any amendments which affect an Eligible Person's existing entitlements or obligations require the prior written consent of 75% of the Eligible Persons



affected by the amendment unless the amendment is primarily necessitated to ensure compliance with the Company's constitution or applicable laws, to avoid adverse tax implications or to correct manifest errors.

Although these are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes. Their value is the estimated fair value using the Black-Scholes option pricing model. The following table lists the inputs to the model used:

Number of shares granted	12,000,000
Issue Date	19-Dec-14
Dividend yield	0%
Share price at date of grant	\$0.03
Issue price	\$0.20
Volatility	150.73%
Risk free interest rate	2.45%
Expiration period	5 years
Expiry date	19-Dec-19
Black & Scholes valuation	\$0.0239

Volatility was determined based on the volatility of the share price of the Company for the 5 years prior to issue.

There were no issues to directors under the Share Plan during the 2016 financial year. The expense recognised under the Share Plan during the financial year ended 30 June 2015 in relation to issues to directors in the 2015 financial year was \$215,277.

On 19 December 2014 the Company issued 9,000,000 fully paid ordinary shares in total to directors; 4,000,000 to Mr Frank Zhu, 3,000,000 each to Mr McInnes and 2,000,000 to Mr Zhou at an issue price of \$0.20 per share under the Share Plan. The shares issued during the 2015 financial year under the Share Plan have no vesting conditions attached, however, in accordance with the terms and conditions of the Share Plan, the shares are under a Company-imposed trading lock until such time as each Director has repaid the loan provided by the Company to fund the subscription price for shares issued to them. It is at the Board's discretion whether to seek early repayment of the loan should the Director cease to be employed by the Company. The amount payable by each director is \$0.20 per share.

At balance date the relevant interest of each key management personnel in ordinary fully paid shares of the Company were:



	Balance at the start of the year	Additions (Pre- Consolidation)	Other ⁽¹⁾	Effect of Consolidation	Received as part of remuneration	Additions (Post Consolidation)	Balance at the end of the year
2016							
Bruce McInnes	6,006,477	-	-	-	-	6,344,441	12,350,918
Shengqiang Zhou	8,112,800	-	-	-	-	6,636,200	14,749,000
Zhenzhu Zhang	-	-	-	-	-	48,478,106	48,478,106
Frank Zhu	20,633,031	-	(20,633,031)	-	-	-	-
	<u>34,752,308</u>	<u>-</u>	<u>(20,633,031)</u>	<u>-</u>	<u>-</u>	<u>61,458,747</u>	<u>75,578,024</u>
2015							
Frank Zhu	62,982,103	85,213,500	-	(140,785,822)	4,000,000	9,223,250	20,633,031
Bruce McInnes	43,087,007	17,042,500	-	(57,123,030)	3,000,000	-	6,006,477
Shengqiang Zhou	-	122,256,000	-	(116,143,200)	2,000,000	-	8,112,800
Graham McGeagh	31,851,500	-	(31,851,500)	-	-	-	-
Michael P Lee	10,500,000	-	(10,500,000)	-	-	-	-
A Anthony McLellan	10,500,000	-	(10,500,000)	-	-	-	-
	<u>158,920,610</u>	<u>224,512,000</u>	<u>(52,851,500)</u>	<u>(314,052,052)</u>	<u>9,000,000</u>	<u>9,223,250</u>	<u>34,752,308</u>

¹ Movement relates to the number of shares held at the date of resignation for those directors who resigned during the year.

➤ Link to Performance

Shares issued under the Share Plan are treated as options for accounting purposes, there are no performance requirements to be met before exercise can take place largely because by setting the option price or share price at a level above the current share price at the time the options or shares are granted, the Board considers this to be a sufficient, long-term incentive to align the goals of the Directors and management with those of the shareholders to improve the Company's performance. The Board will continue to monitor this policy to ensure that it is appropriate for the Company in future years.

G Adoption of Remuneration Report by Shareholders

The adoption of the Remuneration Report for the financial year ended 30 June 2015 was put to the shareholders of the Company at the Annual General Meeting held on 20 November 2015. The company received more than 59.5% of votes in favour of its Remuneration Report (40.3% abstained from voting) and the resolution was passed without amendment on a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report



11. SHARES UNDER OPTION

As at the date of this report, there were 250,000 unissued ordinary shares of the Company under option exercisable at \$0.26, expiring on 7 March 2017.

No person entitled to exercise these options had or has any right by virtue of the option to participate in any share issue of the Company or any related body corporate.

12. DIVIDENDS

No dividend has been paid during the financial year and no dividend is recommended for the financial year. There were no dividends paid, recommended or declared during the current or previous financial year.

13. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to any such proceedings during the year.

14. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring all its Directors and current Executive Officers against a liability incurred as such a director or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

15. INDEMNIFICATION OF AUDITORS

To the extent permitted by Law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify the auditors during the financial year.

16. NON-AUDIT SERVICES

There were no non-audit services provided by the Company's auditors during the financial year.



17. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration for the financial year ended 30 June 2016 has been received as required under Section 307C of the *Corporations Act 2001* and can be found on the following page.

Signed in accordance with a resolution of the Board of Directors.

Mr Bruce McInnes
Executive Chairman

Sydney, New South Wales
28 September 2016



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Auditor's Independence Declaration to the Directors of Vango Mining Limited

As lead auditor for the audit of Vango Mining Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Vango Mining Limited and the entities it controlled during the financial year.

Ernst & Young

Scott Jarrett
Partner
Sydney
28 September 2016



CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Vango Mining Limited seeks to act professionally and ethically while executing its responsibilities as it guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has adopted a corporate governance framework which it considers to be suitable given the size, history and strategy of the Company, having considered the principles and best practice recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (Principles and Recommendations). As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration. The Company's Corporate Governance Plan can be located on its website.

In accordance with ASX Listing Rule 4.10.3, the Company is required to disclose the extent to which it has followed the Principles and Recommendations during the financial year. The Company's compliance with and departures from the Principles and Recommendations are set out below.

Principles and Recommendations		Compliance	Comment
1.	Lay solid foundations for management and oversight		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Complies	The Company's Corporate Governance Statement includes a Board Charter, which discloses the specific responsibilities of the Board. The Board delegates responsibility for the day to day operations and administration of the Company to the Managing Director. The Corporate Governance Statement is posted on the Company's website.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Complies	The Board of Directors has procedures in place to select the most suitable candidate with the appropriate experience to ensure a balanced and effective board.
1.3	A listed entity should have a written agreement with each director and senior	Complies	New directors receive a letter of appointment which sets out the



	executive setting out the terms of their appointment.		terms of their appointment. Senior executives have a formal job description and letter of appointment describing the term of office, duties, rights, responsibilities and entitlements upon termination.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies	The appointment, performance, review, and where appropriate, the removal of the Company Secretary is a key responsibility of the Board. All directors have access to the Company Secretary who is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes the requirements for a board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant</p>	Does not comply	<p>Due to the Company's size and nature of operations the company has not implemented a diversity policy, nor developed measurable objectives in relation to gender diversity at the various levels of the Company's business.</p> <p>The Company has included the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board at the end of the Corporate Governance Statement, under the section titled "Gender Diversity".</p>



	employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined and published under the Act.		
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Does not comply	The Company has not yet established a formal process for evaluating the performance of the Board and its committees although there is a peer review procedure for evaluating the performance of individual directors. The Board intends to put in place an evaluation process by an independent consultant as the Company develops.
1.7	A listed entity should: (c) have and disclose a process for periodically evaluating the performance of its senior executives; and (d) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Does not comply	The Company has not established a policy on evaluating the performance of its senior executives. No formal performance review of the senior executives took place during the financial year. However, the Board has regularly monitored the performance of senior executives on an informal basis during the tenure of their appointments.
2.	Structure the Board to Add Value		
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination	Does not comply	Given the present size of the Company, the existing Board structure is able to meet the needs of the Company in the examination of selection and appointment practices without the establishment of a nomination committee of the Board.



	committee, disclose that fact and the process it employs to address board succession issues to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.		
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Complies	The board's composition and the experience and qualifications of each board member is disclosed in the Directors' Report. The Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company and be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 (which appears on page 16 of the ASX Recommendations and is entitled "Factors relevant to assessing the independence of a director") but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Complies	The names of the directors considered to be independent are disclosed in the Corporate Governance Statement under the section titled "Directors in Office". Where a director has an interest, position association or relationship of the type described in Box 2.3, the Board will disclose the reasons why it is of the opinion that it does not compromise the independence of that director, should the situation occur. The length of service of each director is disclosed in the Director's Report.
2.4	A majority of the board of a listed entity should be independent directors.	Does not comply	During the financial year the Board consisted of three directors. Managing Director Frank Zhu,



			Executive Chairman Bruce McInnes and non-executive director Shengqiang Zhou. Only Shengqiang Zhou is considered independent as he is not a member of management and is free of any business or other relationship that could materially interfere with the independent exercise of his judgement. The Company intends to follow the recommendation again when the Company's operations reach an appropriate size and it is cost effective to do so
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Does not comply	The Company had an independent Chairman up until Mr Graham McGeagh's resignation in August 2014 as Non-Executive Chairman. Following Mr McGeagh's resignation, the appointment of executive director Mr Bruce McInnes to the role of Chairman means the Company no longer complies.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.	Complies	On appointment an induction program is available to directors that includes individual sessions with members of the executive team and the Company Secretary.
3.	Act ethically and responsibly		
4.	Safeguard integrity in financial reporting		
4.1	The board of a listed entity should: (a) have an audit committee which; (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose (3) the charter of the committee; (4) the relevant qualifications and	Does not comply	The Board has established an Audit Committee. However, due to the size of the board it is not in a position for the committee to comprise three non-executive independent directors. Each year the board will review the composition of the audit committee and new members will be appointed to the Audit Committee when the Board increases in size. The Audit Committee has a formal



	<p>experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		<p>charter (policy) that is included within the Corporate Governance Statement. The Corporate Governance Statement is posted on the Company's website.</p> <p>The qualifications of the committee and the number of times the committee met are set out in the Directors Report.</p> <p>The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually, taking into consideration assessment of performance, existing value and tender costs.</p>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complies	The board requires the Executive Director and CFO to provide such a statement at the relevant time.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complies	The Company's external auditor attends the Company's AGM and is available to answer questions relevant to the audit.
5.	Make timely and balanced disclosure		
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Complies	<p>The Company's Corporate Governance Statement states the policy and procedures to ensure compliance with ASX Listing Rule disclosure requirements.</p> <p>The Board has delegated the function of continuous disclosure as required under the ASX Listing Rule to the</p>



			Executive Director and the Company Secretary to assess the type of information that needs to be disclosed and to ensure that Company's announcements are made in a timely manner, are factual, do not omit material information and are in compliance with the ASX Listing Rules.
6	Respect the rights of security holders		
6.1	A listed entity should provide information about itself and its governance to investors via its website	Complies	The Board's policy is for all investors to have equal and timely access to material information concerning the Company, including its financial position, performance, ownership and governance.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Board has established practices to facilitate communication with the Company's shareholders. The Company Secretary and the Head of Corporate Development oversees this process through the Company's website and direct mailing of announcements by email. Briefings are held with professional investors. Prior to such briefings, information to be given will be first released to ASX (if not previously released) and later broadcast to shareholders and investors who have registered their email address with the Company.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies	All shareholders are notified in writing of general meetings and encouraged to attend and participate.
6.4	A listed entity should give security holders the option to receive communications from, and send to, the entity and its security registry electronically	Complies	Shareholders may communicate via electronic means with the Company's share registry and may register to access personal shareholding information and receive electronic information.
7	Recognise and manage risk		
7.1	The board of a listed entity should: (a) have a committee or committees to	Does not comply	The Company's Corporate Governance Statement includes a



	<p>oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>		<p>business risk oversight and management policy.</p> <p>The Board monitors and receives advice as required on areas of operational and financial risk, and considers appropriate risk management strategies.</p> <p>Specific areas of risk that are identified are regularly considered at Board meetings. Included in these areas are performance of activities, human resources, health, safety and the environment, continuous disclosure obligations, asset protection and financial exposures.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Complies	<p>The board is responsible for approving and overseeing the risk management system. The board reviews, at least annually, the effectiveness of the risk management controls and procedures.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.</p>	Does not comply	<p>The Company does not have a formal internal audit function. However, the Audit Committee and the Board oversee the effectiveness of internal controls.</p> <p>The Board actively encourages the external auditor to raise internal control issues.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Complies	<p>The Company has disclosed a number of risks associated with its activities in the Directors' Report.</p>



8	Remunerate fairly and responsibly		
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Does not comply	<p>The Board has not established a separate remuneration committee. The full Board presently performs the function of a remuneration committee. A separate remuneration committee may be established when appropriate, as the Company's activities develop in size, nature and scope and where increased efficiency and effectiveness can be derived from having a separate committee.</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Complies	<p>The Company has separate policies relating to the remuneration of non-executive directors and that of executive directors and senior executives. This information is detailed in the Remuneration Report, which forms part of the Directors' Report in this Annual Report.</p> <p>The Company's constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use</p>	Complies	<p>The Company has a Securities Trading Policy which applies to all directors, officers and employees.</p>



	of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.		
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Unless otherwise stated, the Company's corporate governance practices were in place for the full financial year ended 30 June 2016. There have been some Board changes subsequent to the year end and instances where the Company no longer complies with the Recommendations have been noted above.

For further information on corporate governance policies adopted by Vango Mining Limited, refer to our website, www.vangomining.com. A summary of the principal corporate governance practices is set out below.

The Role of the Board & Management

The Board is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board is responsible for:

- developing, approving and monitoring implementation of corporate policy, strategy and performance objectives;
- developing and monitoring adoption of the most appropriate principles of corporate governance;
- reviewing and ratifying systems of risk management and internal control, codes of conduct and legal compliance;
- approving of monitoring the progress of major capital expenditure projects, funding programmes, acquisitions and divestments;
- reviewing and approving annual business plans, operating and capital budgets;
- reviewing and ratifying systems for health, safety, and environment management and controls;
- appointing and evaluating the performance of senior executives; and
- selecting and appointing new directors to the Board, and evaluating the performance of all members of the Board.

Scheduled meetings of the Board are to be held throughout the year and the Board meets on other occasions to deal with matters that require attention between scheduled meetings. The Board delegates responsibility for the day to day operations and administration of the Company to the Managing Director. In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Company to facilitate the carrying out of their duties as directors.

The Company has obligations to its stakeholder to ensure it is managed with appropriate due diligence and that all necessary processes are implemented to minimise risk and maximise business opportunities.

To this end, all commercial arrangements, capital expenditure other commitments are appropriately documented and have been authorised by the Board.



Composition of the Board

The composition of the Board is determined in accordance with the Company Constitution.

The Board determines its size and composition, subject to the terms of the Constitution. The Board does not believe that it should establish a limit on tenure other than stipulated in the Company's Constitution.

While tenure limits can help to ensure fresh ideas and viewpoints available to the Board, they have the disadvantage of losing the contribution of directors who have been able to develop an increasing insight into the Company and its operations.

Director Independence

The Company recognises that independent Directors are important in verifying to shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. Where practical, it is intended that the Board should comprise a majority of independent non-executive directors and comprise directors with a broad range of qualifications, skills, expertise and experience from a diverse range of backgrounds. Where practical it is also intended that the Chair be an independent non-executive director.

Directors of Vango Mining Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. The Board has adopted a definition of independence based on that set out in Principle 2 of the ASX Corporate Governance Revised Principles and Recommendations. The Board regularly reviews the independence of each director in light of their interests disclosed to the Board.

Directors in Office

At the date of this statement the following Directors are in office:

Name	Position	Independent
Mr Bruce McInnes	Executive Chairman	No
Mr Shengqiang Zhou	Non-Executive Director	Yes
Mrs ZhenZhu Zhang	Non-Executive Director	No
Mr Dongjie Zhang	Alt-Director for Ms Zhenzhu Zhang	No

As a substantial shareholder of the Company, Mr & Mrs Zhang are not considered to be independent. The skills, experience, expertise and tenure of each director are disclosed in the Directors' Report within this Annual Report.

Appointment to the Board

The Board of Directors undertakes the role of a Nomination Committee which identifies and recommends potential director appointments. Where a casual vacancy arises during the year, the Board has



procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective board. Any director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next Annual General Meeting and is then eligible for re-election by the shareholders.

New directors receive a letter of appointment which sets out the terms of their appointment. On appointment, an induction program is available to directors that include individual sessions with members of the executive team.

Evaluation of Senior Executives

Senior executives have a formal job description and letter of appointment describing the term of office, duties, rights, responsibilities and entitlements upon termination.

The performance of senior executives is reviewed annually by the Board.

Ethical Business Practices

The Board is bound by the Company's Board Charter and Code of Conduct (as disclosed in the Company's Corporate Governance Plan). The Board understands the obligations for ethical and responsible decision making. All Directors and Officers are expected to:

- a) comply with the law;
- b) act in the best interests of the Company;
- c) be responsible and accountable for their actions; and
- d) observe the ethical principles of honesty and fairness, including prompt disclosure of potential conflicts.

The Board has procedures in place for reporting any matters that may give rise to unethical practices or conflicts between the interests of a director or senior executive and those of the Company. These procedures are reviewed as required by the Board. The Company has adopted a Conflict of Interest Policy, as a part of the Code of Conduct, that clarifies the processes for directors and senior executives to determine and disclose when a conflict of interest exists.

Shareholding and Trading

The Board encourages directors and senior executives to own shares in the Company to further link their interests with the interests of all shareholders. Trading of shares by directors and senior executives is prohibited under certain circumstances and as described in the ASX Listing Rules and during certain periods of the financial year. A director or senior executive must not deal in the company's shares at any time when he or she has unpublished information which, if generally available, might affect the share price. Directors and senior executives are required to first obtain consent from the Chairman or Company Secretary before dealing in the Company's securities.



Safeguard Integrity

The Board of Directors performs the duties of the Audit and Risk Committee and operates under a charter to enable it to perform its role and responsibilities. Where appropriate, the Company's external auditors are invited to attend Board meetings relating to Audit and Risk matters. As the Board is comprised of one executive director and two non-executive director, the Company does not comply with ASX Recommendation 4.2 which recommends that the audit committee is structured as follows:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent chair, who is not chair of the board
- has at least three members

The Board considers that the Company is not of a size at the moment that justifies having a separate audit committee and additional independent non-executive directors. Though the Company intends to seek out and appoint additional independent directors to the Board when size and scale of the Company justify and warrant their inclusion, for the time being the Company maintains a mix of Directors from different backgrounds with complementary skills and experience. The qualifications of the Directors together with their attendances at Board Meetings are disclosed in the Directors' Report within this Annual Report.

The Role of the Audit and Risk Committee is typically to assist the Board to fulfil its responsibilities in relation to the identification of the areas of significant business risks and monitor the following:

- the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
- compliance with all applicable laws, regulations and company policy;
- the effectiveness and adequacy of internal control process;
- the performance of the Company's external auditors and their appointment and removal;
- the independence of the external auditor and the rotation of the lead engagement partner; and
- the identification and management of business risks.

The Executives of the Company provide the Board with additional assurances regarding the reliability of the financial information for inclusion in the financial statements. The Chief Executive Officer is in his or her Executive and Financial capacity required to declare to the Board that in his or her opinion the Financial Statements and the note to the Accounts within the Annual Report are in accordance with the Corporations Act 2001, comply with the Accounting Standards and the Corporations Regulations 2001 and give a true and fair view of the financial position of the Company and are based upon a sound system of risk management and internal compliance and control prior to the signing of the Directors' Declaration in the Annual Report.

Independent Advice

The Board recognised that in certain circumstances individual directors may need to seek independent professional advice, at the expense of the Company. Any advice received will be made available to other directors.



Timely and Balanced Disclosure

The Board recognises the need to comply with ASX Listing Rule 3.1 concerning continuous disclosure.

At each meeting of directors, consideration is given as to whether notice of material information concerning the Company, including its financial position, performance, ownership and governance has been made available to all investors.

The Continuous Disclosure Policy also requires senior executives in possession of disclosable information to comply with the policy.

Communication with Shareholders

The Board aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the Company's activities and its state of affairs, including information necessary to assess the performance of the directors.

Communication with shareholders is achieved through the distribution of the following information:

- The Annual Report distributed to shareholders;
- The Half Yearly Report and Quarterly Reports which is available on the Company's website;
- The Annual General Meeting and General Meetings called to obtain shareholder approval for board action as appropriate. Shareholders are encouraged to attend and participate at the Company's Annual General Meeting and General Meetings;
- Letters to shareholders when considered appropriate and informative;
- Announcements on the Australian Securities Exchange; and
- Investor information on the Company's website www.vangominig.com

The Company strives to ensure that company announcements via the ASX are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner.

Shareholders' Role

The shareholders of the Company are responsible for voting on the election of directors at the Annual General Meeting in accordance with the constitution.

All directors (other than the Managing Director) are subject to re-election by rotation, no later than every three years.

The Annual General Meeting also provides shareholders with the opportunity to express their views on matters concerning the Company and to vote on other items of business for resolution by shareholders.

The Company's auditor, Ernst & Young, make available a partner of the firm to be in attendance at the Annual General Meeting and to be available to answer shareholder questions in relation to the audit.



Risk Management

The entire Board is responsible for overseeing the risk management function. The Board is responsible for ensuring the risks and opportunities are identified on a timely basis. The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal control.

The Board has mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Implementation of Board approved operating plans and budgets;
- Board monitoring of progress against these budgets, including the monitoring of key performance indicators of both financial and non-financial nature; and
- The establishment of committees to report on specific risks when identified.

Internal Risk Management System Compliance

The Board has not received a report from management as to the effectiveness of the Company's management of its material business risks. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be items for deliberation at Board Meetings.

Please refer to the Operating and Financial Review for further detail on the Company's material risks.

The Board requires that the Chief Executive Officer and Chief Financial Officer, or equivalent, every half year, to provide a statement confirming that a sound system of risk management and internal control is in place and that the system is operating effectively in all material respects in relation to financial risks. The Board has received that assurance.

Monitoring Performance

The Board and senior executives monitor the performance of the Company through the preparation of monthly management accounts. The monthly management accounts are prepared using accrual accounting and report each segment's result. The monthly management accounts are compared to monthly budgets, which have been prepared on the basis of capital availability and exploration results.

The monitoring of the Company's performance by the Board and management assists in identifying the correct allocation of resources to maximise the overall return to shareholders.

A performance evaluation of executives was not undertaken during the year. However, the Board has regularly monitored the performance of both executives on an informal basis during the tenure of their appointments.



Remunerate fairly

Details of the structure of non-executive directors' and senior executives' remuneration are included in the Remuneration Report within the Directors' Report in this Annual Report.

The role of the Remuneration Committee is undertaken by the full Board of Directors. The Board has adopted a Remuneration Committee Charter to ensure that the responsibilities of the Board are discharged in an appropriate manner.

The role of the Remuneration Committee is to determine the Company's remuneration plans, policies and practices, including compensation arrangements for non-executive directors, executive directors and senior executives. It is also responsible for considering general remuneration policies and practices, recruitment and termination policies and superannuation requirements.

The Company has a policy to preclude its executives from entering into transactions to limit their economic risk from investing in the company shares, options or rights where those investments are unvested and has made executives aware of their obligations in relation to financial commitments against shares issued under the share plan and has requested that they take sufficient professional advice in relation to their individual financial position.

There are no retirement schemes or retirement benefits other than statutory benefits for non-executive directors.

Gender Diversity

The Company has not yet adopted a diversity policy as part of their Corporate Governance Plan. However, the Company recognises the benefits arising from board diversity, and is committed to providing a diverse workplace that embraces and promotes diversity.

Vango Mining Limited is an equal opportunity employer and chooses candidates after widely canvassing the market on the basis of selecting the most appropriate candidate based on merit and suitability for the role.

The Company is currently in an early stage of its development and given that the Company currently has few employees, the application of measurable objectives in relation to gender diversity, at various levels of the Company's business, is not considered to be appropriate nor practical.

The participation of women in the Company at 30 June 2016 was as follows:

- | | |
|--|-------|
| • Women employees in the Company | 0% |
| • Women in senior management positions | 0% |
| • Women on the Board | 33.3% |



Contents

Financial Report	Page
Consolidated Statement of Comprehensive Income	40
Consolidated Statement of Financial Position	41
Consolidated Statement of Changes in Equity	42
Consolidated Statement of Cash Flows	43
Notes to the financial statements	44
Directors' declaration	80
Independent auditor's report to the members of Vango Mining Limited	81

General Information

The financial report covers Vango Mining Limited as a consolidated entity consisting of Vango Mining Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Vango Mining Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Vango Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principle place of business is:

Suite 2, Level 5
71 Macquarie Street
Sydney, NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the director's report, which is not a part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 28 September 2016.

VANGO MINING LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016



		Consolidated	
	Note	2016 \$	2015 \$
Revenue from continuing operations	6	48,785	179,488
Net gain on sale of tenement		10,000	-
Share of losses of associates accounted for using the equity method	7	(119,597)	(195,316)
Expenses			
Depreciation and amortisation expense	8	(24,849)	(31,010)
Impairment of exploration and evaluation assets	8	(273,537)	(841,631)
Interest expense		(120,472)	(2,500)
Share-based payments	35	-	(287,036)
Other expenses	8	(1,453,499)	(1,604,623)
Loss before tax from continuing operations		(1,933,169)	(2,782,628)
Income tax expense	9	-	-
Loss after income tax expense for the year attributable to the owners of Vango Mining Limited		(1,933,169)	(2,782,628)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Vango Mining Ltd		(1,933,169)	(2,782,628)
		<u>Cents</u>	<u>Cents</u>
Loss per share attributable to the ordinary equity holders of the company:			
Basic loss per share	34	(0.62)	(1.92)
Diluted loss per share	34	(0.62)	(1.92)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

VANGO MINING LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2016



		Consolidated	
	Note	2016 \$	2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	10	13,799	228,795
Trade and other receivables	11	136,439	224,556
Other	12	2,151,745	202,213
Total current assets		2,301,983	655,564
Non-current assets			
Investment accounted for using the equity method	13	3,124,569	3,544,166
Property, plant and equipment	14	-	24,849
Exploration evaluation expenditure	15	5,707,938	4,333,311
Total non-current assets		8,832,507	7,902,326
Total assets		11,134,490	8,557,890
LIABILITIES			
Current liabilities			
Trade and other payables	16	1,132,834	987,454
Borrowings	17	152,714	150,000
Employee benefits	18	283,907	65,059
Total current liabilities		1,569,455	1,202,513
Non-current liabilities			
Borrowings	17	2,619,521	-
Provisions	19	-	2,000
Total non-current liabilities		2,619,521	2,000
Total liabilities		4,188,976	1,204,513
Net assets		6,945,514	7,353,377
EQUITY			
Issued capital	20	47,802,485	46,277,179
Reserves	21	14,067,324	14,067,324
Accumulated losses	22	(54,924,295)	(52,991,126)
Total equity		6,945,514	7,353,377

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

VANGO MINING LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016



	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2014	42,054,585	13,780,288	(50,208,498)	5,626,375
Loss after income tax expense for the year	-	-	(2,782,628)	(2,782,628)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,782,628)	(2,782,628)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	4,222,594	-	-	4,222,594
Share based payments	-	287,036	-	287,036
Balance at 30 June 2015	46,277,179	14,067,324	(52,991,126)	7,353,377
Balance at 1 July 2015	46,277,179	14,067,324	(52,991,126)	7,353,377
Loss after income tax expense for the year	-	-	(1,933,169)	(1,933,169)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,933,169)	(1,933,169)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1,525,306	-	-	1,525,306
Share based payments	-	-	-	-
Balance at 30 June 2016	47,802,485	14,067,324	(54,924,295)	6,945,514

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

VANGO MINING LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016



	Note	Consolidated	
		2016 \$	2015 \$
Cash flows used in operating activities			
Payment to suppliers and employees		(1,209,100)	(1,703,551)
Interest received		2,730	22,062
Rent received		20,348	67,324
Interest paid		(2,248)	(2,500)
Net cash flows used in operating activities	33	(1,188,270)	(1,616,665)
Cash flows used in investing activities			
Payments for property, plant and equipment	14	-	(1,494)
Deposit on tenement acquisition	12	(2,000,000)	-
Refund of security deposits		50,000	4,726
Proceeds from sale of tenement	15	40,000	-
Option Fee		-	400,000
Payments for exploration and evaluation		(1,146,043)	(3,008,296)
Net cash flows used in investing activities		(3,056,043)	(2,605,064)
Cash flows from financing activities			
Proceeds from issue of shares	20	1,533,089	4,365,295
Share issue transaction costs	20	(53,772)	(369,368)
Proceeds from borrowings	17	2,550,000	150,000
Repayment of borrowings	17	-	(510,000)
Net cash flows provided by financing activities		4,029,317	3,635,927
Net increase / (decrease) in cash and cash equivalents		(214,996)	(585,802)
Cash and cash equivalents at the beginning of the year		228,795	814,597
Cash and cash equivalents at the end of the period	10	13,799	228,795

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



1. CORPORATE INFORMATION

The consolidated financial statements of Vango Mining Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 28 September 2016.

Vango Mining Limited (the Company or the parent) is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the directors' report. Information on the Group's structure is provided in Note 30. Information on other related party relationships is provided in Note 28.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements of the Group are for the financial year ended 30 June 2016.

(a) Going concern

The financial report has been prepared on a going concern basis, which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The consolidated entity has incurred a net loss after tax for the financial year ended 30 June 2016 \$1,993,169 (2015: \$2,782,628) and experienced net cash outflows from operating activities of \$1,188,270 (2015: \$1,616,665). This results in a material uncertainty in relation to the entity's ability to continue as going concern.

The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to fund ongoing exploration and evaluation commitments for the Plutonic Dome Gold Project and for working capital. The Directors believe that they will be able to raise additional equity capital and/or debt as required. Subsequent to the year-end on 26 August 2016 Directors announced a 1 for 2 issue of options at \$0.001 with an exercise price of \$0.06 and have increased borrowings by \$950,000. The Directors believe that the Company will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However should the Company be unsuccessful in undertaking additional raisings there is a significant uncertainty whether the Company will be able to continue as a going concern. No adjustments have been made relating to the recoverability of assets and classification of liabilities that might be necessary should the Company not continue as a going concern.



(b) Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Accounting Standards Board.

These consolidated financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and derivative financial instruments.

The Company is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investment Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(c) Compliance with IFRS

These consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(d) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the invest, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Right arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are



included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Subsidiaries are all those entities over which the Company has the power to govern the financial operating policies, generally accompanying a shareholding of more than one-half of the voting rights

(f) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.



(h) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ▶ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- ▶ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ▶ In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.



Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other shorty-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised costs using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(k) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

(l) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment ((excluding land) over their expected useful lives as follows:

Computer equipment and software	3 years
Furniture and other office equipment	5 years
Motor vehicles	3 years
Field equipment	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.



An item of property, plant and equipment is de-recognised upon disposal or when there is no future economic benefit to the Group. Any gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight line basis over the term of the lease.

(n) Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploitation activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Indirect costs relating to exploration and evaluation areas of interest are capitalised in the year they are incurred. A regular review is undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

The Company as part of its operations has entered into farm-in and farm-out arrangements. In respect to these transactions the Company adopts the following policies:

When the Company is acting as the farmee its expenditure is recognised under the arrangement in respect of its own interest and that retained by the farmor, as and when the costs are incurred.

The farmee accounts for its expenditures under a farm-in arrangement in the same way as directly incurred E&E expenditure.

For the arrangements of which the Company is the farmor it accounts for the farm-out arrangement as follows:

- The farmor does not record any expenditure made by the farmee on its behalf
- The farmor does not recognise a gain or loss on the farm-out arrangement but rather, redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained
- Any cash consideration received is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.



(o) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. When the carrying amount of an asset exceeds its carrying amount, the asset is considered impaired and written down to its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted shares prices for publicly traded companies or other available fair value indicators.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(r) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments

Equity-settled and cash settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.



The cost of equity-settled transactions are measured at fair market value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, ('Market conditions') together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period (equity reserves). The cumulative charge to profit and loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made, provided the original terms of the award are met. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

The Company provides benefits to employees (including Directors) of the Company and external parties to the Company in the form of share-based payment transactions, whereby employees and external parties render services in exchange for shares or options over shares ("equity-settled transactions").

No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

(s) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



(t) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Goods and Services Tax (GST) and other similar taxes

Revenues, expenses, assets and liabilities are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

Commitments or contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(v) New accounting standards and interpretations adopted

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2015, except for the adoption of new standards and interpretation noted below:

Reference	Title	Application date of standard*	Application date for Group*
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments <i>The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.</i>	1 January 2015	1 July 2015



Reference	Title	Application date of standard*	Application date for Group*
	<p><i>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</i></p> <p><i>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.</i></p>		
AASB 2015-3	<p><i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i></p> <p><i>The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.</i></p>	1 July 2015	1 July 2015

Adoption of these amendments had no material impact on financial position or performance of the group.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(i) Note 13 Investments Accounted for Using the Equity Method

The Company's investments accounted for using the equity method are periodically tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is determined as the higher of the fair value less cost of disposal,

The Directors believe that the carrying value of the Company's investments accounted for using the equity method as at 30 June 2016 is appropriate and are not aware of any events or changes since the year end which may potentially impair the carrying value as at the statement of financial position date.

(ii) Note 15 – Exploration & Evaluation Expenditure

The Company's accounting policy for exploration and evaluation is set out in Note 2(o) above. If, after having capitalised expenditure under this policy, the Directors conclude that the Company is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the Statement of Comprehensive Income.

(iii) Note 35 – Share based payments



The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instrument at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 35.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to standards and interpretations have been identified based on the current state of the Company as those which may impact the Group in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2016, but have not been applied in preparing this financial report.

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 9	Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.	1 January 2018	1 July 2018
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This Standard also makes an editorial correction to AASB 11.	1 January 2016	1 July 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: <i>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</i> <ul style="list-style-type: none"> Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account 	1 January 2016	1 July 2016



		<p>for this change.</p> <p><i>AASB 7 Financial Instruments: Disclosures:</i></p> <ul style="list-style-type: none"> • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 <i>Disclosure—Offsetting Financial Assets and Financial Liabilities</i> is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 <i>Interim Financial Reporting</i> when its inclusion would be required by the requirements of AASB 134. <p><i>AASB 119 Employee Benefits:</i></p> <ul style="list-style-type: none"> • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. <p><i>AASB 134 Interim Financial Reporting:</i></p> <ul style="list-style-type: none"> • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information. 		
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016
AASB 2015-9	Amendments to Australian Accounting Standards – Scope and Application	This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change	1 January 2016	1 July 2016



	Paragraphs [AASB 8, AASB 133 & AASB 1057]	to the requirements or the applicability of AASB 8 and AASB 133.		
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2]	<p>This standard amends to IFRS 2 <i>Share-based Payment</i>, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none"> ▶ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments ▶ Share-based payment transactions with a net settlement feature for withholding tax obligations ▶ A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled 	1 January 2018	1 July 2018

The Company is in the process of determining the full impact of the amendments on the consolidated entity's financial report, albeit based on the current state of the Company these accounting standards are not expected to have a significant impact.

5. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

As of the date of this report the consolidated entity operates entirely in the industry of exploration of minerals in Australia and Laos. The operating segments are identified based on the location of the exploration tenements.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the type of product and service. The Group has determined that the reportable operating segments are based on geographical locations as this is the source of the Group's major assets which are in Australia and Laos.

Segment assets and results

Financial information reported are the assets and results of Australia and Laos respectively and is representative of the nature and financial effects of the business activities in which the company engages and the economic environment in which it operates.

Corporate office activities

Corporate office activities are not allocated to operating segments and form part of the reconciliations to net profit/(loss) after tax.



Accounting policies adopted

Other than the share of profit or loss of the joint venture entity, income and expenses are not reported as they are not considered part of the core operations of any segment.

	Australia \$	Laos \$	Total \$
Segment performance			
12 months ended 30 June 2016			
Revenue			
Segment revenue	40,000	-	40,000
Segment result	(288,386)	(119,597)	(407,983)

Unallocated items			
Other corporate revenue			48,785
Interest expense			(120,472)
Share based payments			-
Other corporate expenses			(1,453,499)
Net loss before income tax expense			(1,933,169)

Segment assets			
As at 30 June 2016			
Investments accounted for using the equity method	-	3,124,569	3,124,569
Property, plant and equipment	-	-	-
Exploration and evaluation	5,707,938	-	5,707,938
Other receivables	2,000,000	-	2,000,000
Total segment assets	7,707,938	3,124,569	10,832,507

Reconciliation of segment assets to group assets			
Cash and cash equivalents			13,799
Trade and other receivables			136,439
Other current receivables			151,745
Total Assets			11,134,490

Segment liabilities			
As at 30 June 2016			
Total segment liabilities	41,364	140,000	181,364

Reconciliation of segment liabilities to group liabilities			
Other corporate liabilities			4,007,612
Total Liabilities			4,188,976



	Australia \$	Laos \$	Total \$
Segment performance			
12 months ended 30 June 2015			
Revenue			
Segment revenue	-	-	-
Segment result	(872,641)	(195,316)	(1,067,957)
Unallocated items			
Other corporate revenue			179,488
Interest expense			(2,500)
Share based payments			(287,036)
Other corporate expenses			(1,604,623)
Net loss before income tax expense			(2,782,628)
Segment assets			
As at 30 June 2015			
Investments accounted for using the equity method	-	3,544,166	3,544,166
Property, plant and equipment	24,849	-	24,849
Exploration and evaluation	4,333,311	-	4,333,311
Other assets	47,213	-	47,213
Total segment assets	4,405,373	3,544,166	7,949,539
Reconciliation of segment assets to group assets			
Cash and cash equivalents			228,795
Trade and other receivables			224,556
Other current receivables			155,000
Total Assets			8,557,890
Segment liabilities			
As at 30 June 2015			
Total segment liabilities	145,826	140,000	285,826
Reconciliation of segment liabilities to group liabilities			
Other corporate liabilities			918,687
Total Liabilities			1,204,513



6. REVENUE

	Consolidated	
	2016	2015
	\$	\$
Interest	2,730	22,062
Option fee	-	100,000
Rent	46,055	57,426
Revenue	<u>48,785</u>	<u>179,488</u>

7. SHARE OF LOSSES OF JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2016	2015
	\$	\$
Share of loss - joint ventures	<u>(119,597)</u>	<u>(195,316)</u>

8. EXPENSES

	Consolidated	
	2016	2015
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	<u>24,849</u>	<u>31,010</u>
<i>Impairment</i>		
Exploration and evaluation - note 15	<u>273,537</u>	<u>841,631</u>



	Consolidated	
	2016	2015
	\$	\$
<i>Other expenses</i>		
Auditors remuneration	44,884	44,884
Directors' fees and remuneration	475,094 ¹	152,460
Employee costs	207,264	569,912
Corporate registers and ASX listing fees	48,523	92,409
Operating leases	198,678	189,759
Consulting fees	125,566	156,690
Legal fees	127,693	140,922
Travel expenses	126,873	91,827
Other expenses	98,924	165,760
	<u>1,453,499</u>	<u>1,604,623</u>

1 Includes \$250,254 paid to Mr F Zhu on his resignation as managing Director in accordance with his contract.

9. INCOME TAX EXPENSE

	Consolidated	
	2016	2015
	\$	\$
<i>Income tax expense</i>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Aggregate income tax expense	<u>-</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(1,933,169)	(2,782,628)
Tax at the statutory rate of 30%	(579,951)	(834,789)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	60	88,691
Non-assessable items	(62,022)	(85,497)
Tax losses (used) / unused and unrecognised	641,913	831,595
	<u>-</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>



	Consolidated	
	2016	2015
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	<u>40,509,026</u>	<u>37,477,368</u>
Potential tax benefit @ 30%	<u>12,152,708</u>	<u>11,243,211</u>

From 1 July 2005, Vango Mining Limited formed a tax consolidated group. There is presently no tax sharing or funding arrangements in place. The above potential tax benefit for losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated	
	2016	2015
	\$	\$
<i>Deferred tax assets and liabilities not recognised</i>		
Unused tax losses	12,152,708	11,243,211
Taxable temporary differences	(199,278)	554,264
Share issue costs	<u>106,449</u>	<u>160,449</u>
	<u>12,059,879</u>	<u>11,957,924</u>

The above potential tax benefit has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

10. CASH & CASH EQUIVALENTS

	Consolidated	
	2016	2015
	\$	\$
Cash at bank	<u>13,799</u>	<u>228,795</u>
	<u>13,799</u>	<u>228,795</u>



11. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2016	2015
	\$	\$
Trade receivables	35,441	9,734
Other receivables	<u>100,998</u>	<u>214,822</u>
	<u>136,439</u>	<u>224,556</u>

Impairment of receivables

Receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

12. OTHER – CURRENT

	Consolidated	
	2016	2015
	\$	\$
Funds held in trust (see note 15)	2,000,000	-
Bank guarantee for office lease	85,000	85,000
Security deposits	-	50,000
Tenement security deposit	<u>66,745</u>	<u>67,213</u>
	<u>2,151,745</u>	<u>202,213</u>

Security deposits relate to deposits required for corporate credit cards and are rolled over on a monthly basis.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2016	2015
	\$	\$
Interest in joint venture entity	<u>3,124,569</u>	<u>3,544,166</u>

Refer to note 31 for further information on interests in joint ventures.



The consolidated entity has a 49% interest in the joint venture entity Sino Australian Resources (Laos) Co. Ltd ("SARCO") which is incorporated in Laos PDR and is involved in the exploration of bauxite resources in the Bolaven Plateau in Laos.

In May 2014 the Company received an offer to enter into an option agreement for the sale of Vango's interest in SARCO from Southwest Pacific Bauxite (HK) Limited ("Southwest"), a specialised bauxite company. An option agreement was signed in September 2014 with the following terms:

1. Southwest has 12 months exclusivity from the time of entering into the Option to exercise the Option and to complete the transaction, in return for an option fee payment to Vango of \$300,000 ("Option Fee"), payable upon signing the Option;
2. If Southwest exercises the Option before the end of the exclusivity period, the parties are bound by a conditional share agreement ("SPA").
3. Vango must refund the Option fee if: (i) one of the characteristics of the Project's assets disappears or is so materially altered that it substantially alters the economic or commercial value of the transaction; or (ii) any rights of pre-emption are exercised over Vango's equity in SARCO or over any of the Project's assets by way of a change of control provision or otherwise;

If the Option had been exercised, the purchase price of Vango's SARCO interest would have been \$2 million in cash and Southwest shares with a value of \$3 million. The Option Fee would be treated as part payment of the sale price and standard escrow provisions would apply.

The option expired and the fee has been credited to the investment in SARCO.

The share of the joint venture loss after income tax for the year was \$119,597 (2015:\$195,316).

14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2016	2015
	\$	\$
Leasehold improvements - at cost	27,000	27,000
Less: Accumulated depreciation	(27,000)	(22,950)
	<u>-</u>	<u>4,050</u>
Furniture and fittings - at cost	41,524	41,524
Less: Accumulated depreciation	(41,524)	(41,524)
	<u>-</u>	<u>-</u>
Motor vehicles - at cost	72,394	72,394
Less: Accumulated depreciation	(72,394)	(72,394)
	<u>-</u>	<u>-</u>



	Consolidated	
	2016	2015
	\$	\$
Office equipment	131,725	131,725
Less: Accumulated depreciation	(131,725)	(130,159)
	<u>-</u>	<u>1,566</u>
Field equipment	283,132	283,132
Less: Accumulated depreciation	(283,132)	(263,899)
	<u>-</u>	<u>19,233</u>
	<u>-</u>	<u>24,849</u>

	Leasehold Improvements \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Office equipment \$'000	Field equipment \$'000	Total \$'000
Consolidated						
Balance at 1 July 2014	9,450	397	13,856	1,512	29,150	54,365
Additions	-	-	-	1,494	-	1,494
Depreciation expense	(5,400)	(397)	(13,856)	(1,440)	(9,917)	(31,010)
Balance at 30 June 2015	4,050	-	-	1,566	19,233	24,849
Additions	-	-	-	-	-	-
Depreciation expense	(4,050)	-	-	(1,566)	(19,233)	(24,849)
Balance at 30 June 2016	-	-	-	-	-	-

Depreciation charge includes \$0 (2015: \$0) charged to exploration and evaluation expenditure.

15. EXPLORATION AND EVALUATION EXPENDITURE

	2016	2015
	\$	\$
Exploration and evaluation - at cost	12,583,158	11,208,531
Less: Impairment	(6,875,220)	(6,875,220)
	<u>5,707,938</u>	<u>4,333,311</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:



	Exploration & Evaluation \$
Balance at 1 July 2014	2,590,991
Additions	2,583,951
Impairments	(841,631)
Balance at 30 June 2015	4,333,311
Additions	1,678,164
Disposals ⁽ⁱ⁾	(30,000)
Impairments ⁽ⁱⁱ⁾	(273,537)
Balance at 30 June 2016	5,707,938

- (i) On 27 July 2015 the Company executed a tenement purchase agreement with ABM for the sale of Vango's interest in the Suplejack tenement. The consideration for the sale was a non-refundable option fee of \$30,000 on the date of signing the agreement and a further \$10,000 on settlement date on 12 February 2016.
- (ii) Six leases were sold to Northern Star Ltd on receipt of the Northern Star Ltd waiver to allow the purchase of the remaining interest by the Company from Dampier Gold Ltd as noted in the ASX announcement dated 19 January 2016. This resulted in the impairment of accumulated expenditure on these leases.

On 19 January 2016 the Company announced that it had executed a binding Heads of Agreement with Dampier Gold Limited to acquire all of the issued capital of Dampier (Plutonic) Pty Ltd, the co-equity holder with the Company in the Plutonic Dome gold project. On 16 August 2016 an agreement for sale was executed. Consideration for the sale included an initial payment of \$2.2 million plus further payments of \$1 million each on reaching total production from the project tenements of 45,000 ozs, 100,000 ozs, 200,000 ozs and 300,000ozs, potentially an additional \$4 million. In addition the Company will pay a royalty to Dampier Gold Ltd, capped at \$2 million. The royalty will be payable on each ounce of gold sold with the royalty rate dependant on the gold price at the London Spot Fix AM (USD/oz) on the date of the mint receipt. The royalty rate will be 1% if the gold price is equal or greater than US\$1,175/oz, 2% if the gold price is equal or greater than US\$1,250/oz, 3% if the gold price is equal or greater than US\$1,400/oz and 4% if the gold price is equal or greater than US\$1,500/oz. At year end \$2 million had been placed into a trust account pending settlement of the initial payment.



16. TRADE AND OTHER PAYABLES

	Consolidated	
	2016	2015
	\$	\$
Trade payables	255,450	340,541
Other payables	877,384	646,913
	<u>1,132,834</u>	<u>987,454</u>

17. BORROWINGS

	Consolidated	
	2016	2015
	\$	\$
Current		
Convertible notes	<u>152,714</u>	<u>150,000</u>
Non Current		
Loans	<u>2,619,521</u>	<u>-</u>

On 15 June 2015 the Company raised \$150,000 via an issue of 150,000 Convertible Notes. The Convertible Notes are unsecured, convertible at \$0.02 per share at the Noteholder's election at any time after issue, accrue interest daily at a rate of 30% per annum with interest first payable 18 months after the date of issue and then on maturity, or on conversion of the notes. The Convertible Notes mature 2 years from the date of issue. During the year 35,000 notes were converted.

During the financial year the Company raised \$2,550,000 in unsecured loans. The loans accrue interest at 25% payable six months in arrears. The loans have a term of two years and the Company has a right to repay the loans at any time after 6 months. The Plutonic Dome tenements have been pledged as security for these loans.

18. PROVISIONS – CURRENT

	Consolidated	
	2016	2015
	\$	\$
Employee benefits	<u>283,907</u>	<u>65,059</u>



19. PROVISIONS – NON-CURRENT

	Consolidated	
	2016	2015
	\$	\$
Lease make good	-	2,000

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

20. CONTRIBUTED EQUITY

	2016 Shares	2015 Shares	2016 \$	2015 \$
Ordinary shares - fully paid	375,583,869	219,972,494	47,802,485	46,277,179

Movements in ordinary share capital

Details	Date	No. of shares	Issue Price	\$
Balance	1 July 2014	1,244,837,946		42,054,585
Issue of shares - rights issue	1 Aug 2014	1,508,534,685	\$0.002	3,017,069
Share consolidation	8 Dec 2014	(2,615,703,506)		-
Issue of shares - placement	19 Dec 2014	3,125,000	\$0.16	500,000
Issue of shares - Employee share plan	19 Dec 2014	12,000,000	\$0.20	-
Details	Date	No. of shares	Issue Price	\$
Issue of shares - exercise of options	21 Apr 2015	10	\$0.16	1
Issue of shares - rights issue	21 Apr 2015	1,836,234	\$0.016	29,380
Issue of shares - rights issue shortfall	15 Jun 2015	65,342,125	\$0.016	1,045,474
Share issue transaction costs		-		(369,330)
Balance	30 June 2015	219,972,494		46,277,179
Issue of shares - rights issue	16 Oct 2015	78,251,825	\$0.01	782,518.25
Issue of shares - placement	12 Jan 2016	75,060,000	\$0.01	750,600
Conversion of notes	10 June 2016	2,299,550	\$0.2	45,960
Share issue transaction costs		-		(53,772)
Balance	30 June 2016	375,583,869		47,802,485



Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Group's capital includes share capital, reserves and accumulated losses. The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the Group may issue new shares in order to meet its financial obligations. There are no externally imposed capital requirements.

21. RESERVES

	Consolidated	
	2016	2015
	\$	\$
Share based payments reserve	<u>14,067,324</u>	<u>14,067,324</u>
Consolidated		
Balance at beginning of year	14,067,324	13,780,288
Expense recognised	<u>-</u>	<u>287,036</u>
Balance at end of year	<u>14,067,324</u>	<u>14,067,324</u>
Share-based payments reserve		

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

22. ACCUMULATED LOSSES

	Consolidated	
	2016	2015
	\$	\$
Accumulated losses at the beginning of the financial year	(52,991,126)	(50,208,498)
Loss after income tax expense for the year	<u>(1,933,169)</u>	<u>(2,782,628)</u>
	<u>(54,924,295)</u>	<u>(52,991,126)</u>



23. FINANCIAL INSTRUMENTS

Financial risk management

The Group's activities expose it to a variety of financial risks: (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk in these areas is not significant enough to warrant a formalised specific risk management program.

Risk management is carried out by the Board of Directors in their day to day function as the overseers of the business.

The Group holds the following financial instruments at 30 June:

	2016	2015
Financial assets		
Cash and cash equivalents	13,799	228,795
Trade and other receivables - current	2,136,439	224,556
Other	151,745	202,213
	<u>2,301,983</u>	<u>655,564</u>
Financial liabilities		
Trade and other payables	1,392,834	987,454
Borrowings	2,772,235	150,000
	<u>4,165,069</u>	<u>1,137,454</u>

Market risk

Foreign current risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The Group does not enter into derivative financial instruments to hedge such transactions denominated in a foreign currency. At the balance sheet date, the consolidated entity had no exposure to foreign currencies, hence no sensitivity analysis has been performed.

Price risk

The Group is not exposed to any significant price risk given it does not derive revenue from sale of products. Management is aware that the fair value of mining projects can be impacted by commodity price changes (predominantly bauxite, alumina, aluminium, gold and copper) and could impact future revenues once operational.

Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:



	2016		2015	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$	%	\$
Financial assets				
Cash and cash equivalents	0.10	13,799	2.16	228,795
Short term deposits	1.06	151,745	2.04	202,213
Long term deposits	-	-	-	-
		<u>165,544</u>		<u>431,008</u>
Financial liabilities				
Borrowings	30.00	152,714	30.00	150,000
Short term loan	25.00	<u>2,619,521</u>	-	<u>-</u>
		<u>2,772,235</u>		<u>150,000</u>

The Group does not rely on the generation of interest on cash and cash equivalents to provide working capital and as a result does not consider this to be material to the Group, hence, no sensitivity analysis has been performed.

During the financial year the Company raised \$2,550,000 in unsecured short term loans. The loans accrue interest at 25% payable six months in arrears. The loans have a term of two years and the Company has a right to repay the loans at any time after 6 months.

In June 2015 the Company raised \$150,000 via an issue of 150,000 Convertible Notes. The Convertible Notes are unsecured, convertible at \$0.02 per share at the Noteholder's election at any time after issue, accrue interest daily at a rate of 30% per annum with interest first payable 18 months after the date of issue and then on maturity. The Convertible Notes mature 2 years from the date of issue. During the year 35,000 notes were converted.

Credit risk

Credit risk is the risk of financial loss to the Group if a counter party to a financial instrument fails to meet its contractual obligations. The carrying amount of cash and cash equivalents and trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash and short term liquid investments are placed with reputable banks and the Group does not have any material credit risk exposure to any single debtor or group of debtors.



Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as and when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and raising additional capital as and when needed. If the Group does not raise capital in the short term, it can continue as a going concern by reducing planned but not committed exploration expenditure until funding is available and / or entering into joint venture arrangements where exploration is funded by the joint venture partner.

Remaining contractual maturities

The table below analyses the Group's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	<6 months	>6 - 12 months	> 12 months	Total Contractual Cash Flows	Carrying Amount
30 June 2016					
Financial liabilities					
Trade and other payables	1,132,834	-	-	1,132,834	1,132,834
Borrowings	-	152,714	2,619,521	2,772,235	2,772,235
	<u>1,132,834</u>	<u>152,714</u>	<u>2,619,521</u>	<u>3,905,069</u>	<u>3,905,069</u>
30 June 2015					
Financial liabilities					
Trade and other payables	987,454	-	-	987,454	987,454
Borrowings	-	-	150,000	150,000	150,000
	<u>987,454</u>	<u>-</u>	<u>150,000</u>	<u>1,137,454</u>	<u>1,137,454</u>

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).



The Group does not have any financial instruments carried at fair value and consequently does not have any Level 1, Level 2, or Level 3 financial instruments. There were no transfers between Level 1, Level 2 or Level 3 during the current or previous period.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amount of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. Borrowings have been entered into close to year end and no significant changes in interest rates were noted that would change the fair value.

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2016	2015
	\$	\$
Short-term employee benefits	425,887	617,466
Post-employment benefits	49,207	60,403
Share-based payments	-	215,277
	<u>475,094</u>	<u>893,146</u>

25. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Group:

	Consolidated	
	2016	2015
	\$	\$
<i>Audit services – Ernst & Young</i>		
Audit or review of the financial statements	<u>44,884</u>	<u>44,884</u>

26. CONTINGENT LIABILITIES

This note provides details of the consolidated entity's contingent liabilities, based on the probability that payment is considered unlikely, along with details of contingent liabilities which our directors consider should be disclosed.



Under the name Sino Australian Resources (Laos) Co., Ltd (SARCO), the project is a joint venture between Vango (49%) and China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd (NFC) (51%). Until 30 September 2009, Vango Mining Limited solely funded all exploration activities conducted by SARCO in Laos and since 1 October 2010 NFC has been funding ongoing exploration activities.

In accordance with the Joint Venture agreement, at the time NFC's contribution has reached the level of Vango's initial contribution, both Vango and NFC are obliged to contribute their respective share of funding requirements for any further activity.

In 2012 an audit was performed by NFC in relation to Vango's contribution to the expenditures incurred by the SARCO JV from inception to 30 September 2009. At the conclusion of this audit NFC challenged a total of \$1.1 million in expenditure that is currently included as part of the total Vango contribution recorded by the Group, although a formal claim has not been made by NFC.

Vango has the contractual right to audit the NFC contributions. At this time, such an audit has not been undertaken, although any findings from such an audit may constitute a future claim by Vango on NFC. At 30 June 2016 the Group is working amicably with NFC to resolve this disputed amount.

Additional unaudited contributions by NFC to the SARCO JV have since increased Vango's contingent liability by \$1,109,000. There has been no further change in contributions to the SARCO JV and as such the contingent liability remains unchanged.

The agreement to purchase all of the issued capital in Dampier (Plutonic) Pty Ltd includes a number of contingent capital payments dependent on production from the project tenements and contingent royalty payments dependent on the gold price. Details of these contingent payments are included in note 15.

27. COMMITMENTS

	Consolidated	
	2016	2015
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	98,497
One to five years	-	-
	<u>-</u>	<u>98,497</u>

Operating lease commitments relate to contracted amounts for offices under non-cancellable operating leases which expired in January 2016. The offices are now occupied by the Company on a month to month basis. Lease payments during the financial year totalled \$190,000 (2015: \$190,000)



28. RELATED PARTY TRANSACTIONS

Parent entity

Vango Mining Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Joint ventures

Interests in joint ventures are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report in the directors' report.

Transactions with related parties

There were no other transactions with related parties in the financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

29. PARENT ENTITY INFORMATION

	Parent	
	2016	2015
	\$	\$
Current assets	2,255,232	608,345
Total assets	11,125,634	8,549,034
Current liabilities	1,560,599	1,193,657
Total liabilities	4,180,120	1,195,657



	Parent	
	2016 \$	2015 \$
Shareholders' equity		
Issued capital	47,802,485	46,277,179
Share-based payments reserve	14,067,324	14,067,324
Accumulated losses	(54,924,295)	(52,991,126)
	<u>6,945,514</u>	<u>7,353,377</u>
Loss for the year	<u>(1,933,169)</u>	<u>(17,802,658)</u>
Total comprehensive loss for the year	<u>(1,933,169)</u>	<u>(17,802,658)</u>

30. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

Name of entity	Country of incorporation	Equity holding	
		2016 %	2015 %
Tanami Northern Gold Pty Ltd	Australia	100.00	100.00
Nicholson East Pty Ltd	Australia	100.00	100.00
Nicholson West Pty Ltd	Australia	100.00	100.00
Suplejack Pty Ltd	Australia	100.00	100.00
Coolan Yard Pty Ltd	Australia	100.00	100.00
Ord River Resources (PNG) Pty Ltd	Australia	100.00	100.00
Aileigh Pty Ltd	British Virgin Islands	100.00	100.00
Carpe Diem Limited	Papua New Guinea	100.00	100.00
Tampara Limited	Papua New Guinea	100.00	100.00
Rotokas Limited	Papua New Guinea	100.00	100.00

31. INTERESTS IN JOINT VENTURES

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures is set out below:

Joint venture	Principal activities	Consolidated percentage interest	
		2016 %	2015 %
JV entity – Sino Australian Resources (Laos) Co. Ltd	Exploration of bauxite resources in the Bolaven Plateau, Laos	49.00	49.00



Information relating to the joint venture partnership is set out below.

	Consolidated	
	2016 \$'000	2015 \$'000
<i>Share of assets and liabilities</i>		
Current assets	7,755	7,449
Non-current assets	11,245	10,667
Total assets	19,000	18,116
Current liabilities	12,740	12,318
Total liabilities	12,740	12,318
Foreign exchange adjustment	728	1,434
Net assets	6,988	7,232
Proportion of the Group's ownership	49%	49%
Carrying amount of the investment	3,424	3,544

32. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 25 August 2016 the Company announced that it had completed the purchase of 100% of the issued share capital in Dampier (Plutonic) Pty Ltd. Refer to note 15 for further details on the acquisition costs.

On 26 August the Company announced a fully underwritten 1 for 2 non-renounceable issue of options over fully paid ordinary shares at \$0.001 per option. The options have an expiry date of 15 March 2018 with an exercise price of \$0.06.

Since balance date borrowings have increased by an additional \$950,000 and now total \$3.5 million.

33. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES



	Consolidated	
	2016	2015
	\$	\$
Loss after income tax expense for the year	(1,933,169)	(2,782,628)
Adjustments for:		
Depreciation and amortisation	24,849	31,010
Equity-settled share based payments	-	287,036
Net gain on sale of tenement	(10,000)	-
Impairment of exploration and evaluation assets	273,537	841,631
Interest on convertible note capitalised	118,224	-
Option fee	-	(100,000)
Share of loss of joint venture entity	119,597	195,316
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	(25,707)	115,422
(Decrease)/increase in trade and other payables	285,551	(164,301)
(Decrease)/increase in provisions	(41,152)	(40,151)
Net cash used in operating activities	<u>(1,188,270)</u>	<u>(1,616,665)</u>

34. EARNINGS/(LOSS) PER SHARE

	Consolidated	
	2016	2015
Loss after income tax expense for the year attributable to the owners of Vango Mining Limited	<u>(1,933,169)</u>	<u>(2,782,628)</u>
Basic loss per share (cents)	<u>(0.62)</u>	<u>(1.92)</u>
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	<u>310,123,209</u>	<u>145,112,135</u>

Basic earnings/(loss) per share (EPS) is calculated by dividing the net profit/(loss) attributable to ordinary shareholders for the reporting period, after excluding any costs of servicing equity (other than ordinary shares), by the weighted average number of ordinary shares of the Company. Other potential ordinary shares have not been included in the calculation of diluted earnings per share as they are not considered dilutive.

35. SHARE-BASED PAYMENTS



Year ended 30 June 2016 share-based payments

Nil

Year ended 30 June 2015 share-based payments

Share Plan

At the Annual General Meeting of shareholders, held 28 November 2014, shareholders approved the issue of shares to directors under the Vango Mining Employee Loan Share Plan ("Share Plan").

On 19 December 2014, incentive shares were issued to employees, contractors of the Company and the directors at \$0.20 each. Each participant received a loan from the Company to fund the subscription price for those shares in accordance with the terms and conditions of the Share Plan. The loan will be non-recourse and the repayment term of each loan to the eligible participants is five (5) years. The loans are interest free. The shares are currently under a Company-imposed trading lock until such time as each participant has repaid the loan. A full summary of the Share Plan was set out in the Notice of Meeting dated 24 October 2014.

Accounting Standards require that shares issued under employee incentive share plans in conjunction with non-recourse loans are to be accounted for as options. As a result, the amounts receivable from the eligible participants in relation to these loans have not been recognised in the financial statements. Shares issued under this Share Plan are recognised as shares issued at nil value (Refer to Note 20 Contributed Equity) with a share based payment expense recognised in the Statement of Comprehensive Income based on an estimated fair value using the Black-Scholes option pricing model (see below).

The following table lists the inputs to the model used:

Number of shares granted	12,000,000
Issue Date	19-Dec-14
Dividend yield	0%
Share price at date of grant	\$0.03
Issue price	\$0.20
Volatility	150.73%
Risk free interest rate	2.45%
Expiration period	5 years
Expiry date	19-Dec-19
Black & Scholes valuation	\$0.0239

Volatility was determined based on the volatility of the share price of the Company for the 5 years prior to issue.



As there are no vesting conditions the total expense has been recognised in the financial year. The expense recognised under the Share Plan during the year ended 30 June 2015 was \$287,036.

Set out below is a summary of the terms and conditions of the shares issued under the Share Plan:

- a. Each share entitles the holder to one share in the Company;
- b. Shares have been issued at \$0.20 each on 19 December 2014;
- c. Each Eligible Participant has received a loan from the Company to fund the subscription price for those shares;
- d. The Loan Term and the manner for making such payments shall be determined by the Board and set out in the invitation;
- e. The Loan Term expires on 19 December 2019;
- f. An Eligible Participant may not sell or otherwise deal with a plan Share until the Loan Amount in respect of that plan Share has been repaid;
- g. An Eligible Participant must repay the Loan in full prior to expiry of the Loan Term;
- h. The Company shall have a lien over the Plan Shares in respect of which the Loan Amount is outstanding and the Company shall be entitled to sell those Plan Shares in accordance with the terms of the Plan;
- i. Loans must be made solely to the Eligible Participant and in the name of the Eligible Participant;
- j. Loans will be non-recourse and interest free;
- k. The Company will not meet any costs in relation to the sale of Plan Shares; and
- l. Any plan Shares issued under the Plan will rank equally in all respects (other than with respect to any restrictions on transfer specified in the plan or otherwise imposed by the Board).



In the Directors' opinion:

- a) the financial statements and notes set out on pages 40 to 79 are in accordance with the Corporations Act 2001, including:
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the financial year ended on that date, and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(c) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board of Directors

Bruce McInnes
Executive Chairman

28 September 2016

Independent auditor's report to the members of Vango Mining Limited

Report on the financial report

We have audited the accompanying financial report of Vango Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of Vango Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Material Uncertainty Regarding Continuation as a Going Concern

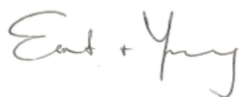
Without qualifying our opinion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters, there is significant uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Vango Mining Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Scott Jarrett
Partner
Sydney
28 September 2016



Additional information as required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below.

1. Number of Holders of each class of equity security and the voting rights attached as at 23 September 2016

Class of Security	No. of Holders	Voting Rights Attached
Ordinary Shares	2,549	Each shareholder is entitled to one vote per share held
Unlisted Options - \$0.26	2	There are no voting rights attached to these options

2. Distribution of fully paid ordinary shareholders and option holders as at 23 September 2016

Range of Holding	Fully paid ordinary shares	Unlisted options exercisable at \$0.26 on or before 7 Mar 17
1-1,000	961	-
1,001 – 5,000	578	-
5,000 – 10,000	215	-
10,001 – 100,000	505	-
100,001 - over	206	2
	2,465	2

3. Holders of non-marketable parcels as at 23 September 2016

Holders of non-marketable parcels are deemed to be those who shareholding is valued at less than \$500.

- There are 1,732 shareholders who hold less than a marketable parcel of shares.
- The number of fully paid ordinary shareholdings held in less than marketable parcels is 3,202,511.

4. Substantial shareholders as at 23 September 2016

Shareholder	Number Shares Held	Percentage
Mrs Zhenzhu Zhang	48,478,106	12.907%
Real Australia Pty Ltd <The Jehiel Family A/C>	47,141,463	12.552%
Mr Ruogu Ma	34,520,600	9.191%
Mr Christopher Kuznetsoff	31,655,823	8.428%
Brook & Valley Pty Ltd	25,132,500	6.692%



5. Twenty largest shareholders of quoted ordinary shares as at 23 September 2015

	Shareholder Name	Number of Shares	Percentage of Issued Capital
1.	Mrs Zhenzhu Zhang	48,478,106	12.907%
2.	Real Australia Pty Ltd <The Jehiel Family A/C>	47,141,463	12.552%
3.	Mr Ruogu Ma	34,520,600	9.191%
4.	Mr Christopher Kuznetsoff	31,655,823	8.428%
5.	Brook & Valley Pty Ltd	25,132,500	6.692%
6.	Kris Sales	10,000,000	2.663%
7.	Mr Xiaoyue Dou	10,000,000	2.663%
8.	Mr Feng Zhu & Mr Jing Jiang Zhu <Banzai Super Fund A/C>	9,315,130	2.480%
9.	MR Shengqiang Zhou	9,295,071	2.475%
10.	Thelma Jean Superannuation P/L <Thelma Jean Super Fund A/C>	6,348,020	1.690%
11.	B & K McInnes Superannuation Fund Pty Ltd	6,211,352	1.654%
12.	Ms Martine Beaumont	5,632,112	1.500%
13.	Ms Michelle Le Pavoux	5,000,000	1.331%
14.	Mr John Francis Griffin	4,617,500	1.229%
15.	Mr Mark Camilleri & Mrs Victoria Camilleri <Camilleri Super Fund A/C>	4,121,865	1.097%
16.	MR Feng Zhu	4,000,000	1.065%
17.	Mr Shengqiang Zhou	3,636,000	0.968%
18.	Mr Feng Zhu	3,437,306	0.915%
19.	Ms Si Zhou	3,287,037	0.875%
20.	Mr Guy Nicholas Shallard	2,892,240	0.770%
	Totals for Top 20	148,188,117	67.367%

6. Unquoted Securities as at 23 September 2016

There are 250,000 unquoted options exercisable at \$0.26 each and expiring on 7 March 2017 held by 2 holders on issue.

Details of holders of these unquoted options holding more than 20% are below:

Optionholder Name	Number of Options	Percentage
Mr William Thomas Dunbar	125,000	50.0
Mr Shengqiang Zhou	125,000	50.0



7. Restricted Securities - Employee Loan Share Plan

On 20 December 2013, Shareholders approved the implementation of the "Ord River Resources Employee Loan Share Plan" (Share Plan). An Eligible Participant who is invited to subscribe for Share Plan shares may also be invited to apply for a non-recourse loan up to the amount payable in respect of the shares accepted by the Eligible Participant.

There are currently 7,000,000 shares that have been issued under this Share Plan with the subscription price of \$0.16 per share and 12,000,000 shares that have been issued under this Share Plan with the subscription price of \$0.20, having been funded by the Company for these shares in accordance with the terms and conditions of the Share Plan. These shares are currently under a Company-imposed trading lock until such a time as the loan has been repaid.

While these are issued shares for legal and taxation purposes, Accounting Standards require they be recognised as shares issued at nil value and accounted for as options with a share-based payment expense to the Company. The repayment term of each loan to the Eligible Participant is five (5) years. The loans are interest free. A full summary of the Share Plan was set out in the Notice of Meeting dated 20 November 2013.

8. Share buy-backs

There is no current on-market buy-back in place.

9. Interest in Mining Licence

The Company is an exploration entity, below is a list of its interest in licences, where the licences are situated and the percentage of interest held.

Project	Location	Tenement	% Held at End of Quarter	% Acquired During Quarter	% Disposed During Quarter	Status
Plutonic Dome	Western Australia	E52/2071	100 ¹	-	-	Granted
		E52/2072	100 ¹	-	-	Granted
		M52/183	100 ¹	-	-	Granted
		M52/217	100 ¹	-	-	Granted
		M52/218	100 ¹	-	-	Granted
		M52/219	100 ¹	-	-	Granted
		M52/220	100 ¹	-	-	Granted
		M52/226	100 ¹	-	-	Granted
		M52/227	100 ¹	-	-	Granted
		M52/228	100 ¹	-	-	Granted
		M52/229	100 ¹	-	-	Granted
		M52/230	100 ¹	-	-	Granted
		M52/231	100 ¹	-	-	Granted
		M52/232	100 ¹	-	-	Granted



Project	Location	Tenement	% Held at End of Quarter	% Acquired During Quarter	% Disposed During Quarter	Status
		M52/233	100 ¹	-	-	Granted
		M52/234	100 ¹	-	-	Granted
		M52/235	100 ¹	-	-	Granted
		M52/246	100 ¹	-	-	Granted
		M52/247	100 ¹	-	-	Granted
		M52/257	100 ¹	-	-	Granted
		M52/258	100 ¹	-	-	Granted
		M52/259	100 ¹	-	-	Granted
		M52/269	100 ¹	-	-	Granted
		M52/270	100 ¹	-	-	Granted
		M52/278	100 ¹	-	-	Granted
		M52/279	100 ¹	-	-	Granted
		M52/291	100 ¹	-	-	Granted
		M52/292	100 ¹	-	-	Granted
		M52/293	100 ¹	-	-	Granted
		M52/299	100 ¹	-	-	Granted
		M52/303	100 ¹	-	-	Granted
		M52/304	100 ¹	-	-	Granted
		M52/305	100 ¹	-	-	Granted
		M52/306	100 ¹	-	-	Granted
		M52/320	100 ¹	-	-	Granted
		M52/321	100 ¹	-	-	Granted
		M52/323	100 ¹	-	-	Granted
		M52/366	100 ¹	-	-	Granted
		M52/367	100 ¹	-	-	Granted
		M52/369	100 ¹	-	-	Granted
		M52/370	100 ¹	-	-	Granted
		M52/396	100 ¹	-	-	Granted
		M52/478	100 ¹	-	-	Granted
		M52/572	100 ¹	-	-	Granted
		M52/593	100 ¹	-	-	Granted
		M52/654	100 ¹	-	-	Granted
		M52/748	100 ¹	-	-	Application
		M52/779	100 ¹	-	-	Granted
		M52/780	100 ¹	-	-	Granted
		M52/781	100 ¹	-	-	Application
		M52/782	100 ¹	-	-	Application



Project	Location	Tenement	% Held at End of Quarter	% Acquired During Quarter	% Disposed During Quarter	Status
		P52/1220	100 ¹	-	-	Granted
		P52/1221	100 ¹	-	-	Granted
		P52/1222	100 ¹	-	-	Granted
		P52/1223	100 ¹	-	-	Granted
		P52/1393	100 ¹	-	-	Granted
SARCO	Laos	Yuqida	17.15 ²	-	-	Granted
		LSI66	25 ²	-	-	Granted

Notes:

¹ On 16 August 2016 the Company executed an agreement to purchase all of the shares in Dampier Plutonic Pty Ltd (DPPL) which held the balance of the interest in the Plutonic Dome tenements. The purchase has since been settled and the Company has full ownership of the Plutonic Dome tenements.

² The SARCO (Sino Australian Resources Co., Limited) is a joint venture between Vango (49%) and NFC-China (51%). LSI66 is 51% owned by SARCO and Yuqida is 35% owned by SARCO (moving to 49% post grant of mining lease). The 17.15% interest held in Yuqida and 25% LSI66 represents the ultimate beneficial ownership by Vango.