

**ASX ANNOUNCEMENT**  
**25th October 2018**

**REPLACEMENT TARGET'S STATEMENT**

Dampier Gold Limited (ACN 141 703 399) (**Dampier**) has today lodged its Replacement Target's Statement with the Australian Securities and Investments Commission (**ASIC**) and the Australian Securities Exchange (**ASX**) in relation to the off-market takeover offer by Vango Mining Limited (ACN 108 737 711) (**Vango**) for all of the fully paid ordinary shares in the capital of Dampier (**Offer**).

A copy of the Replacement Target's Statement is attached to this announcement.

The Replacement Target's Statement has also been given to Vango and is in the process of being dispatched to Dampier Shareholders in accordance with the *Corporations Act 2001* (Cth).

**Background**

Dampier lodged its original target's statement in relation to Offer with ASIC and provided a copy to ASX on 18 October 2018 (**Original Target's Statement**).

ASX raised concerns with some of the disclosures contained in the Original Target's Statement. To address ASX's concerns, Dampier made amendments to the Original Target's Statement and released it by way of the supplementary target's statement lodged with ASIC and provided to ASX on 19 October 2018 (**First Supplementary Target's Statement**).

In accordance with relief granted by ASIC, Dampier was subsequently required to amend the First Supplementary Target's Statement and the amended version of the Original Target's Statement (by way of a Second Supplementary Target's Statement) to include wording that signifies that the amended version of the Original Target's Statement is a 'replacement target's statement' and to make reference to the date that it is lodged with ASIC (**Replacement Target's Statement**).

As stated above, a copy of the Replacement Target's Statement is attached to this announcement.

The Original Target's Statement and the First Supplementary Target's Statement should be disregarded, and Dampier advises Dampier Shareholders to refer to and rely on the Replacement Target's Statement attached to this announcement.

None of the Original Target's Statement, First Supplementary Target's Statement or Second Supplementary Target's Statement have been sent to Dampier Shareholders by post. Dampier Shareholders will only receive a physical copy of the Replacement Target's Statement.

### Director Recommendation

The Board of Dampier unanimously recommend that you **REJECT** the inadequate and opportunistic Offer from Vango **BY TAKING NO ACTION**.

In considering the Board of Dampier's recommendation, Dampier Shareholders should review the comprehensive information provided in the Replacement Target's Statement lodged today and attached to this announcement.

Dampier has established a Shareholder Information Line which Dampier Shareholders may call if they have any queries in relation to Vango's Offer. The telephone number for Dampier's Shareholder Information Line is 1300 361 735 (for calls made from within Australia) or +61 1300 361 735 (for calls made from outside Australia) between 9:00 am and 5:00 pm (Perth time) Monday to Friday.

Further information relating to Vango's Offer can be obtained from Dampier's website at [www.dampiergold.com](http://www.dampiergold.com) or the ASX announcements platform at [www.asx.com.au](http://www.asx.com.au) (ASX:DAU).

- END -



dampiergold

**Dampier Gold Limited**  
(ACN 141 703 399)

# Replacement Target's Statement

In response to the offer by Vango Mining Limited (ACN 108 737 711) to acquire all of your ordinary shares in Dampier Gold Limited.

**The Directors of Dampier Gold Limited unanimously recommend that you**

**REJECT**

**the inadequate and opportunistic Offer from Vango Mining Limited**

**BY TAKING NO ACTION**

**STEINPREIS PAGANIN**   
Lawyers & Consultants

**Legal Adviser**

## **IMPORTANT INFORMATION**

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with this document, you should consult your financial, legal or other professional adviser without delay.

**This Replacement Target's Statement is dated 25 October 2018 and replaces the Original Target's Statement dated 18 October 2018 and the Supplementary Target's Statement dated 19 October 2019.**

The Directors of Dampier Gold Limited unanimously recommend that you

**REJECT**

the inadequate and opportunistic Offer from Vango Mining Limited

**BY TAKING NO ACTION**

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1. **Vango's Offer is inadequate, opportunistic, designed to frustrate Dampier's legitimate rights under the K2 Joint Venture and avoid paying up to \$6 million in contingent deferred consideration to Dampier** Refer to page 10

- Vango is seeking to use its recently high share price to cheaply:
  - acquire Dampier's interest of up to 50% in the K2 Project (worth at least \$19 million based on Vango's DFS)<sup>1</sup>;
  - acquire Dampier's cash balance (\$1.95 million as at 30 June 2018);
  - avoid up to \$6 million in contingent payments to Dampier; and
  - avoid a costly dispute with Dampier.

2. **Vango Shares carry significantly increased project risk** Refer to page 11

- Vango and Dampier both have an interest in the K2 Project, which is the most advanced project in Vango's portfolio.
- If you accept the Offer and receive Vango Shares, you will be diluting your interest in the K2 Project and taking on greater exposure to Vango's less developed and riskier project portfolio.
- Other than the K2 Project, which is near to development, Vango will need considerable exploration and resource evaluation capital in order to advance any of the Plutonic Dome Gold Projects.
- Trident, Vango's next more developed project, has well known and significant technical extraction risks which may make it difficult, if not impossible, to mine.

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<sup>1</sup> Vango ASX release, 14 February 2017, "Vango Releases Highly Positive DFS Upgrade."

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**3. There is material uncertainty regarding Vango's ability to continue to as a going concern** **Refer to page 12**

- As at 30 June 2018, Vango had \$365,514 in current assets and \$14,712,764 in current liabilities.
- Vango increased its non-current provision for mining rehabilitation at the Plutonic Dome Gold Project to \$5.4 million as at 30 June 2018 and does not currently have the funds to cover this obligation.
- In Vango's most recent Annual Report, Vango's auditors drew attention to material uncertainty relating to the company's ability to continue as a going concern.
- Subsequent to 30 June 2018, Vango raised approximately \$5.25 million before transaction costs, converted \$5.4 million in high cost debt to equity and issued an additional \$2.5 million in convertible notes. Despite these movements it is estimated that Vango still has a working capital (current assets less current liabilities) deficiency of \$5.6 million, raising material uncertainty about Vango's ability to meet its debt as and when they fall due.

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**4. Vango has a history of dilutive and uncommercial funding arrangements and share issues** **Refer to page 13**

- As a result of Vango's financial position, ongoing capital raising will be required to sustain Vango's ability to meet its commitments. There is no guarantee that Vango Shares will remain at their current level, or that Vango will be able to raise capital at the current share price.
- Vango Shares are tightly held with low liquidity – the recent trading price of Vango Shares may not be representative of an efficient market and Dampier Shareholders who accept the Offer may not be able to realise their investment at the current price.
- Vango's recent capital raisings have involved substantial related party transactions and debt conversion arrangements with the largest shareholders of the company, with related parties and large shareholders benefitting from the best capital raising terms. Smaller Vango shareholders may not be invited to participate in all capital raising rounds and face significant risk of ongoing dilution.

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**5. Accepting Vango's Offer will expose you to the risk that Vango may be required to pay a substantial amount to Dampier in potential damages and other costs** **Refer to page 16**

- Dampier believes it has strong grounds to pursue Vango for its legal rights under the K2 Joint Venture. It is Dampier's intention to continue to pursue its rights to earn its interest in the K2 Project or seek compensation.

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**6. Vango has a previously undisclosed significant contingent liability from a potential claim for breach of contract from Superior Gold**

Refer to  
page 16

- If you accept the Offer and receive Vango Shares, you will be exposed to the risk that Vango will be required to pay a substantial amount to Superior Gold in potential damages and other costs.
- Dampier believes that the remedy for a breach of Superior Gold's right of first refusal is likely to be damages for breach of contract in the amount of the net value of a 50% interest in the K2 Project.

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**7. Accepting Vango's Offer may deprive you of the ability to consider an alternative proposal, should one emerge**

Refer to  
page 17

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You should read this Replacement Target's Statement in its entirety for further information on the reasons why the Dampier Directors recommend that Dampier Shareholders reject the Offer.

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## IMPORTANT NOTICES

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**To REJECT the Offer, you should TAKE NO ACTION in relation to all correspondence sent to you by Vango.**

### **Nature of this document**

This document is a Replacement Target's Statement issued by Dampier Gold Limited (ACN 141 703 399) under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by Vango Mining Limited (ACN 108 737 711) for all the ordinary shares in Dampier.

This Replacement Target's Statement replaces the Original Target's Statement dated 18 October 2018 and the Supplementary Target's Statement dated 19 October 2018.

### **ASIC lodgement**

This Replacement Target's Statement is dated 25 October 2018 and was lodged with the ASIC and given to ASX on that date. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the contents of this Replacement Target's Statement.

### **Defined terms**

A number of defined terms are used in this Replacement Target's Statement. These terms are explained in section 11.1 of this Replacement Target's Statement. In addition, unless the contrary intention appears, or the context requires otherwise, words and phrases used in this Replacement Target's Statement and defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

### **No account of personal circumstances**

This Replacement Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. Your Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

### **Disclaimer as to forward looking statements**

Some of the statements appearing in this Replacement Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and

uncertainties include factors and risks specific to the industry in which Dampier operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Dampier, Dampier's officers and employees, any persons named in this Replacement Target's Statement with their consent or any person involved in the preparation of this Replacement Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Replacement Target's Statement reflect views held only as at the date of this Replacement Target's Statement.

### **Disclaimer as to information**

The information on Vango and the Vango Group contained in this Replacement Target's Statement has been prepared by Dampier using publicly available information, and has not been independently verified by Dampier. Accordingly, Dampier does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

### **Foreign jurisdictions**

The release, publication or distribution of this Replacement Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Replacement Target's Statement has been prepared in accordance with Australian law and the information contained in this Replacement Target's Statement may



not be the same as that which would have been disclosed if this Replacement Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

### **Photographs and Diagrams**

Photographs used in this Replacement Target's Statement which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Replacement Target's Statement or its contents or that the assets shown in them are owned by Dampier or Vango. Diagrams used in this Replacement Target's Statement are illustrative only and may not be drawn to scale.

### **Privacy**

Dampier has collected your information from the Dampier register of Dampier Shareholders

for the purpose of providing you with this Replacement Target's Statement. The type of information Dampier has collected about you includes your name, contact details and information on your shareholding in Dampier. Without this information, Dampier would be hindered in its ability to issue this Replacement Target's Statement. The Corporations Act requires the name and address of Dampier Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Dampier's Related Bodies Corporate and external service providers (such as the share registry of Dampier and print and mail service providers) and may be required to be disclosed to regulators such as ASIC and the ASX. If you would like details of information about you held by Dampier, please contact Dampier's Shareholder Information Line. Calls to the Shareholder Information Line may be recorded.

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## KEY DATES

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Announcement of Offer	17 September 2018
Bidder's Statement lodged with ASIC and ASX	
First Supplementary Bidder's Statement and Replacement Bidder's Statement lodged with ASIC and ASX	15 October 2018
Second Supplementary Bidder's Statement lodged with ASIC and ASX	15 October 2018
Commencement of Offer Period (date of Vango's Offer)	15 October 2018
Date of this Replacement Target's Statement	25 October 2018
Date for Vango to provide Notice of Status of Conditions <sup>1</sup>	9 November 2018
Close of Offer Period (unless extended or withdrawn) <sup>2</sup>	7:00pm (Sydney time) on 16 November 2018

1. If the Offer Period is extended, this date will be taken to be postponed for the same period.
2. This date is indicative only and may be changed as permitted by the Corporations Act.

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## DAMPIER SHAREHOLDER INFORMATION

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Dampier has established a Shareholder Information Line which Dampier Shareholders may call if they have any queries in relation to Vango's Offer. The telephone number for Dampier's Shareholder Information Line is 1300 361 735 (for calls made from within Australia) or +61 1300 361 735 (for calls made from outside Australia) between 9:00 am and 5:00 pm (Perth time) Monday to Friday.

Further information relating to Vango's Offer can be obtained from Dampier's website at [www.dampiergold.com](http://www.dampiergold.com) or the ASX announcements platform at [www.asx.com.au](http://www.asx.com.au) (ASX:DAU).



25 October 2018

Dear Dampier Shareholders

**REJECT VANGO'S OFFER FOR YOUR DAMPIER SHARES BY TAKING NO ACTION**

On 17 September 2018, Vango announced an unsolicited off-market takeover bid for all of the Dampier Shares it does not already own or control of 2 Vango Shares for every 7 Dampier Shares held (**Offer**).

Your Directors have carefully considered the Offer and, for the reasons set out below:

- consider that Vango's Offer is **INADEQUATE** and **OPPORTUNISTIC**; and
- unanimously recommend that you **DO NOTHING** and **REJECT** the Offer.

The principal reasons for your Directors' recommendation are:

1. **Vango's Offer is inadequate, opportunistic, designed to frustrate Dampier's legitimate rights under the K2 Joint Venture and avoid paying up to \$6 million in contingent deferred consideration to Dampier**
2. **Vango Shares carry significantly increased project risk**
3. **There is material uncertainty regarding Vango's ability to continue to as a going concern**
4. **Vango has a history of uncommercial funding arrangements and shareholders are exposed to significant ongoing dilution risk**
5. **Accepting Vango's Offer will expose you to the risk that Vango may be required to pay a substantial amount to Dampier in potential damages and other costs**
6. **Vango has a previously undisclosed significant contingent liability under a potential claim for breach of contract from Superior Gold**
7. **Accepting Vango's Offer may deprive you of the ability to consider an alternative proposal, should one emerge**

These reasons for recommending that you **REJECT** the Offer are discussed in more detail in section 1 of this Replacement Target's Statement.

Each Director intends to reject the Offer in respect of the Dampier Shares they own, or control. As at the date immediately before the date of this Replacement Target's Statement, the Directors have voting power of approximately 11.25% of Dampier's issued share capital.

As at the date immediately before the date of this Replacement Target's Statement, Vango has voting power of approximately 9.13% of Dampier's issued share capital.

## Further information

In considering whether to reject the Offer, the Directors encourage you to:

- read the whole of this Replacement Target's Statement and the Replacement Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the choices available to you as outlined in section 4 of this Replacement Target's Statement;
- carefully consider the risks set out in section 9 of this Replacement Target's Statement; and
- obtain personal advice from your broker, financial adviser, accountant, lawyer or other professional adviser on the effect of accepting the Offer.

Your Directors recommend that you reject this inadequate Offer.

To **REJECT** the Offer you should simply **DO NOTHING** and take **NO ACTION** in relation to all documents sent to you by Vango.

Dampier will keep Dampier Shareholders informed of any material developments in relation to the Offer through releases to the ASX (which will also be published on Dampier's website [www.dampiergold.com](http://www.dampiergold.com)).

I encourage you to read this document carefully and in its entirety. If you need any more information I recommend that you seek professional advice or call Dampier's Shareholder Information Line between 9:00am and 5:00pm (Perth time) Monday to Friday.

Yours sincerely



**Malcolm Carson**  
**Chairman**  
**For and on behalf of**  
**Dampier Gold Limited**

**The Directors of Dampier Gold Limited unanimously recommend that you**

**REJECT**

**Vango's Offer and take no action.**

**Vango's Offer is opportunistic and inadequate.**

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## 1. WHY YOU SHOULD REJECT THE OFFER

### 1.1 Vango's Offer is inadequate, opportunistic, designed to frustrate Dampier's legitimate rights under the K2 Joint Venture and avoid paying up to \$6 million in contingent deferred consideration to Dampier

Dampier and Vango (through Vango's wholly owned subsidiary DPPL) are in a joint venture in relation to the K2 Project (**K2 Joint Venture**) pursuant to a Binding Terms Sheet (**Binding Terms Sheet**) dated 12 May 2017.

Under the Binding Terms Sheet, Dampier has the right to earn up to a 50% interest in the K2 Joint Venture by incurring \$3 million in project expenditure. As at the date of this Replacement Target's Statement, Dampier has earned a 4.1% interest in the K2 Joint Venture.

**Vango's latest announced definitive feasibility study (DFS) ascribed an NPV of \$19 million to the K2 Project at a gold price of A\$1,579.<sup>2</sup> Dampier notes the current gold price is now A\$1,726. At current gold prices, the development of the K2 Project is considered to be commercially viable and robust (subject to further definition of reserves, geotechnical studies and metallurgical studies).**

As part of Vango's original acquisition of the Plutonic Dome Gold Project from Dampier, Vango agreed to pay up to \$6 million in contingent deferred consideration to Dampier. Details of this contingent deferred consideration are set out in section 6.8.2 of this Replacement Target's Statement. Dampier believes that the Offer is an effort by Vango to avoid making these payments to Dampier should the K2 Project go into production.

Based on the closing price of 19.5 cents for Vango Shares on the last Trading Day prior to the Announcement Date, acquiring 100% of Dampier for 34,182,897 Vango Shares equates to \$6,665,664 in share value. **It is Dampier's view that Vango is seeking to use its recently high share price to cheaply:**

- **acquire Dampier's interest of up to 50% in the K2 Project;**
- **acquire Dampier's cash balance (\$1.95 million as at 30 June 2018);**
- **avoid up to \$6 million in contingent payments to Dampier; and**
- **avoid a costly dispute with Dampier.**

**For these reasons, the Offer is inadequate and opportunistic.**

Dampier asserts that Vango is not complying with the Binding Terms Sheet, and on 10 August 2018 Dampier announced that it has issued a 'Notice of Dispute' to Vango in relation to the K2 Joint Venture. Principally, the Joint Venture Committee to be formed pursuant to the Binding Terms Sheet has not approved expenditure tranches for the development of the K2 Project to enable Dampier to spend funds required to increase its joint venture interest from 4.1% currently up to 50% (**Dispute**).

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<sup>2</sup> Vango ASX release, 14 February 2017, "Vango Releases Highly Positive DFS Upgrade."

Vango has failed to cooperate with Dampier in approving expenditure tranches for the development of the K2 Project. Dampier believes that the Offer is a further effort by Vango to frustrate Dampier's rights under the Binding Terms Sheet.

**Dampier believes it has strong grounds to pursue Vango for its legal rights under the K2 Joint Venture. It is Dampier's intention to continue to pursue its rights to earn its interest in the K2 Project or seek compensation.**

## 1.2 Vango Shares carry significantly increased project risk

The Dampier Board considers that the K2 Project is the most advanced project in Vango's portfolio.

If you accept the Offer and receive Vango Shares, in effect you will be diluting your interest in the more advanced K2 Project and taking on greater exposure to Vango's less developed and riskier project portfolio.

The Dampier Board notes the following in relation to Vango's Trident Project, on which it appears recent positive moves in the price for Vango Shares are based:

- the Trident deposit has well known and significant technical extraction risks which may make it difficult, if not impossible, to mine. In particular:
  - the geology and extreme deformation in the ultramafic host to the Trident mineralisation (the sequence is extremely sheared and folded with very high-water flows into the host stratigraphy) give rise to significant concerns regarding the ability of the mineralisation to be extracted by underground mining methods;
  - the geotechnical aspects of the mineralisation are likely to provide extremely poor ground conditions for underground mining; and
  - previous attempts to access the deposit via a box cut and decline were unsuccessful primarily due to very high-water inflow into the decline;
- 56% of the existing mineral resource estimate for Trident is in the Inferred Resource category, which represents the lowest level of confidence;
- the existing mineral resource estimate for Trident was reported by Dampier (when it owned the Plutonic Dome Gold Project, which includes the Trident deposit) under the 2004 JORC Code;
- given the geological and geotechnical concerns referred to above, it can be expected that any underground mining would be subject to very high dilution of the ore with the surrounding barren or low-grade host rock. This means there may be concerns regarding the Trident mineralisation being able to be classified as a resource under the 2012 JORC Code;
- recent drilling by Vango has focused on the potential resource extensions to the main Trident deposit and as such most of the recent drilling is along strike and below the current resource estimates; and
- to properly assess Trident, detailed exploration and geotechnical work is required which is expected to be at a significant cost.

**Dampier believes there is considerable risk that the Trident project is likely to be uneconomic due to geotechnical issues.**

### **1.3 There is material uncertainty regarding Vango's ability to continue to as a going concern**

Vango's ability to continue as a going concern is uncertain.

Refer to section 8.4 of this Replacement Target's Statement for Vango's balance sheet, presented on a proforma basis to adjust for estimated events subsequent to 30 June 2018. It is noted that the pro forma balance sheet presented in Vango's Replacement Bidders Statement does not take into account funds expended by Vango since 30 June 2018.

Vango's precarious financial position is evident from the following:

- as at 30 June 2018, Vango had \$365,514 in current assets and \$14,712,764 in current liabilities;
- in Vango's most recent Annual Report, Vango's auditors drew attention to material uncertainty relating to the company's ability to continue as a going concern; and
- subsequent to 30 June 2018, Vango raised approximately \$5.25 million<sup>3</sup> before transaction costs, converted \$5.4 million in high cost debt to equity and issued an additional \$2.5 million in convertible notes. Despite these movements it is estimated that Vango still has a working capital (current assets less current liabilities) deficiency of \$5.6 million, raising material uncertainty about Vango's ability to meet its debt as and when they fall due.

Furthermore:

- Vango's net operating cash flow expenditure has averaged over \$1.4 million per quarter in the 12 months to 30 June 2018 and Vango's estimated expenditure commitments for the quarter to 30 September 2018 was over \$2 million;
- Vango increased its non-current provision for mining rehabilitation at the Plutonic Dome Gold Projects to \$5.4 million as at 30 June 2018 and does not currently have the funds to cover this obligation;
- Vango has a contingent liability of \$1.1 million in relation to a dispute with its joint venture partner in SARCO, a failed project in Laos;
- Dampier is aware that Vango has a potential damages exposure due to a potential breach of a first right of refusal over the K2 project tenement, only made public for the first time in the Second Supplementary Bidder's Statement (see section 1.6 of this Replacement Target's Statement for further details); and
- Vango has additional exposure due to the current Dispute with Dampier. Dampier believe that Vango's Offer for Dampier may be motivated as a

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<sup>3</sup> Dampier notes that Vango has released conflicting disclosures (between \$5.1 million and \$5.25 million before costs) on how much was raised from this placement.

way to mitigate its exposure to the Dispute (see section 1.1 of this Replacement Target's Statement for further details).

Dampier notes Vango's legal expenses totalled \$312,508 highlighting concern over Vango's exposure to litigation expense and liabilities due to the above issues.

#### 1.4 Vango has a history of uncommercial funding arrangements and shareholders are exposed to significant ongoing dilution risk

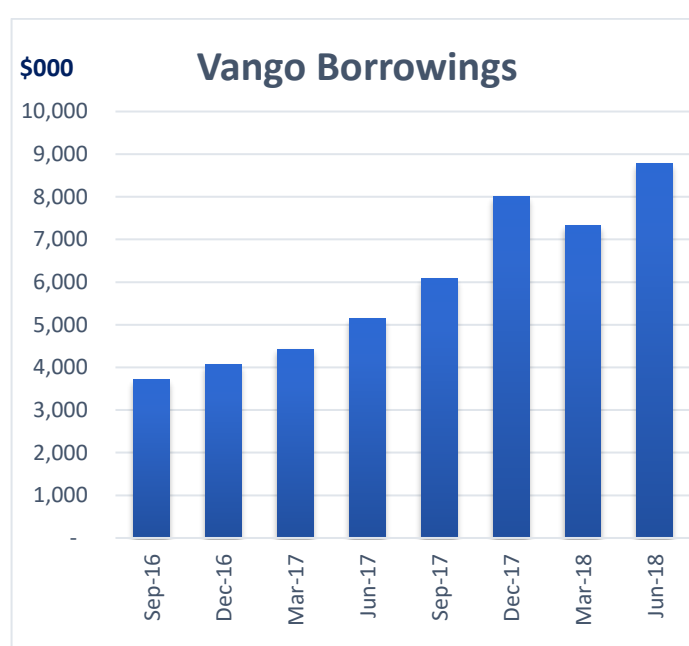
Vango has a track record of living "from hand to mouth", using high cost (up to 30% per annum) short term unsecured loans, convertible loans and ongoing equity issues to remain solvent.

The table and charts below demonstrate Vango's tight financial resources on an ongoing basis that has survived on increasing levels of high cost debt and conversion into ongoing equity issues.

It is also worth noting that Vango implemented a 20:1 share consolidation in December 2014.

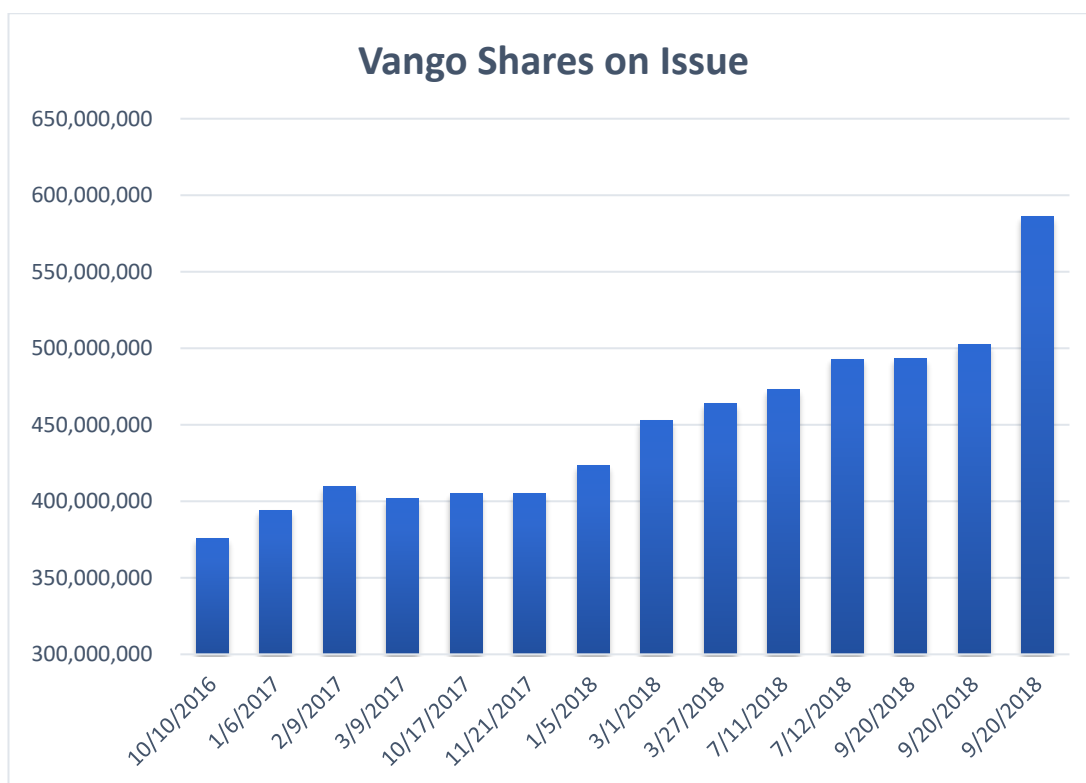
	30/09/16	31/12/16	31/03/17	30/06/17	30/09/17	31/12/17	31/03/18	30/06/18
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash balance	112	211	306	204	525	1,039	583	36
Available undrawn financing facilities	0	0	0	0	1,050	1,050	1,050	1,050
<b>Total liquidity</b>	<b>112</b>	<b>211</b>	<b>306</b>	<b>204</b>	<b>1,575</b>	<b>2,089</b>	<b>1,633</b>	<b>1,086</b>
Estimated expenditure in following quarter	900	900	900	1,730	1,060	1,700	1,050	2,027
<b>Difference</b>	<b>(788)</b>	<b>(689)</b>	<b>(594)</b>	<b>(1,526)</b>	<b>515</b>	<b>389</b>	<b>583</b>	<b>(941)</b>

Source: Vango quarterly Appendix 5B reports



Source: Vango quarterly Appendix 5B cash flow reports





Source: Vango Appendix 3B reports

Despite the recent \$5.25 million placement<sup>4</sup>, Dampier estimates that Vango currently holds current assets of \$6,094,670 and current liabilities of \$11,786,764 (see pro forma balance sheet set out in section 8.4 of this Replacement Target's Statement) and accordingly it is highly likely that Vango will require an additional capital raising in the near term.

Vango's recent capital raisings have involved substantial related party transactions and debt conversion arrangements with the largest shareholders of the company, and the Dampier Board notes that related parties and large shareholders have benefited from the best capital raising terms.

#### Current convertible note terms – more favourable for a large shareholder

Date issued	Holder	Top 20 shareholder	Amount (\$)	Interest rate	Maturity	Conversion price
21/11/2017	MOU Holdings	No	1,000,000	15%	19/04/2019	0.180
21/11/2017	Li Yue Xie	No	500,000	15%	19/04/2019	0.180
20/09/2018 (announced 5 April 2018)	Mr Yan Chao Guo	Yes	2,500,000	8%	19/03/2020	0.070

Source: Vango Replacement Bidders Statement

<sup>4</sup> Dampier notes that Vango has released conflicting disclosures (between \$5.1 million and \$5.25 million before costs) on how much was raised from this placement.

## Recent debt conversion terms – favourable conversion terms for related parties and large shareholders

Holder	Relationship	Amount (\$)	Interest rate	Term	Conversion price
Shengqiang (Sean) Zhou	Related party (Managing Director)	166,000	25%	2 yrs	0.060
Shengqiang (Sean) Zhou	Related party (Managing Director)	215,000	10%	At call	0.045
Gifted Force International Limited	Related party (Director)	1,867,000	25%	2 yrs	0.060
Gifted Force International Limited	Related party (Director)	214,000	10%	At call	0.045
Brook & Valley Pty Ltd	Top 20 shareholder	1,876,861	25%		0.060
Mr Yanchao Guo	Top 20 shareholder	240,000	25%		0.060
Mr Christopher Kuznetsoff	Top 20 shareholder	428,622	25%		0.060
Kris Sales	Top 20 shareholder	276,357	25%		0.060
Ms Michele Rouge Le Pavoux	Top 20 shareholder	141,906	25%		0.060

Source: Vango Replacement Bidders Statement

## Recent placement – large Vango shareholders did not participate at 18 cents

	Participation	No of shares	\$ per share	\$ value
Existing shareholders	1.86%	540,863	0.18	97,355
New shareholders	98.14%	28,537,781	0.18	5,136,801
<b>Total placement</b>	<b>100%</b>	<b>29,078,644</b>	<b>0.18</b>	<b>5,234,156</b>

Source: Vango ASX announcement 19 July 2018: Disclosures Under ASX Listing Rules 3.10.5A and 7.1A4(b)

As a result of Vango's financial position, ongoing capital raising will be required to sustain Vango's ability to meet its commitments.

Vango Shares are tightly held, with the top 20 shareholders owning 75% of the total number of Vango Shares on issue as at 25 September 2018 (based on Vango's 2018 Annual Report). Furthermore, Vango Shares have experienced low liquidity, with the equivalent of only approximately 15.6% of current Vango Shares on issue having traded in the past 12 months. Accordingly, there is risk that the recent trading price of Vango Shares is not representative of an efficient market and Dampier Shareholders who accept the Offer may not be able to realise their investment at the current price.

**There is no guarantee that Vango Shares will remain at their current level.**

**There is significant uncertainty regarding the sources of capital available and accessed by Vango, and the terms on which any capital raising will be undertaken.**

**Smaller Vango shareholders may not be invited to participate in all capital raising rounds and face significant risk of ongoing dilution.**

## 1.5 **Accepting Vango's Offer will expose you to the risk that Vango may be required to pay a substantial amount to Dampier in potential damages and other costs**

As noted above, Dampier believes it has strong grounds to pursue Vango for its legal rights under the K2 Joint Venture. It is Dampier's intention to continue to pursue its rights to earn its interest in the K2 Project or seek compensation.

If you accept the Offer and receive Vango Shares, but Dampier does not become a wholly owned subsidiary of Vango, you may be exposed to:

- the risk that Vango will be required to pay a substantial amount to Dampier in potential damages and other costs as a result of the Dispute; and
- increased compliance costs for Vango in terms of managing the Dispute between itself and Dampier in a scenario where Dampier remains a listed entity despite Vango being a significant or majority shareholder,

as well as missing out of the upside of indirectly participating in the contingent deferred consideration should that become payable to Dampier by Vango.

## 1.6 **Vango has a previously undisclosed significant contingent liability from a potential claim for breach of contract from Superior Gold**

Dampier believes that there is potential for a significant damages claim by Superior Gold Inc (**Superior Gold**) (through its subsidiary Billabong Gold Pty Ltd (**Billabong**)) against Vango (through its wholly owned subsidiary DPPL) for breach of Billabong's right of first refusal over the K2 Project under the Ore Treatment Agreement.

The Ore Treatment Agreement was entered into between Northern Star Resources Limited (**Northern Star**), Vango (then named Ord River Resources Limited) and DPPL on 23 September 2014. Northern Star assigned its rights under the Ore Treatment Agreement to Billabong on 21 October 2016.

Under the Ore Treatment Agreement, Billabong has a right of first refusal over the tenements and tenement applications comprising the Plutonic Dome Gold Project, which includes the K2 Project.

Dampier believes that Vango and DPPL may have breached Billabong's right of refusal when they:

- entered into the Binding Terms Sheet in relation to the K2 Joint Venture and granted Dampier the right to farm-in up to a 50% joint venture interest in the K2 Project by incurring \$3 million in project expenditure; and
- granted a 4.1% joint venture interest in the K2 Project to Dampier.

As noted in the Second Supplementary Bidder's Statement, Vango has received a notice of dispute on 12 October 2018 from Billabong alleging the same. This was the first time this potential dispute was disclosed to the market by Vango, despite Vango being aware of this potential dispute following receipt of a prior notice of dispute from Billabong in July 2017 (referred to in section 11.3 of the Replacement Bidder's Statement). The Dampier Board notes that this information was only included in the Replacement Bidder's Statement after Dampier queried why it was not disclosed in the original Bidder's Statement dated 17 September 2018.

Dampier notes that it does not believe that it breached Billabong's right of first refusal when it sold DPPL to Vango, as the right of first refusal operates at the project tenement level rather than the corporate DPPL level.

If you accept the Offer and receive Vango Shares, you will be exposed to the risk that Vango will be required to pay a substantial amount to Superior Gold in potential damages and other costs.

Dampier believes that the remedy for a breach of Superior Gold's right of first refusal is likely to be damages for breach of contract in the amount of the net value of a 50% interest in the K2 Project.

### **1.7 Accepting Vango's Offer may deprive you of the ability to consider an alternative proposal, should one emerge**

If you accept the Offer, you will not be able to accept a superior proposal from a Third Party unless the Offer lapses or you have a right to withdraw your acceptance (in the limited circumstances provided in the Corporations Act (as summarised in section 5.11 of this Replacement Target's Statement)). By accepting the Offer, you will forfeit any potential benefit associated with a superior proposal (if any).

Dampier is not aware of any competing proposal or superior proposal to the Offer and is not in a position to provide Dampier Shareholders with information in relation to the probability of an alternative transaction arising or any growth in Dampier. The Dampier Board will keep Dampier Shareholders informed of any material developments.

Accepting the Offer will also preclude you from selling your Dampier Shares on-market on the ASX.

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## 2. DAMPIER DIRECTORS' RECOMMENDATION AND INTENTIONS

After taking into account each of the matters in this Replacement Target's Statement and in Replacement Bidder's Statement, each of the Directors recommend that you **REJECT** the Offer and **TAKE NO ACTION**.

The Directors' reasons for their above recommendation are set out in section 1 of this Replacement Target's Statement.

Each Director has advised that they intend to **REJECT** the Offer in respect of any Dampier Shares that they own or control.

Details of the previously announced direct and indirect holdings of each Director in Dampier Shares and Dampier Options are set out in section 7.2 of this Replacement Target's Statement.

In considering whether to **REJECT** or accept the Offer, the Directors encourage you to:

- (a) read the whole of this Replacement Target's Statement and Replacement Bidder's Statement;
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- (c) consider the choices available to you as outlined in section 4 of this Replacement Target's Statement;
- (d) carefully consider section 2 of this Replacement Target's Statement;
- (e) carefully consider section 9 of this Replacement Target's Statement, including the risks of becoming a minority Dampier Shareholder; and
- (f) obtain financial advice from your broker or financial adviser upon the Offer and obtain taxation advice on the effect of accepting the Offer.

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### 3. FREQUENTLY ASKED QUESTIONS

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Dampier Shareholders. This section should be read together with all other parts of this Replacement Target's Statement.

Question	Answer
Who is making the Offer?	<p>The Offer is being made by Vango Mining Limited (ACN 108 737 711) (ASX:VAN).</p> <p>Further information on Vango can be found in Section 8 of this Replacement Target's Statement.</p>
What is Vango's Offer for my Dampier Shares?	<p>Vango is offering two (2) Vango Shares for every seven (7) Dampier Shares that you hold. You may accept the Offer only in respect of all, and not part, of the Dampier Shares that you hold.</p> <p>The Dampier Board believes that this Offer is inadequate. See section 1.1 of this Replacement Target's Statement for further details.</p>
What is the Replacement Target's Statement?	<p>This Replacement Target's Statement is the formal response by the Dampier Directors to the Offer, as required by the Corporations Act. This document has been prepared by Dampier and contains important information to help you decide whether or not to accept the Offer.</p>
What choices do I have as a Dampier Shareholder?	<p>As a Dampier Shareholder, you have the following choices in respect of your Dampier Shares:</p> <ul style="list-style-type: none"><li>• do nothing;</li><li>• sell your Dampier Shares on the ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or</li><li>• accept the Offer.</li></ul> <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in section 4 of this Replacement Target's Statement.</p>
What are the Dampier Directors recommending?	<p>Each Director recommends that you <b>TAKE NO ACTION</b> and <b>REJECT</b> the Offer. The reasons why the Directors are recommending that you <b>REJECT</b></p>

Question	Answer
	<p>the Offer are set out in section 1 of this Replacement Target's Statement.</p>
<p>What do the Dampier Directors intend to do with any Dampier Shares that they hold?</p>	<p>Each Director has advised that they intend to <b>REJECT</b> the Offer in respect of any Dampier Shares that they own or control, in the absence of a superior proposal.</p> <p>As at the date immediately before the date of this Replacement Target's Statement, the Directors have voting power of approximately 11.25% of Dampier's issued share capital.</p>
<p>How do I <b>REJECT</b> the Offer?</p>	<p>If you wish to <b>REJECT</b> the Offer then simply <b>TAKE NO ACTION</b>. Ignore all documents sent to you by Vango. Do not fill in or send any documents to Vango.</p> <p>Details of how to accept the Offer are set out in section 12.4 of the Replacement Bidder's Statement.</p>
<p>What are the risks of accepting or rejecting the Offer?</p>	<p>Non-exhaustive lists of key risks of accepting or rejecting the Offer are set out in section 9 of this Replacement Target's Statement.</p>
<p>What are the risks associated with Vango and its business?</p>	<p>Some of these risks are explained in detail in section 10 of the Replacement Bidder's Statement. Dampier Shareholders should read the Replacement Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Offer. By accepting the Offer, Dampier Shareholders are, subject to the Offer Conditions being satisfied or waived, investing in Vango.</p>
<p>What are the risks associated with Dampier and its business?</p>	<p>The risks associated with an investment in Dampier are detailed in section 9.2 of this Replacement Target's Statement.</p>
<p>How many Dampier Shares does Vango already own?</p>	<p>As at the date immediately before the date of this Replacement Target's Statement, Vango does not own any Dampier Shares in its own right.</p> <p>However, as at the date immediately before the date of this Replacement Target's Statement,</p>

Question	Answer
	<p>Vango has a Relevant Interest in 15,114,828 Dampier Shares, representing 9.13% of all any Dampier Shares, and accordingly Vango's voting power as at the date of this Replacement Target's Statement is 9.13% (refer sections 7.3 and 7.4 of the Replacement Bidder's Statement).</p>
<p>What are the consequences of accepting the Offer now?</p>	<p>If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your Dampier Shares on the ASX or otherwise deal with your Dampier Shares while the Offer remains open.</p> <p>The effect of acceptance is set out in section 12.6 of the Replacement Bidder's Statement.</p> <p>Dampier Shareholders should read that section of the Replacement Bidder's Statement in full to understand the effect that acceptance will have on their ability to exercise rights attaching to their Dampier Shares and the representations and warranties they give by accepting the Offer.</p>
<p>If I accept the Offer, can I withdraw my acceptance?</p>	<p>No, under the terms of the Offer you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.</p>
<p>When does the Offer close?</p>	<p>The Offer is scheduled to close at 7:00 pm (Sydney time) on 16 November 2018, but the Offer Period can be extended in certain circumstances.</p> <p>Please be aware that there is no guarantee that Vango will extend the Offer Period beyond 16 November 2018. Accordingly, your Directors recommend that you should assume that the Offer Period will not be extended beyond this date.</p> <p>In any event, each Director recommends that you <b>TAKE NO ACTION</b> and <b>REJECT</b> the Offer.</p>
<p>Can the Offer Period be extended?</p>	<p>Yes. While the Offer is subject to the Offer Conditions, Vango may extend the Offer Period at any time before giving the Notice of Status of Conditions and otherwise only in limited circumstances.</p> <p>However, if the Offer is unconditional (that is all of the Offer Conditions are fulfilled or freed), Vango</p>



Question	Answer
	<p>may extend the Offer Period at any time before the end of the Offer Period.</p> <p>In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period Vango improves the consideration offered under the Offer, or Vango's voting power in Dampier increases to more than 50%. If this occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event.</p> <p>See section 5.8 of this Replacement Target's Statement for details of the circumstances in which the Offer Period can be extended.</p>
<p>What are the conditions to the Offer?</p>	<p>In summary, the outstanding Offer Conditions, as at the date of this Replacement Target's Statement, are:</p> <p>a minimum acceptance of 50.1% - Vango achieves a Relevant Interest in at least 50.1% of the Dampier Shares;</p> <p>No restraints – prior to the end of the Offer Period, there is no regulatory restraint imposed on the Offer; and</p> <p>No Prescribed Occurrence – prior to the end of the Offer Period:</p> <ul style="list-style-type: none"> <li>• issue or agree to issue any Dampier Shares;</li> <li>• Dampier must not convert any of its shares into a smaller or larger number;</li> <li>• Dampier or a Related Body Corporate must not resolve to reduce its share capital; or</li> <li>• Dampier or a Related Body Corporate must not enter or resolve to enter various other transactions in relation to its share capital.</li> </ul> <p>Refer to section 12.9 of the Replacement Bidder's Statement.</p> <p>Unless all of the Offer Conditions are freed or fulfilled, the Offer will not proceed. See section 5.5 of this Replacement Target's Statement for further details.</p> <p>On 16 October 2018, Dampier issued:</p> <ul style="list-style-type: none"> <li>• 40,000,000 Dampier Shares to sophisticated investors under a placement to sophisticated investors who are not related parties of Dampier; and</li> <li>• a total of 6,000,000 Dampier Shares to Executive Chairman Malcolm Carson and Executive Director Hui (Annie) Guo as a reward for the work of these Directors over</li> </ul>

Question	Answer
	<p>the last 4.5 years and to provide an incentive for the future.</p> <p>The issue of these Dampier Shares was approved by Dampier Shareholders at a General Meeting held on 18 September 2018. Please refer to Dampier's Notice of Meeting uploaded onto the ASX platform on 17 August 2018 for further information.</p> <p>The issue of these Dampier Shares is a breach of the No Prescribed Occurrence Offer Condition referred to above.</p>
<p>What happens if the conditions of the Offer are not satisfied or waived?</p>	<p>If the Offer Conditions are not fulfilled or freed (that is, if any of the Offer Conditions are not satisfied or waived) before the Offer closes, the Offer will lapse.</p> <p>You would then be free to deal with Dampier Shares even if you had accepted the Offer.</p>
<p>Can Vango withdraw the Offer?</p>	<p>Vango may not withdraw the Offer if you have already accepted it.</p> <p>Before you accept the Offer, Vango may withdraw the Offer with the written consent of ASIC and subject to conditions (if any) specified in such consent.</p>
<p>When will I be sent my consideration if I accept the Offer?</p>	<p>In the usual case, you will be issued your consideration on or before the earlier of:</p> <ul style="list-style-type: none"> <li>the day that is one month after the date of your acceptance or, if at the time of your acceptance the Offer is subject to an Offer Condition, one month after the Offer becomes, or is declared, unconditional; and</li> <li>the day that is 21 days after the end of the Offer Period.</li> </ul> <p>Full details of when you will be issued consideration are set out in section 12.7 of the Replacement Bidder's Statement, and section 5.12 of this Replacement Target's Statement.</p>
<p>What are the tax implications of accepting the Offer?</p>	<p>Accepting the Offer by a Dampier Shareholder may create a taxation liability in respect of any gain made through the disposal of Dampier Shares.</p> <p>The taxation position will depend upon the Offer becoming unconditional and upon the individual</p>

Question	Answer
	<p>circumstances of the Dampier Shareholder accepting the Offer.</p> <p>Dampier Shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.</p>
<p>What happens if Vango improves the consideration under its Offer?</p>	<p>If Vango improves the consideration offered under its Offer, all Dampier Shareholders who have accepted the Offer will be entitled to the benefit of that improved consideration (whether they accepted the Offer before or after the consideration is improved).</p>
<p>What will happen to Dampier following the end of the Offer Period?</p>	<p>See section 9 of the Replacement Bidder's Statement for further details of Vango's intentions in relation to the continuation of Dampier's businesses, changes to the Dampier Board and the future employment of present employees of Dampier in various control scenarios.</p>
<p>Can I participate in the Offer in respect of my Dampier Options?</p>	<p>If you are a Dampier Optionholder, the Offer does not apply to your Dampier Options.</p> <p>Also, the Offer does not extend to any Dampier Shares issued on exercise of any Dampier Options, and the issue of and Dampier Shares may breach a condition of the Offer. Dampier reserves its right to issue Dampier Shares as required by the terms of the Dampier Options if any are validly exercised during the Offer period.</p> <p>Vango has reserved the right to vary the Offer to extend to any Dampier Shares which are issued on conversion of securities convertible into Dampier Shares, where such securities were on issue at the Register Date.</p> <p>Please refer to section 5.4 of this Replacement Target's Statement for further information.</p>
<p>Do I have to pay any fees?</p>	<p>You will not pay stamp duty on the disposal of your Dampier Shares if you accept the Offer.</p> <p>If your Dampier Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Vango, you will not incur any brokerage in connection with your acceptance of the Offer.</p>

Question	Answer
	<p>If your Dampier Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Dampier Shares are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your stockbroker) or the relevant nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.</p>
<p>Is there a number that I can call if I have further queries in relation to the Offer?</p>	<p>If you have any further queries in relation to the Offer, you can call 1300 361 735 (for calls made from inside Australia) or +61 1300 361 735 (for calls made from outside Australia). Calls to these numbers may be recorded.</p>

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#### 4. YOUR CHOICES AS A DAMPIER SHAREHOLDER

##### **Your Directors unanimously recommend that you REJECT the Offer.**

However, as a Dampier Shareholder you have the following choices currently available to you:

(a) **REJECT the Offer**

Dampier Shareholders who do not wish to accept the Offer should **TAKE NO ACTION**. This is the recommendation of the Directors.

If you choose to **REJECT** the Offer, do not take any action in relation to documents sent to you by Vango.

(b) **Sell your Dampier Shares on market**

During a takeover, shareholders of a target company who have not already accepted the bidder's offer may still sell these shares on market for cash.

On 17 October 2018 the closing price for Dampier Shares price was 3.3c. The latest price for Dampier's Shares may be obtained from the ASX website <http://www.asx.com.au/>.

Dampier Shareholders who sell their Dampier Shares on market may be liable for CGT on the sale and may incur a brokerage charge.

Dampier Shareholders who wish to sell their Dampier Shares on market should contact their broker for further information on how to effect that sale.

(c) **Accept the Offer**

Dampier Shareholders may elect to accept the Offer. Details of the consideration that will be received by Dampier Shareholders who accept the Offer are set out in the Replacement Bidder's Statement.

You should be aware that if you choose to accept the Offer:

- (i) you will not be able to accept a superior proposal from any other bidder if such an offer is made, or benefit from any higher price in the market;
- (ii) you will lose the opportunity to receive future benefits as a Dampier Shareholder; and
- (iii) you may incur a tax liability as a result of the sale.

Dampier Shareholders should be aware that if they accept the Offer, they may be liable for CGT on the disposal of their Dampier Shares. However, they will not incur a brokerage charge (see section 12.16 of the Replacement Bidder's Statement).

Dampier Shareholders who wish to accept the Offer should refer to the Replacement Bidder's Statement for instructions on how to do so.

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## **5. IMPORTANT INFORMATION ABOUT THE OFFER**

### **5.1 Consideration payable to Dampier Shareholders who accept the Offer**

The consideration being offered by Vango is offering two (2) Vango Shares for every seven (7) Dampier Shares you currently hold.

The Dampier Board believes that this Offer is inadequate. See section 1.1 of this Replacement Target's Statement for further details.

### **5.2 Offer Period**

Unless Vango's Offer is extended or withdrawn, it is open for acceptance from 15 October 2018 until 7:00 pm (Sydney time) on 16 November 2018.

The circumstances in which Vango may extend or withdraw its Offer are set out in section 5.8 and section 5.9 respectively of this Replacement Target's Statement.

### **5.3 Treatment of foreign shareholders and small shareholders**

If Vango determines that it cannot make the Offer to any Dampier Shareholder whose address (as recorded in the register of members of Dampier provided by Dampier to Vango) is in a place outside Australia or its external territories, or a jurisdiction into which Vango determines it can legally and practically make the Offer, that Dampier Shareholder will not be issued with Vango Shares under the Offer.

Instead, the relevant Vango Shares (that would otherwise be transferred to such foreign holders) will be allotted to a nominee approved by ASIC who will sell the Vango Shares and will distribute to each of those foreign holders their proportion of the proceeds, net of expenses.

Please refer to sections 11.11 and 12.8 of the Replacement Bidder's Statement for further details.

In the event that a Dampier Shareholder accepts the Offer and who holds such number of Dampier Shares that comprise an unmarketable parcel (as that term is defined by the ASX, being Dampier Shares with a total value of less than \$500 based on the closing price for Dampier Shares on the ASX) that Dampier Shareholder will also have the relevant Vango Shares (that would otherwise be transferred to them) will be allotted to a nominee approved by ASIC who will sell the Vango Shares and will distribute to each of those Dampier Shareholders their proportion of the proceeds, net of expenses.

### **5.4 Dampier Optionholders**

If you are a Dampier Optionholder, the Offer does not apply to your Dampier Options. Presently, the Offer does not extend to any Dampier Shares issued on exercise of any Dampier Options, and the issue of any Dampier Shares may breach an Offer Condition. Dampier reserves its right to issue Dampier Shares as required by the terms of the Dampier Options if any are validly exercised during the Offer Period.

Vango has reserved the right to vary the Offer to extend to any Dampier Shares which are issued on conversion of securities convertible into Dampier Shares, where such securities were on issue at the Register Date. The Replacement Bidder's Statement also indicates that, if required to do so under section 663A of the Corporations Act, Vango intends to give notices to Dampier Optionholders to

acquire their Dampier Options in accordance with section 663C of the Corporations Act.

## 5.5 Offer Conditions

Vango's Offer is subject to a number of Offer Conditions. The Offer Conditions are set out in full in section 12.9 of the Replacement Bidder's Statement.

In summary, the Offer Conditions, as at the date of this Replacement Target's Statement, are:

- (a) **minimum acceptance** of 50.1% - at the end of the Offer Period, Vango has a Relevant Interest in at least 50.1% of the Dampier Shares;
- (b) **no restraints** – prior to the end of the Offer Period, there is no regulatory restraint imposed on the Offer; and
- (c) **no Prescribed Occurrence** – prior to the end of the Offer Period:
  - (i) Dampier must not issue or agree to issue any Dampier Shares;
  - (ii) Dampier must not convert any of its shares into a smaller or larger number;
  - (iii) Dampier or a Related Body Corporate must not resolve to reduce its share capital; or
  - (iv) Dampier or a Related Body Corporate enter or resolve to enter various other transactions in relation to its share capital.

Subject to the Corporations Act, Vango may declare the Offer to be free from any Offer Condition or to extend the Offer at any time.

On 16 October 2018, Dampier issued:

- 40,000,000 Dampier Shares to sophisticated investors under a placement to sophisticated investors who are not related parties of Dampier; and
- a total of 6,000,000 Dampier Shares to Executive Chairman Malcolm Carson and Executive Director Hui (Annie) Guo as a reward for the work of these Directors over the last 4.5 years and to provide an incentive for the future.

The issue of these Dampier Shares was approved by Dampier Shareholders at a General Meeting held on 18 September 2018. Please refer to Dampier's Notice of Meeting uploaded onto the ASX platform on 17 August 2018 for further information.

The issue of these Dampier Shares is a breach of the No Prescribed Occurrence Offer Condition referred to above.

## 5.6 Effect of non-satisfaction of Offer Conditions

If the Offer Conditions are not fulfilled by the end of the Offer Period and have not been waived by the end of the Offer Period, the Offer will lapse with one or more unfulfilled Offer Conditions. If the Offer lapses, all acceptances of the Offer will be void and of no effect.

## **5.7 Notice of Status of Conditions**

Section 12.12 of the Replacement Bidder's Statement provides that Vango will give a Notice of Status of Conditions to the ASX and Dampier on 9 November 2018 (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

Vango is required to set out in its Notice of Status of Conditions:

- (a) whether the Offer is free of any or all of the Offer Conditions;
- (b) whether, so far as Vango knows, any of the Offer Conditions have been fulfilled; and
- (c) Vango's voting power in Dampier.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Vango is required, as soon as practicable after the extension, to give a notice to the ASX and Dampier that states the new date for the giving of the Notice of Status of Conditions.

If an Offer Condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Vango must, as soon as practicable, give the ASX and Dampier a notice that states that the particular Offer Condition has been fulfilled.

## **5.8 Extension of the Offer Period**

Vango may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to in section 5.7 of this Replacement Target's Statement) while the Offer is subject to Offer Conditions. However, if the Offer is unconditional (that is, all the Offer Conditions are fulfilled or freed), Vango may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) Vango improves the consideration offered under the Offer; or
- (b) Vango's voting power in Dampier increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

## **5.9 Withdrawal of Offer**

Vango may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Vango may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

## **5.10 Effect of acceptance**

The effect of acceptance of the Offer is set out in section 12.6 of the Replacement Bidder's Statement. Dampier Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the



rights attaching to their Dampier Shares and the representations and warranties which they give by accepting of the Offer.

#### **5.11 Your ability to withdraw your acceptance**

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if Vango varies the Offer in a way that postpones, for more than one month, the time when Vango needs to meet its obligations under the Offer. This will occur if Vango extends the Offer Period by more than one month and the Offer is still subject to Offer Conditions.

#### **5.12 When you will receive your consideration if you accept the Offer**

In the usual case, you will be issued your consideration on or before the later of:

- (a) one month after the date the Offer becomes, or is declared, unconditional; and
- (b) one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional,

but, in any event (assuming the Offer becomes, or is declared, unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your consideration are set out in section 12.7 of the Replacement Bidder's Statement.

#### **5.13 Effect of an improvement in consideration on Dampier Shareholders who have already accepted the Offer**

If Vango improves the consideration offered under the Offer, all Dampier Shareholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

#### **5.14 Lapse of Offer**

The Offer will lapse if the Offer Conditions are not freed or fulfilled by the end of the Offer Period, in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Dampier Shares as you see fit.

#### **5.15 Compulsory acquisition**

##### **(a) Introduction**

Vango has indicated in section 9.3(b) of the Replacement Bidder's Statement that, if it satisfies the required thresholds, it intends to compulsorily acquire any outstanding Dampier Shares in accordance with the Corporations Act. Accordingly, Dampier Shareholders should assume that, if Vango becomes entitled to exercise its right to compulsorily acquire any outstanding Dampier Shares, Vango will exercise that right.

(b) **Compulsory acquisition within one month after the end of the Offer Period**

Vango will be entitled to compulsorily acquire any Dampier Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period:

- (i) Vango and its Related Bodies Corporate acquire Relevant Interests in at least 90% (by number) of the Dampier Shares; and
- (ii) Vango and its Related Bodies Corporate have acquired at least 75% (by number) of the Dampier Shares that Vango offered to acquire (excluding Dampier Shares in which Vango or its Related Bodies Corporate had a Relevant Interest at the date of the Offer and also excluding Dampier Shares issued to an Associate of Vango during the Offer Period).

If these thresholds are met and Vango wishes to exercise its right to compulsorily acquire any outstanding Dampier Shares, Vango will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Dampier Shareholders who have not accepted the Offer. Dampier Shareholders have certain rights under the Corporations Act to challenge a compulsory acquisition pursuant to the procedure outlined in the Corporations Act, but a successful challenge will require the relevant Dampier Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their Dampier Shares. If compulsory acquisition occurs, Dampier Shareholders who have their Dampier Shares compulsorily acquired are likely to be sent their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

The Dampier Directors who control approximately 11.25% of the Dampier Shares on issue intend to reject the Offer in respect of the Dampier Shares held by them or on their own behalf. Accordingly, based on the current Offer, Vango **WILL NOT MEET** the above thresholds to compulsorily acquire any outstanding Dampier Shares within one month after the end of the Offer Period.

(c) **Alternative compulsory acquisition regime**

It is also possible that Vango will, at some time during or after the end of the Offer Period, either alone or with a Related Body Corporate, hold full beneficial interests in at least 90% (by number) of all the Dampier Shares. Vango would then have rights to compulsorily acquire all of the Dampier Shares that it does not own within six months of becoming the holder of 90% (by number) of all the Dampier Shares. The price which Vango would have to pay to compulsorily acquire all of the remaining Dampier Shares under this alternative compulsory acquisition regime would have to be considered in a report of an independent expert.

Dampier Shareholders would have certain rights under the Corporations Act to challenge a compulsory acquisition pursuant to the procedures outlined in the Corporations Act, but a challenge would require people who hold at least 10% of the Dampier Shares that are proposed to be the subject of the compulsory acquisition to object to the compulsory acquisition. If people holding such number of Dampier Shares object to the compulsory acquisition, and Vango still wishes to proceed with the compulsory acquisition, Vango would be required to establish to the satisfaction of a court that the terms of the compulsory acquisition

represent 'fair value' for the Dampier Shares. In the absence of a challenge by people holding the requisite number of Dampier Shares, Dampier Shareholders who have their Dampier Shares compulsorily acquired under this procedure are likely to be sent their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

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## 6. INFORMATION REGARDING DAMPIER

### 6.1 Background information on Dampier

Dampier Gold Limited was incorporated on 28 January 2010 in Queensland, and listed on the ASX (ASX:DAU) in August of that year.

As set out in more detail in section 6.3 of this Replacement Target's Statement, Dampier's operations currently comprise two main projects:

- (a) K2 Joint Venture with Vango; and
- (b) Ruby Plains Gold Project.

As at the date of this Replacement Target's Statement, Dampier had 165,640,141 Shares on issue and a market capitalisation of approximately \$5.5 million (based on the closing price of 3.3c per Dampier Share on ASX on 16 October 2018).

### 6.2 Publicly available information about Dampier

Dampier is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Dampier is subject to the ASX Listing Rules which require continuous disclosure of any information Dampier has that a reasonable person would expect to have a material effect on the price or value of its securities.

Copies of ASX announcements made by Dampier are available from Dampier's website at [www.dampiergold.com](http://www.dampiergold.com) or the ASX announcements platform at [www.asx.com.au](http://www.asx.com.au) (ASX:DAU).

### 6.3 Principal activities of Dampier

Dampier's principal mineral exploration projects are located in Western Australia.

#### 6.3.1 K2 Joint Venture

The K2 Project is located in the north-eastern part of the tenement block which comprises the Plutonic Dome Gold Project, approximately 180km south of Mount Newman and 30km north of Sandfire's Degruessa copper gold mine. The K2 Project is located on M52/183.

K2 was previously mined by Resolute Mining Limited in 1997 by open cut (0.96mt @ 4 g/t, 124koz), and a 1.4km decline was established in a box cut which accessed the ore blocks (the existing pit and entry to the decline are shown below). Resolute abandoned the mine due to weak gold prices at the time.



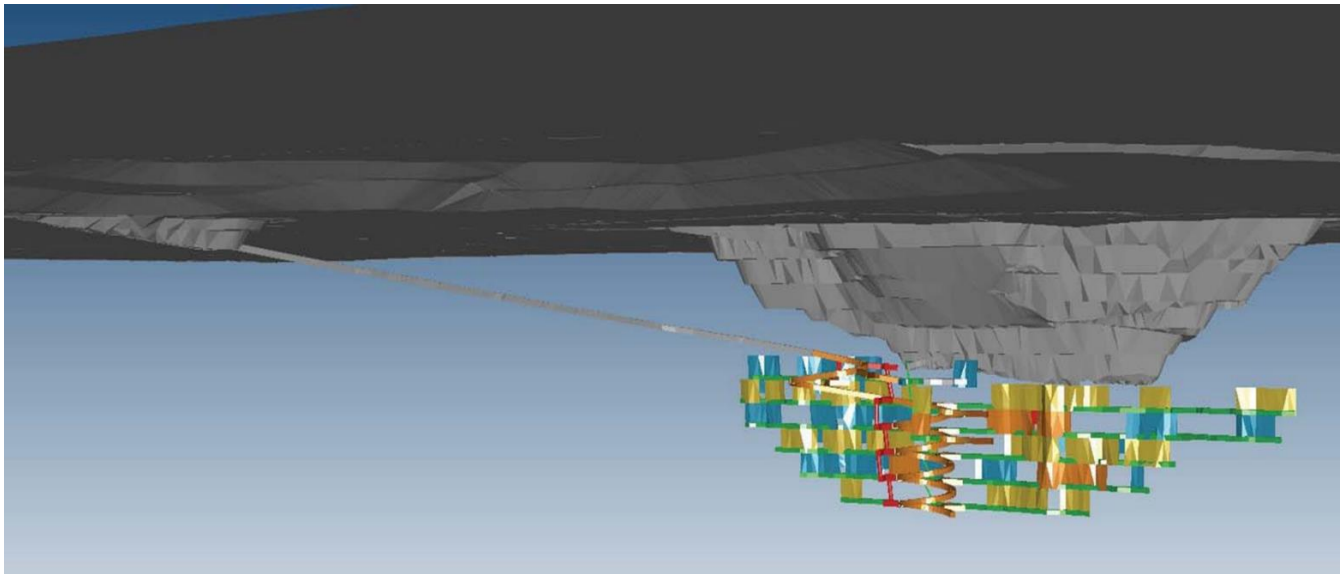


Figure: K2 Project Planned and Scheduled Development (Source: Vango investor presentation released on ASX on 19 September 2017)

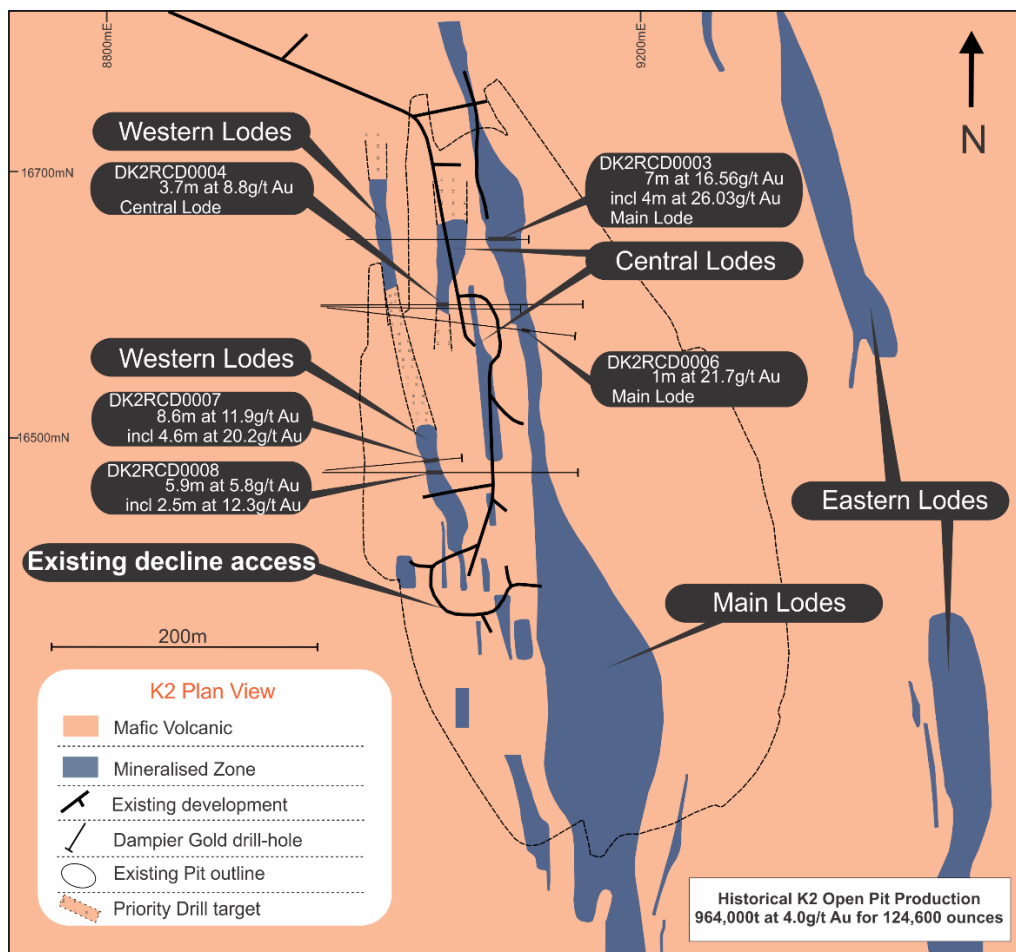


Figure: K2 deposit in plan view and the location of the Western and Eastern Lodes in proximity to the K2 Main Lodes (see Dampier ASX Announcement "Dampier: Vango K2 Mine Development" dated 16 May 2017).

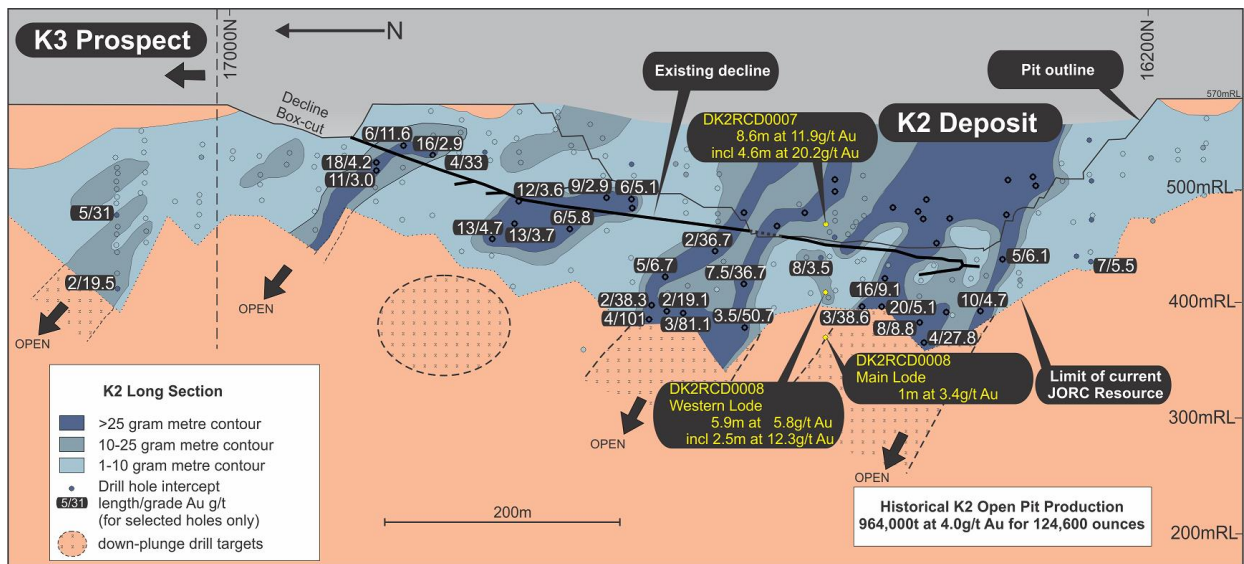


Figure: Longitudinal section K2 deposit showing K2 open pit and existing K2 decline (see Dampier ASX Announcement "Dampier: Vango K2 Mine Development" dated 16 May 2017).

On 8 October 2014, Dampier and Vango (then named Ord River Resources Limited) announced a revised definitive feasibility study for the K2 Project based on the following mineral resource estimates under the 2012 JORC Code for the K2 Project reported above a 3.0g/t Au cut-off grade:

K2 Mineral Resource Estimation	
<b>Indicated</b>	0.20Mt @ 8.9 g/t Au (57Koz)
<b>Inferred</b>	0.22Mt @ 6.7 g/t Au (47Koz)
<b>Total</b>	<b>0.42Mt @ 7.7g/t Au (103Koz)</b>

Note: Figures are rounded to the nearest 0.1Mt, 0.1g/t and 1Koz

Dampier confirms that it is not aware of any new information or data that materially affects the mineral resource estimate information contained in the 8 October 2014 ASX announcement referred to above and that all material assumptions and technical parameters underlining those mineral resource estimates in that announcement continue to apply and have not materially changed.

At current gold prices, the Dampier Board considers that the development of the K2 Project is commercially viable and robust, subject to further definition of reserves, geotechnical studies and metallurgical studies.

Drilling in progress testing depth extensions of the high-grade resources and infilling areas of Inferred Resources in the current mining schedule. Additional resources and reserves are expected to be delineated in these drilling programs, which will assist in the financial robustness of the project.

Processing options are under consideration which include toll treatment at nearby facilities or installation of a stand alone processing plant.

Dampier and Vango (through Vango's wholly owned subsidiary DPPL) are in a joint venture in relation to the K2 Project (**K2 Joint Venture**) pursuant to a Binding Terms Sheet (**Binding Terms Sheet**) dated 12 May 2017.

Under the Binding Terms Sheet, Dampier has the right to earn up to a 50% interest in the K2 Joint Venture by incurring \$3 million in project expenditure. As at the date of this Replacement Target's Statement, Dampier has earned a 4.1% interest in the K2 Joint Venture.

Under the Binding Terms Sheet, Dampier is the nominated exploration manager.

Dampier asserts that Vango is not complying with the Binding Terms Sheet, and on 10 August 2018 Dampier announced that it has issued a 'Notice of Dispute' to Vango in relation to the K2 Joint Venture. Principally, the Joint Venture Committee to be formed pursuant to the Binding Terms Sheet has not approved expenditure tranches for the development of the K2 Project to enable Dampier to spend funds required to increase its joint interest from 4.1% currently up to 50% (**Dispute**).

Vango has failed to cooperate with Dampier in approving expenditure tranches for the development of the K2 Project.

Pursuant to the Binding Terms Sheet, Dampier and Vango must use their best endeavours to resolve the Dispute. If the Dispute is not resolved within 3 weeks the matter may be referred to a mediator.

Dampier reserves all of its rights to take any action necessary to earn an interest up to 50% in the K2 Project.

In an attempt to resolve the Dispute, Dampier has requested that the Joint Venture Committee meet on a fortnightly basis for a 6-month period (or as otherwise agreed). As at the date of this Replacement Target's Statement mediation has not been commenced. Additionally, Vango has failed to agree to requests for meetings of the Joint Venture Committee.

### **6.3.2 Ruby Plains Gold Project**

The recently acquired Ruby Plains Gold Project has scope for the discovery of concentrations of bio-geochemical and alluvial gold in ancient palaeo-river channels defined by aerial geological surveys and other economic minerals.

During the June 2018 quarter, Dampier purchased a 100% interest in four tenements covering an area of ~800km<sup>2</sup> from private vendors Grant Mooney and Zlatomir Sas. These tenements cover "untested" palaeo-channels, the largest of which is over 50km long and is contained within one tenement (E80/5143).

The Ruby Plains Gold Project potential is based upon:

- the headwaters of the channels are proximal to the Halls Creek Goldfield to the North West and there is reported evidence of gold in an old water bore in these headwaters;
- a number of previous reports from the 1990s and earlier have substantiated the potential for concentrations of gold mineralisation in the palaeo-channels;
- the recent application of modern ground geophysical techniques has defined palaeo-channel profiles and identified trap sites elsewhere in Western Australia; and
- testing of trap sites has shown the presence of diamonds in traps located nearby at Blina in the West Kimberley.

The palaeo-channels at Ruby Plains have the potential to contain two styles of mineralisation, namely:

- bio-geochemical supergene gold concentrations; and
- alluvial physical gold concentrations.

### **Bio-geochemical (supergene) Gold Concentrations**

The Tertiary age of the channel (50-60 million years) means that it and the surrounding terrain has been subject to substantial biogeochemical weathering. Experience has shown that in ancient paleo-channels in the Western Australian Goldfields and elsewhere in the world, gold is mobilised through bio-geochemical (supergene) processes and can form into very rich lodes.

### **Alluvial (physical) Gold Concentrations**

The palaeo-channels have also been influenced by younger Quaternary (3-5 million years) erosion and river sediment and gravel transportation. Substantial quantities of gold have been sourced from such concentrations, in particular in the Victorian Goldfields up until ~1900. In fact, it took the rest of Australia nearly 100 years to catch up the quantity of gold produced in Victoria largely from alluvial sources by 1900 (est: 2,500 to 3,000t).

To identify suitable trap sites for drill testing, Dampier needs to map the palaeo-channels and the palaeo-channel profiles in detail. We are looking for palaeo-channels which drain out of goldfields, for example the Halls Creek Goldfield, and further, areas within the palaeochannel where there has been a sudden loss in energy which allows heavy minerals to drop out and concentrate.

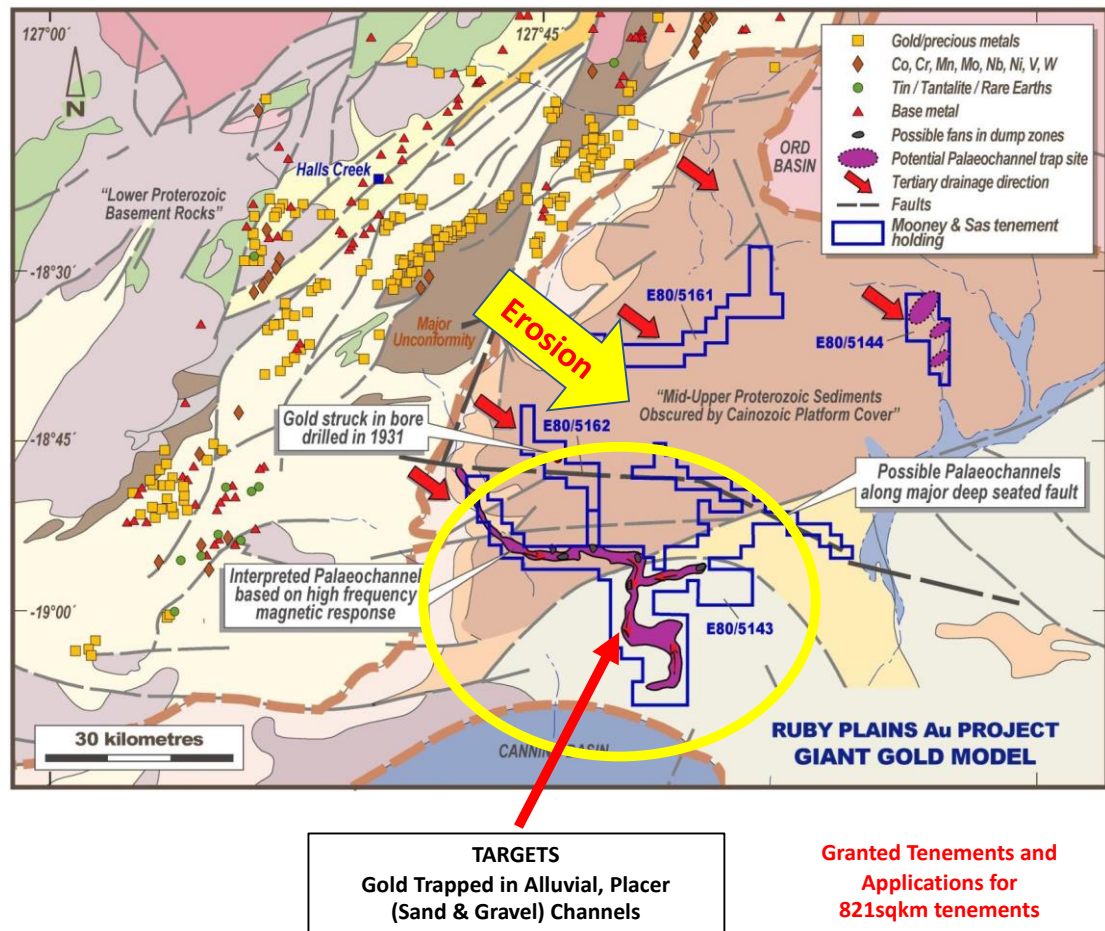
The size of the palaeo-channel means that the most cost-effective exploration method is to deploy "state-of-the-art" geophysical techniques.

After careful analysis of the various geophysical techniques and discussions with geophysical consultants, Dampier has determined that the most workable low-impact method is to carry out the following geophysical surveys simultaneously:

- ground magnetics;
- ground conductivity (EM); and
- ground penetrating radar (GPR).



A geophysical program was completed in August 2018 over the areas illustrated below.



#### 6.4 Competent Person Statement

Mr Malcolm Carson has compiled information in this Replacement Target's Statement from information and exploration results supplied to Dampier. Malcolm Carson has sufficient experience that is relevant to the style of mineralisation, the types of deposits under consideration and to the activity that he is undertaking and qualifies as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results. Mr Carson is a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and Australian Institute of Geoscientists (AIG) and is a director of Dampier and Allegiance Coal Limited. Mr Carson consents to the inclusion in this Replacement Target's Statement the matters based on the information in which it appears.

#### 6.5 Financial information and related matters

Dampier's last published audited financial statements are for the financial year ended 30 June 2018 and were lodged with ASX on 1 October 2018 as part of Dampier's 2018 Annual Report.

Copies of this Annual Report, along with Dampier's recent quarterly reports may be obtained from Dampier's website at [www.dampiergold.com](http://www.dampiergold.com) or the ASX announcements platform at [www.asx.com.au](http://www.asx.com.au) (ASX:DAU).

So far as the Directors are aware:

- (a) the financial position of Dampier has not materially changed since the date of the Annual Report dated 28 September 2018 for the year ending 30 June 2018; and
- (b) there has not been any matter or circumstances, other than those referred to in the Annual Report dated 28 September 2018 for the year ending 30 June 2018 and this Replacement Target's Statement that has significantly affected, or may significantly affect the operations or the financial position of Dampier, the results of operations of Dampier, or the state of affairs of Dampier in future financial years.

Dampier Shareholders should consider section 10.1 of this Replacement Target's Statement in connection with the potential effect of the Offer on Dampier's material contracts.

## **6.6 Forecast financial information for the Dampier Group**

Dampier has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. The Directors have concluded that, as at the date of this Replacement Target's Statement, it would be misleading to provide forecast financial information for the Dampier Group, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

The financial performance of the Dampier Group in any period will be influenced by various factors that are outside the control of the Directors and that cannot, at this time, be predicted with a high level of confidence.

## **6.7 Vango's current interests in Dampier**

As at the date of this Replacement Target's Statement, Vango does not own any Dampier Shares in its own right.

However, as at the date of this Replacement Target's Statement, Vango has a Relevant Interest in 15,114,828 Dampier Shares (refer to sections 7.3 and 7.4 of the Replacement Bidder's Statement), representing 9.13% of all any Dampier Shares, and accordingly Vango's voting power as at the date of this Replacement Target's Statement is 9.13%.

Further details regarding Vango's current interests in Dampier can be found at sections 2.2 (b) and 7.4 of the Replacement Bidder's Statement.

## **6.8 Material contracts**

### **6.8.1 K2 Joint Venture**

Details of the K2 Joint Venture and the Binding Terms Sheet are set out in sections 1.1 and 6.3.1 of this Replacement Target's Statement.

## **6.8.2 DPPL Sale Agreement**

As part of the sale of the Plutonic Dome Gold Project to Vango in 2016 (by way of a sale of DPPL), Vango agreed to pay the following amounts to Dampier as deferred contingent transaction consideration:

- (a) \$1,000,000 (excluding GST) on production of a total of 45,000 oz of gold from the project;
- (b) \$1,000,000 (excluding GST) on production of a total of 100,000 oz of gold from the project;
- (c) \$1,000,000 (excluding GST) on production of a total of 200,000 oz of gold from the project; and
- (d) \$1,000,000 (excluding GST) on production of a total of 300,000 oz of gold from the project.

In addition, Vango is to pay Dampier a capped production royalty of \$2 million, structured as follows:

- (a) 1.0% of the dollar value on each ounce of gold produced from the project tenements, which is only payable if the London Spot Fix AM (USD/oz) is as of the date of issue of the mint receipt equal to or greater than US\$1,175/oz; or
- (b) 2.0% of the dollar value on each ounce of gold produced from the project tenements, which is only payable if the London Spot Fix AM (USD/oz) is as of the date of issue of the mint receipt equal to or greater than US\$1,250/oz; or
- (c) 3.0% of the dollar value on each ounce of gold produced from the project tenements, which is only payable if the London Spot Fix AM (USD/oz) is as of the date of issue of the mint receipt equal to or greater than US\$1,400/oz; or
- (d) 4.0% of the dollar value on each ounce of gold produced from the project tenements, which is only payable if the London Spot Fix AM (USD/oz) is as of the date of issue of the mint receipt equal to or greater than US\$1,500/oz.

## **6.9 Dividend issues for Dampier's Shareholders**

Dampier's Board has not made any determination as to a dividend policy for Dampier.

## **6.10 Other alternatives to the Offer**

The Dampier Board is not aware of any alternatives to the Offer in order to maximise value for Dampier Shareholders. This includes the potential for rival takeover bids for Dampier.

At this stage, the Dampier Board is not in a position to provide Dampier Shareholders with information in relation to the probability of an alternative transaction arising but will keep Dampier Shareholders informed of any material developments.

## **6.11 Transaction expenses**

The Offer will result in Dampier incurring fees and expenses that would not otherwise have arisen in the financial year ending 30 June 2019. As a result of the Offer the aggregate amount of fees and expenses to be incurred (or expected to be incurred) is currently estimated to be approximately \$150,000 to \$200,000 (exclusive of GST). They include:

- (a) fees payable to financial and legal advisers; and
- (b) costs relating to the printing and dispatch of the Replacement Target's Statement and the Shareholder Information Line.

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## 7. INFORMATION RELATING TO THE DAMPIER DIRECTORS

### 7.1 Directors of Dampier

As at the date of this Replacement Target's Statement, the Dampier Directors are:

Name	Position
Malcolm Carson	Executive Chairman
Hui Guo	Executive Director
Peiqi Zhang	Non-Executive Director

### 7.2 Interests and dealings in Dampier securities

#### (a) Interests in Dampier securities

As at the date of this Replacement Target's Statement, the Dampier Directors had the following Relevant Interests in Dampier Shares and Dampier Options:

Director	Dampier Shares	Dampier Options
Malcolm Carson	3,000,000	6,000,000 <sup>1</sup>
Hui (Annie) Guo	3,000,000	6,000,000 <sup>2</sup>
Peiqi Zhang	12,630,849 <sup>3</sup>	Nil

**Notes:**

- Comprising:
  - 3,000,000 unlisted Dampier Options exercisable at \$0.05 on or before 31 July 2019; and
  - 3,000,000 unlisted Dampier Options exercisable at \$0.10 on or before 31 July 2021.
- Comprising:
  - 3,000,000 unlisted Dampier Options exercisable at \$0.05 on or before 31 July 2019; and
  - 3,000,000 unlisted Dampier Options exercisable at \$0.10 on or before 31 July 2021.
- Dampier Shares held by Columbus Minerals Pty Ltd. Mr Zhang has a Relevant Interest in these Dampier Shares by virtue of being a director and shareholder in Columbus Minerals Pty Ltd.

#### (b) Dealings in Dampier Shares and Dampier Options

On 16 October 2018, Dampier issued:

- 3,000,000 Dampier Shares to Executive Chairman Malcolm Carson; and
- 3,000,000 Dampier Shares to Executive Director Hui (Annie) Guo.

These Dampier Shares were issued for nil cash consideration as a reward for the work of these Directors over the last 4.5 years and to provide an incentive for the future. The issue of these Dampier Shares was approved by Dampier Shareholders at a General Meeting held on 18 September

2018. Please refer to Dampier's Notice of Meeting uploaded onto the ASX platform on 17 August 2018 for further information.

Otherwise, no Dampier Director has acquired or disposed of a Relevant Interest in any Dampier Shares or Dampier Options in the 4 month period ending on the date immediately before the date of this Replacement Target's Statement.

### **7.3 Interests and dealings in Vango securities**

#### **(a) Interests in Vango Group securities**

As at the date immediately before the date of this Replacement Target's Statement, no Dampier Director had a Relevant Interest in any Vango Group securities.

#### **(b) Dealings in Vango securities**

No Dampier Director has acquired or disposed of a Relevant Interest in any Vango Group security in the 4 month period ending on the date immediately before the date of this Replacement Target's Statement.

### **7.4 Benefits and agreements**

#### **(a) Benefits in connection with retirement from office**

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Dampier or Related Body Corporate of Dampier.

#### **(b) Agreements connected with or conditional on the Offer**

There are no agreements made between any Dampier Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Dampier Shares or Dampier Options.

#### **(c) Benefits from Vango Group**

None of the Dampier Directors have agreed to receive, or are entitled to receive, any benefit from any member of the Vango Group which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Dampier Shares or Dampier Options.

#### **(d) Interests of Directors in contracts with Vango**

None of the Dampier Directors have any interest in any contract entered into by any member of the Vango Group.

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## **8. INFORMATION ABOUT VANGO**

### **8.1 Disclaimer**

Other than the pro forma financial information in section 8.4 below, the following information about Vango and the Vango Group is based on publicly available information, including information in the Replacement Bidder's Statement, and has not been independently verified by Dampier. Dampier does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on Vango and the Vango Group in this Replacement Target's Statement should not be considered comprehensive. Further information about Vango and the Vango Group is set out in the Replacement Bidder's Statement, and may also be obtained from Vango's website at [www.vangomining.com](http://www.vangomining.com). Announcements made by Vango to the ASX may also be obtained from the ASX's website at [www.asx.com.au](http://www.asx.com.au) (ASX:VAN).

Information contained in or otherwise accessible from those websites does not form part of this Replacement Target's Statement. Vango and the Vango Group are required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Vango and the Vango Group may be obtained from, or inspected at, an ASIC office. Section 4 of the Replacement Bidder's Statement contains further information regarding Vango and its projects.

### **8.2 Overview of Vango**

Vango was incorporated in May 2004 as Ord River Resources Limited and was listed on the ASX on 8 March 2005 as Ord River, changing its name to Vango Mining Limited on 24 December 2014.

Vango is currently focussed on the exploration and development of the Plutonic Dome Gold Project in the Midwest region of Western Australia. The Plutonic Dome Gold Project includes 45 granted mining leases covering approximately 80% of the Maryima – Plutonic Greenstone Belt, which is situated approximately 218km northeast of Meekatharra in the Midwest mining district of Western Australia.

In addition to the Plutonic Dome Gold Project, Vango also owns a 49% interest in the Bolaven Plateau Bauxite Project via a joint venture with the China Nonferrous Metal Industry's Foreign Engineering and Construction Company, known as "Sino Australian Resources Company Limited." However, as set out in section 4.1 of the Replacement Bidder's Statement, this joint venture is not Vango's focus.

### **8.3 Vango's interest in Dampier**

As at the date of this Replacement Target's Statement, Vango does not own any Dampier Shares in its own right.

However, as at the date of this Replacement Target's Statement, Vango has a Relevant Interest in 15,114,828 Dampier Shares, representing 9.13% of all any Dampier Shares, and accordingly Vango's voting power as at the date of this Replacement Target's Statement is 9.13% (refer sections 7.3 and 7.4 of the Replacement Bidder's Statement).

Further details regarding Vango's current interests in Dampier can be found at sections 2.2 (b) and 7.4 of the Replacement Bidder's Statement.

## 8.4 Pro forma balance sheet

Dampier has prepared the following balance sheet for Vango (based on Vango's audited balance sheet as at 30 June 2018 as set out in its 2018 Annual Report), presented on a proforma basis to adjust for estimated events subsequent to 30 June 2018. It is noted that the proforma balance sheet presented in Vango's Replacement Bidders Statement does not take into account funds expended by Vango since 30 June 2018.

Pro forma Balance Sheet	30/06/2018	Adjustments			Pro forma balance sheet	
		Placement	Convertible note issued	Debt conversion		Estimated expenditure
<b>Assets</b>						
<b>Current Assets</b>						
Cash	26,830	5,256,156	2,500,000	(2,027,000)	5,755,986	
Trade and other receivables	294,792				294,792	
Other	43,892				43,892	
<b>Total Current Assets</b>	<b>365,514</b>	<b>5,256,156</b>	<b>2,500,000</b>	<b>(2,027,000)</b>	<b>6,094,670</b>	
<b>Non-Current Assets</b>						
Property plant and equipment	792,955				792,955	
Exploration expenditure	21,297,424			1,657,000	22,954,424	
Mining rehab fund	81,897				81,897	
<b>Total Non-Current Assets</b>	<b>22,172,276</b>			<b>1,657,000</b>	<b>23,829,276</b>	
<b>Total Assets</b>	<b>22,537,790</b>	<b>5,256,156</b>	<b>2,500,000</b>	<b>(370,000)</b>	<b>29,923,946</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Trade payables	3,151,525				3,151,525	
Other payables	1,097,527				1,097,527	
Borrowings - interest free	240,000				240,000	
Borrowings - 8% interest	2,502,952				2,502,952	
Borrowings - 10% interest	443,960			(429,000)	14,960	
Borrowings - 25% interest	5,083,567			(4,997,000)	86,567	
Convertible notes	2,193,233		2,500,000		4,693,233	
<b>Total Current Liabilities</b>	<b>14,712,764</b>		<b>2,500,000</b>	<b>(5,426,000)</b>	<b>11,786,764</b>	
Provisions - Employee benefits	52,727				52,727	
Provisions - Rehabilitation of Plutonic	5,690,903				5,690,903	
<b>Total Non-Current Liabilities</b>	<b>5,743,630</b>				<b>5,743,630</b>	
<b>Liabilities</b>	<b>20,456,394</b>		<b>2,500,000</b>	<b>(5,426,000)</b>	<b>17,530,394</b>	
<b>Net Assets</b>	<b>2,081,396</b>	<b>5,256,156</b>		<b>5,426,000</b>	<b>(370,000)</b>	<b>12,393,552</b>
Issued capital	51,961,963	5,256,156		5,426,000		62,644,119
Reserves	14,185,914					14,185,914
Accumulated losses	(64,066,481)				(370,000)	(64,436,481)
<b>Total Equity</b>	<b>2,081,396</b>	<b>5,256,156</b>		<b>5,426,000</b>	<b>(370,000)</b>	<b>12,393,552</b>
Source	Annual Report	Annual Report	Annual Report	AGM notice 27 August	June 2018 Appendix 5B	



## **8.5 Vango Directors**

As set out in section 4.8 of the Replacement Bidder's Statement, the directors of Vango are:

- (a) Mr Bruce McInnes (Executive Chairman);
- (b) Mr Shengqiang (Sean) Zhou (Managing Director);
- (c) Dr Zhenzhu (Carol) Zhang (Non-Executive Director); and
- (d) Mr Dongjie (David) Zhang (Alternate Director for Dr Zhang).

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## 9. RISK FACTORS

In considering this Replacement Target's Statement and the Offer, Dampier Shareholders should be aware that there are a number of risks which apply to a continuing investment in Dampier. There are also risks associated with the alternative of accepting the Offer.

Non-exhaustive lists of relevant risk factors are provided in this section 9.

### 9.1 Risks associated with accepting the Offer

#### (a) Risks as a Vango shareholder

Please refer to the following sections of this Replacement Target's Statement in relation to material potential risks that you may assume as a Vango shareholder if you accept the Offer and receive Vango Shares:

- (i) see section 1.2 in relation to the increased project risk inherent in Vango's projects compared to the K2 Project;
- (ii) see section 1.4 in relation to Vango's history of dilutive and uncommercial funding arrangements and share issues;
- (iii) see sections 1.1 and 1.5 in relation to the risks for Vango shareholders in relation to the K2 Joint Venture and the Dispute; and
- (iv) see section 1.6 in relation to Vango's previously undisclosed significant contingent liability from a potential claim for breach of contract from Superior Gold; and
- (v) see section 1.3 in relation to the material uncertainty regarding Vango's ability to continue to as a going concern.

Refer to section 10.2 of the Replacement Bidder's Statement for details of risks in relation to the Combined Group (defined in the Replacement Bidder's Statement to mean Vango, following the acquisition of a Relevant Interest in all or a majority of Dampier Shares).

#### (b) Possibility of a superior proposal emerging

You may consider that a Third Party may emerge with a superior proposal. If you accept the Offer, other than in limited circumstances provided in the Corporations Act (as summarised in section 5.11 of this Replacement Target's Statement), you will not be able to accept your Dampier Shares into any superior proposal such that you will not be able to obtain any potential benefit associated with that superior proposal (if any). However, your Directors are not currently aware of any superior proposal being likely to be tabled.

Accepting the Offer will also preclude you from selling your Dampier Shares on-market on the ASX.

#### (c) Dilution of interest in equity upside

If you accept the Offer, your exposure to the risks and rewards associated with Dampier's assets will be diluted if the Offer is successful.

(d) **Possibility of future Dampier Share price appreciation**

It may be possible in the future to sell your Dampier Shares for more valuable consideration than that offered under the Offer. The Directors make no forecast of whether this will occur.

(e) **Taxation consequences of a change in control in Dampier**

Accepting the Offer by a Dampier Shareholder may create a taxation liability in respect of any gain made through the disposal of Dampier Shares.

The taxation position will depend upon the Offer becoming unconditional and upon the individual circumstances of the Dampier Shareholder accepting the Offer.

Dampier Shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.

## **9.2 Risks associated with rejecting the Offer and continuing an investment in Dampier**

In considering this Replacement Target's Statement, Dampier Shareholders should be aware that there are a number of risks, general and specific, which may affect the future operating and financial performance of Dampier and the value of Dampier Shares.

Many of these risks are relevant to Dampier Shareholders today and will be relevant to Dampier Shareholders who remain as Dampier Shareholders following the completion of the Offer.

Some of the risks can be adequately mitigated by the use of safeguards and appropriate systems but many are beyond the control of Dampier and its Directors and cannot be mitigated.

One or more or a combination of these risks could materially and adversely impact Dampier's business, including its operating and financial performance, industry standing and the price and value of Dampier Shares. If you do not accept the Offer and continue to hold Dampier Shares, your investment in Dampier will be subject to these and other risks.

A non-exhaustive list of key risks applicable to maintaining your investment in Dampier in the present circumstances, is set out below.

Additional risks and uncertainties not currently known to Dampier may have a material adverse effect on Dampier's business and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks that may affect Dampier.

(a) **Company specific risks**

(i) **Additional requirements for capital**

Dampier's capital requirements depend on numerous factors including Dampier's ability to generate income from its mineral assets and the funding sources available to develop those assets to an income generating stage. It is likely that Dampier will require further financing which will likely involve sourcing

additional equity investment by way of share issues, diluting current shareholdings.

To the extent that it may be available to Dampier, any debt financing should be expected to involve restrictions on financing and operating activities. Furthermore, if Dampier is unable to obtain additional financing as required to advance its activities, it will be necessary for Dampier to reduce the scope of its activities including scaling back its joint venture and exploration programmes.

(ii) **Possibility of future Dampier Share price depreciation**

While there are many factors that influence the market price of Dampier Shares, following the close of the Offer, the market price of Dampier Shares may fall if Vango's Offer fails (and there is no alternative to the Offer) or if the Offer is otherwise unsuccessful.

Depending on the size of Vango's interest in Dampier, there may also be a reduced likelihood that another party will make an offer to acquire all of the Dampier Shares in the future.

Depending on the number of acceptances to the Offer, the number of Dampier Shares held by investors for trading purposes may be reduced, thereby potentially diminishing the future liquidity of ASX market trading of Dampier Shares.

(iii) **Other alternatives to the Offer**

If you reject the Offer there can be no guarantee that a competing proposal will emerge.

As at the date of printing of this Replacement Target's Statement, the Dampier Board is not in a position to provide Dampier Shareholders with information in relation to the probability of an alternative transaction arising but will keep Dampier Shareholders informed of any material developments.

(iv) **Minority ownership consequences**

Vango's Offer is presently subject to a Minimum Acceptance Condition (amongst others). Vango has the right to free its Offer from the Offer Conditions, including the Minimum Acceptance Condition. If Vango waives the Minimum Acceptance Condition and acquires more than 50% but less than 90% of the Dampier Shares then, assuming all other Offer Conditions are fulfilled or freed, Vango will acquire a majority shareholding in Dampier.

Depending upon the number of Dampier Shareholders that accept the Offer, this may have a number of implications for Dampier Shareholders who do not accept the Offer, including:

- (A) Vango may be in a position to significantly influence the composition of Dampier's Board and senior management and control the strategic direction of the businesses of Dampier and its subsidiaries (including the handling of the Dispute referred to in section 6.3.1 of this Replacement Target's Statement);

- (B) the liquidity of Dampier Shares may be lower than at present;
- (C) there may be reduced market support for Dampier Shares;
- (D) if the number of Dampier Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, then the ASX may suspend and/or de-list Dampier. If this occurs, any remaining Dampier Shareholders will not be able to sell their Dampier Shares on market;
- (E) if the number of Dampier Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing then Vango may seek to have Dampier removed from the official list of the ASX. If this occurs, Dampier Shares will not be able to be bought or sold on the ASX;

(v) **Joint Venture Risk**

Dampier is subject to the risk that changes in the status of any of Dampier's joint ventures (including changes caused by financial failure or default by a participant in the joint venture) may adversely affect the operations and performance of Dampier.

In particular, there is a risk that Vango will continue to frustrate Dampier's legitimate rights under the K2 Joint Venture and Dampier will be unsuccessful in pursuing its claims against Vango and DPPL in relation to the Dispute. While Dampier believes it has strong grounds to pursue Vango for its legal rights under the K2 Joint Venture, there is a risk that Dampier will not be able to earn its interest in the K2 Project or obtain compensation for Vango's breaches or obtain any other value from its interest in the K2 Joint Venture (whether as a result of Vango's continued breaches or otherwise).

Refer to section 6.3.1 of this Replacement Target's Statement for details of the Dispute in relation to the K2 Joint Venture.

(vi) **Joint venture parties, contractors and agents**

In conducting its business, Dampier relies on continuing existing strategic relationships and has been forming new relationships with other entities in the mineral exploration and mining industry, including joint venture partners, contractors and agents. There can be no assurance that existing relationships will continue to be maintained or that new ones will be successfully formed and Dampier could be materially adversely affected by changes to such relationships or difficulties in forming new ones.

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Dampier is, or may become a party, or insolvency or other managerial failure by any of the contractors used by Dampier in any of its activities, or insolvency or other managerial failure by any of the other service providers used by Dampier for any activity.

Refer to section 6.3.1 of this Replacement Target's Statement for details of the Dispute in relation to the K2 Joint Venture.

(vii) **Contractual risk where Company does not own tenements**

In order for Dampier to be able to achieve its objectives, Dampier is reliant on DPPL (wholly owned subsidiary of Vango) as the registered holder of the K2 Project mining tenements to comply with its contractual obligations under the Binding Terms Sheet with respect to maintaining those tenements in full force and effect, free from any liability to forfeiture or non-renewal.

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance.

Where DPPL fails to comply with conditions of the K2 Project mining tenements which results in loss of title to the tenements, Dampier would lose its interest in its joint venture interest and rights to the tenements under the Binding Terms Sheet. It may then be necessary for Dampier to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

Refer to section 6.3.1 of this Replacement Target's Statement for details of the Dispute in relation to the K2 Joint Venture.

(viii) **Resource estimates**

The mineral resource estimates for Dampier's assets are estimates only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect Dampier's operations.

(ix) **Conflicts of Interest**

Certain Directors and officers of Dampier are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures. Situations may arise where the other interests of these Directors and officers may conflict with the interests of Dampier. Directors and officers of Dampier with conflicts of interest will be subject to and are required to follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

(b) **Industry Specific Risks**

(i) **Exploration, geological and development risks**

Mineral exploration and development are speculative and high-risk activities that requires large amounts of expenditure over extended periods of time and may be impeded by circumstances and factors beyond Dampier's control. Dampier ability to succeed in these practices involves (amongst other things):

- (A) discovery and proving-up, or acquiring, an economically recoverable mineral resource or reserve;
- (B) access to adequate capital throughout the acquisition/discovery and project development phases of a mineral exploration project;
- (C) securing and maintaining title to such mineral exploration projects;
- (D) obtaining required development consents and approvals necessary for the acquisition, exploration, development and production phases of the project; and
- (E) accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that forthcoming exploration programmes, or subsequent exploration programmes, will result in the realisation of Dampier's objectives such as the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited. Further, conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation or geological, geochemical, geophysical, drilling and other data.

(ii) **Commodity price volatility and exchange rate risks**

If Dampier achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of Dampier to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of Dampier. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of Dampier will be taken into account in Australian currency, exposing Dampier to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(iii) **Environmental risk**

Dampier's operations will be subject to various regulations regarding environmental matters. Development of each of Dampier's projects will be dependent on the relevant licences meeting environmental guidelines and gaining approvals by government authorities. Whilst Dampier intends to conduct its activities in an environmentally responsible manner, risks arise in relation to compliance with these regulations and approvals.

(iv) **Competition risk**

The industry in which Dampier is involved is subject to domestic and global competition. While Dampier will undertake reasonable due diligence in its business decisions and operations, Dampier will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of Dampier's projects and businesses.

(c) **General risks**

(i) **Government licences and approvals**

Dampier through its direct and indirect participation in corporations, partnerships or joint ventures holds interests in properties in Australia. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations of Dampier. Dampier has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Australia the Directors may reassess investment decisions and commitments to assets.

(ii) **Economic**

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

(iii) **Market Conditions**

Share market conditions may affect the traded prices of Dampier's quoted securities regardless of Dampier's operating



performance. Share market conditions are affected by many factors such as:

- (A) general economic outlook;
- (B) introduction of tax reform or other new legislation;
- (C) interest rates and inflation rates;
- (D) changes in investor sentiment toward particular market sectors;
- (E) the demand for, and supply of, capital; and
- (F) 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 Dampier nor the Directors warrant the future performance of Dampier or any return on an investment in Dampier.

(iv) **Governmental policy changes and legal risk**

Government action or policy change in relation to access to lands and infrastructure, compliance with environmental regulations, export restrictions, taxation, royalties and subsidies may adversely affect Dampier's operations and financial performance.

Dampier's projects are governed by a series of laws and regulations. Breaches of non-compliance with these laws and regulations can result in penalties and other liabilities. These may have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price of Dampier.

These laws and regulations may be amended from time to time, which may also have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price for Dampier. The legal and political conditions and any changes thereto are outside the control of Dampier.

The introduction of new legislation or amendments to existing legislation by government, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern Dampier's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of Dampier and the value of Dampier Shares.

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## **10. ADDITIONAL INFORMATION**

### **10.1 Effect of the takeover on Dampier's material agreements**

To the best of each Director's knowledge, none of the material contracts to which Dampier is a party contains change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer.

### **10.2 Material litigation**

Refer to sections 1.1 and 6.3.1 of this Replacement Target's Statement for a discussion of the current Dispute between Vango and Dampier in relation to the Joint Venture. Refer also to Dampier's announcement to ASX dated 10 August 2018 (available from Dampier's website at [www.dampiergold.com](http://www.dampiergold.com) or the ASX announcements platform at [www.asx.com.au](http://www.asx.com.au) (ASX:DAU)) for further information.

As announced to ASX on 24 September 2018, Dampier had appointed RFC Ambrian as its corporate adviser in respect to the Offer. Dampier has terminated this appointment effective 15 October 2018. RFC Ambrian asserts that it remains entitled to fees agreed under their appointment, which Dampier disputes (in relation to some but not all of the fees provided for under their appointment). Dampier expects this matter to be resolved by agreement with RFC Ambrian.

Legal proceedings in relation to these disputes have not commenced.

As far as the Directors are aware, other than the Dispute with Vango (for which legal proceedings have not yet commenced), Dampier is not involved in any ongoing litigation which is material in the context of Dampier and its Related Bodies Corporate taken as a whole.

### **10.3 Dampier's issued securities**

As at the date of this Replacement Target's Statement, Dampier's issued equity securities consisted of:

- (a) 165,640,141 Dampier Shares; and
- (b) 12,000,000 Dampier Options comprising:
  - (i) 6,000,000 unlisted Dampier Options exercisable at \$0.05 on or before 31 July 2019; and
  - (ii) 6,000,000 unlisted Dampier Options exercisable at \$0.10 on or before 31 July 2021.

There are no other shares or other securities (including equity securities, debt securities or convertible securities) or options or performance rights or other instruments which are convertible into securities in Dampier nor has it offered or agreed to issue any such shares, securities, options or performance rights or other instruments to any Third Party.

## 10.4 Substantial holders

As at the date of this Replacement Target's Statement, Dampier is aware from notices filed with the ASX that the following persons have substantial holdings in Dampier:

	Name of substantial holder	Number of Dampier Shares held	% of total Dampier Shares
1.	Qian Huang	16,567,247	10.00%
2.	Vango <sup>1</sup>	15,114,828	9.13%
3.	Columbus Minerals Pty Ltd <sup>2</sup>	12,630,849	7.63%
4.	Dezhi Qiu	12,487,844	7.54%
5.	Enterprise No 2 Pty Ltd	10,000,000	6.04%
6.	Grant Mooney	9,970,000	6.02%
7.	Zlatomir Sas	8,330,000	5.03%

### Notes:

1. Pursuant to pre-bid acceptance agreements entered into with certain Dampier Shareholders (refer section 7.4 of the Replacement Bidder's Statement).
2. As noted in section 7.2(a) of this Replacement Target's Statement, Dampier Director Mr Zhang has a Relevant Interest in these Dampier Shares by virtue of being a director and shareholder in Columbus Minerals Pty Ltd.

## 10.5 Effect of Offer on Dampier Options

If you are a Dampier Optionholder, the Offer does not apply to your Dampier Options. Presently, the Offer does not extend to any Dampier Shares issued on exercise of any Dampier Options. However, Vango has reserved the right to vary the Offer to extend to any Dampier Shares which are issued on conversion of securities convertible into Dampier Shares, where such securities were on issue at the Register Date.

The Replacement Bidder's Statement indicates that, if required to do so under section 663A of the Corporations Act, Vango intends to give notices to Dampier Optionholders to acquire their Dampier Options in accordance with section 663C of the Corporations Act.

## 10.6 Consents

Steinepreis Paganin has given, and has not withdrawn before the lodgement of this Replacement Target's Statement with ASIC, its written consent to be named in this Replacement Target's Statement as Australian legal advisers to Dampier in the form and context in which it is named. Steinepreis Paganin has not advised on the laws of any foreign jurisdiction, and has provided no tax advice in relation to any jurisdiction. Steinepreis Paganin has not caused or authorised the issue of this Replacement Target's Statement, does not make or purport to make any statement in this Replacement Target's Statement or any statement on which a statement in this Replacement Target's Statement is based and takes no responsibility for any part of this Replacement Target's Statement, other than a reference to its name.

ASIC has published various Class Orders and Legislative Instruments that modify, or exempt parties from compliance with the operation of various provisions of Chapter 6 of the Corporations Act. Dampier has relied on that ASIC Class Order and Legislative Instrument relief.

As permitted by ASIC Class Order 13/521 this Replacement Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to ASX. Pursuant to the Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Replacement Target's Statement. Any Dampier Shareholder receive a copy of any of these documents, or the relevant parts of the documents containing the statements (free of charge), during the Offer Period, please contact Dampier's Shareholder Information Line. Calls to the Shareholder Information Line may be recorded.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Replacement Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person;
- (b) that are a correct and fair copy of, or extract from, what purports to be a public official document; or
- (c) that are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication,

provided the statement was not made, or published, in connection with the Offer or Dampier or Vango or any business or property or person the subject of this Replacement Target's Statement.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Replacement Target's Statement also contains trading data obtained from IRESS without their consent.

## **10.7 No other material information**

This Replacement Target's Statement is required to include all the information that Dampier Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Replacement Target's Statement; and
- (b) only if the information is known to any Director of Dampier.

The Directors are of the opinion that the information that Dampier Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- (a) the information contained in the Replacement Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Replacement Target's Statement);

- (b) the information contained in Dampier's releases to the ASX, and in the documents lodged by Dampier with ASIC before the date of this Replacement Target's Statement; and
- (c) the information contained in this Replacement Target's Statement.

The Directors have assumed, for the purposes of preparing this Replacement Target's Statement, that the information in the Replacement Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Replacement Target's Statement). However, the Directors do not take any responsibility for the contents of the Replacement Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Replacement Target's Statement, the Directors have had regard to:

- (a) the nature of the Dampier Shares;
- (b) the matters that shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to shareholders' professional advisers; and
- (d) the time available to Dampier to prepare this Replacement Target's Statement.

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## 11. GLOSSARY AND INTERPRETATION

### 11.1 Glossary

Where the following terms are used in this Replacement Target's Statement they have the following meanings:

**2004 JORC Code** means the 2004 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

**2012 JORC Code** means the 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

**A\$ or \$** means an Australian dollar.

**Announcement Date** means the date of announcement of the Offer being 17 September 2018.

**ASIC** means Australian Securities & Investments Commission.

**Associate** has the meaning given to that term in sections 10 to 17 of the Corporations Act.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the official listing rules of ASX.

**ASX Settlement Operating Rules** means the operating rules of the settlement facility provided by ASX.

**Bidder's Statement** means the statement of Vango under Part 6.5 of Division 2 of the Corporations Act issued in relation to the Offer.

**CGT** means capital gains tax.

**CHES Holding** means a number of shares which are registered on Dampier's share register being a register administered by ASX Settlement Pty Limited and which records uncertificated holdings of shares.

**Controlling Participant** in relation to your Dampier Shares has the same meaning as in the ASX Settlement Operating Rules.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Dampier** means Dampier Gold Limited (ACN 141 703 399).

**Dampier Board** means the board of Directors of Dampier.

**Dampier Director** or **Director** means a director of Dampier Gold Limited (ACN 141 703 399).

**Dampier Group** means Dampier Gold Limited and its Related Bodies Corporate.

**Dampier Option** means an option to subscribe for a Dampier Share.

**Dampier Share** means a fully paid ordinary share in the capital of Dampier.

**Dampier Shareholder** means a person who holds one or more Dampier Shares.

**DPPL** means Dampier (Plutonic) Pty Ltd (ACN 131 670 963).

**First Supplementary Bidder's Statement** means Vango's first supplementary Bidder's Statement lodged with ASIC and served on Dampier on 15 October 2018.

**GST** means Australian goods and services tax.

**Issuer Sponsored Holding** means a holding of Dampier Shares on Dampier's issuer sponsored subregister.

**Minimum Acceptance Condition** means at or before the end of the Offer Period, Vango has a Relevant Interest in such number of Dampier Shares which represents 50.1%.

**Notice of Status of Conditions** means Vango's notice disclosing the status of the conditions to the Offer which is required to be given by section 630(3) of the Corporations Act.

**Offer** or **Vango's Offer** means the offer to acquire Dampier Shares to be made by Vango in connection with the off-market takeover bid made by Vango for all the Dampier Shares that Vango does not currently own or control.

**Offer Conditions** means the conditions to the Offers set out in section 12.9 of the Replacement Bidder's Statement.

**Offer Period** means the period with respect to the Offer during which the Offer is open for acceptance in accordance with section 12.3 of the Replacement Bidder's Statement.

**Original Target's Statement** means Dampier's original target's statement dated and lodged with ASIC on 18 October 2018

**oz** means ounce.

**Register Date** means the time and date set out by Vango under section 633(2) of the Corporations Act being 9:00am (Sydney time) on 18 September 2018.

**Related Bodies Corporate** has the meaning given in the Corporations Act.

**Relevant Interest** has the meaning given in section 608 and section 609 of the Corporations Act.

**Replacement Bidder's Statement** means Vango's replacement Bidder's Statement lodged with ASIC and sent to Dampier Shareholders (as at the Register Date) on 15 October 2018 (comprising Vango's original Bidder's Statement dated 17 September 2018 as amended by the First Supplementary Bidder's Statement).

**Replacement Target's Statement** means this document (including the attachments and annexures), being the statement of Dampier under Part 6.5 Division 3 of the Corporations Act issued in relation to the Offer which replaces the Original Target's Statement and the Supplementary Target's Statement.

**Second Supplementary Bidder's Statement** means Vango's second supplementary Bidder's Statement lodged with ASIC and served on Dampier on 15 October 2018.

**Shareholder Information Line** means:

- (a) 1300 361 735 (for calls made from within Australia); or
- (b) +61 1300 361 735 (for calls made from outside Australia),

between 9:00 am and 5:00 pm (Perth time) Monday to Friday.

**Supplementary Target's Statement** means Dampier's supplementary target's statement dated and lodged with ASIC on 19 October 2018.

**Sydney time** means time as observed in Sydney, New South Wales, Australia.

**Third Party** means a party other than Dampier and any subsidiary of Dampier, and Vango and any subsidiary of Vango.

**Vango** means Vango Mining Limited (ACN 108 737 711)

**Vango Shares** means fully paid ordinary share in the issued capital of Vango.

**Vango Group** means Vango and its Related Bodies Corporate.

## 11.2 Interpretation

In this Replacement Target's Statement:

- (a) other words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words of any gender include all genders;
- (c) words indicating the singular include the plural and vice versa.
- (d) an expression indicating a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Replacement Target's Statement as relevant;
- (f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Replacement Target's Statement;
- (h) a reference to time is a reference to Sydney time; and
- (i) a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia unless otherwise stated.



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**12. AUTHORISATION**

This Replacement Target's Statement has been approved by a resolution passed by the Directors of Dampier. All Directors voted in favour of that resolution.

Signed for and on behalf of Dampier:

A handwritten signature in black ink, appearing to read 'M Carson', written over a faint circular stamp or watermark.

**Malcolm Carson  
Chairman  
For and on behalf of  
Dampier Gold Limited**