

ASX ANNOUNCEMENT

20 September 2018

DAMPIER GOLD REAFFIRMS ITS ADVICE THAT SHAREHOLDERS SHOULD TAKE NO ACTION IN RELATION TO VANGO'S UNSOLICITED CONDITIONAL SCRIP TAKEOVER OFFER

Dampier Gold Limited (ASX:DAU) reaffirms its advice to shareholders to **TAKE NO ACTION** on the unsolicited conditional scrip takeover offer from Vango Mining Limited (ASX:VAN) following receipt of a Bidder's Statement on 17th September 2018.

Dampier is in the process of reviewing the Bidder's Statement and offer and preparing a Target's Statement which will set out, in detail, its formal recommendation and until that time we advise shareholders to TAKE NO ACTION.

The Board is of the view that the timing of the announcement and lodgement of the Bidder's Statement is a direct response to the dispute between Dampier and Vango in respect of the K2 Gold Mine Project Joint Venture which has not been resolved. Dampier will provide additional guidance on the status of that dispute shortly.

As to the position of Vango, the Board of Dampier notes that **Vango has consistently demonstrated material financial uncertainty.**

It is noted that:

- as at 31 December 2017 (being the most recent financial information released by Vango), Vango had:
 - total current assets of only \$1.13m, including \$1.04m in cash
 - \$7.7m in current liabilities
 - \$13.7m in total liabilities; and
 - an additional \$1.1m contingent liability, due to another joint venture dispute
- Vango's cash position at 30 June 2018 was only \$36,000
- in Vango's most recent half yearly results, the company's auditors emphasised material uncertainty relating to Vango's ability to continue as a going concern
- Vango's operating cash burn rate was \$1m in the quarter to 31 March 2018 and \$2m in the quarter to 30 June 2018
- substantial borrowings of Vango are on a short term basis, with interest rates of up to 25%
- subsequent quarterly reporting has shown Vango has since increased borrowings by an additional \$1.7m

- Vango has a long-term history of dilutive capital raisings, share consolidations and a reliance upon unsecured loans (convertible notes) with interest rates of up to 25%

In order to improve its financial position, Vango proposes to:

- convert \$5.4m of unsecured debt owed to directors and other third parties to equity
- to issue a further \$2.5m convertible note to a substantial shareholder

However, even after these measures it is unclear whether or not Vango will have the financial resources to meet its obligations, overheads and exploration commitments without a further near-term capital raising, which presents risk of further dilution to all Vango shareholders.

Accordingly, the Board of Dampier advises shareholders to take no action whilst it is reviewing the Vango offer and preparing the Target's Statement.

Dampier also refers to Vango's ASX announcement dated 17 September 2018, wherein Vango stated as follows: "In the event that Vango acquires 100% of Dampier Gold, former Dampier Gold Shareholders will represent approximately 7% of Vango's expanded issued share capital." This statement is incorrect.

An analysis of both the issued and unissued share capital of Vango (as set out in pages 31-33 (inclusive) of the Bidder's Statement) reveals that on a fully diluted basis Vango's share capital will expand from the current 492,932,464 shares to a total of 705,038,437 shares (including the 34,182,897 shares that would be issued by Vango pursuant to the takeover offer). As such, in the event that Vango acquires 100% of Dampier, **Dampier shareholders will represent only 4.84% of Vango's expanded share capital and not "approximately 7%" as incorrectly announced by Vango.**

Furthermore, the offer premium claimed by Vango is completely reliant on the changing share prices of both Vango and Dampier.

Dampier confirms that pending completion of its Target's Statement, that shareholders **TAKE NO ACTION** in relation to Vango's conditional scrip takeover offer.

Malcolm Carson
Chairman