Half Year Financial Report

31 December 2018

ABN 68 108 737 711

Directors	Bruce McInnes (Executive Chairman) Shengqiang (Sean) Zhou (Executive Director) Zhenzhu (Carol) Zhang (Executive Director)
Company Secretary	Ian Morgan
Registered Office	Suite 3542, Level 35, Tower 1 Barangaroo International Towers 100 Barangaroo Avenue Sydney NSW 2000
Principal place of business	Suite 3542, Level 35, Tower 1 Barangaroo International Towers 100 Barangaroo Avenue Sydney NSW 2000
Share Register	Boardroom Limited Level 7 207 Kent Street Sydney NSW 2000 Telephone: +61 2 9251 6812 Facsimile: +61 2 9279 0664
Auditor	Ernst & Young Ernst & Young Centre 200 George Street Sydney NSW 2000
Solicitors	Gilbert + Tobin Level 35, Tower Two International Towers 200 Barangaroo Avenue Sydney NSW 2000
Stock exchange listing	Australian Securities Exchange ASX Code: VAN, VANOB
Website	www.vangomining.com.au

Your directors present their report on the consolidated entity consisting of Vango Mining Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The names of the Company's Directors in office during the Period and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Bruce McInnes (Executive Chairman)
Shengqiang (Sean) Zhou (Executive Director)
Zhenzhu Zhang (Executive Director)

Principal Activities

The Consolidated Group is focussed on the exploration and development of its 100%-owned Marymia (formerly Plutonic Dome) Gold Project in the Mid-West region of Western Australia ("the Project"). It plans to systematically develop the Project's assets into a significant, long term gold mining operation.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $2,387,018 (31 December 2017: $1,660,014).

No equity accounted loss from the SARCO joint venture was accrued during the half year (31 December 2017: $nil). Interest on borrowings and convertible notes decreased substantially to $280,942 (31 December 2017: $689,006) following the repayment of loans. Corporate overheads were $2,131,710 (31 December 2017: $972,135) and reflect the significant increase in exploration activity.

Marymia (formerly Plutonic Dome) Gold Project

Over the reporting period the Company continued its drilling programmes at the Trident, Cinnamon and the Trident West gold deposit areas. This included deeper targeted drilling at Trident and Cinnamon, with the objective of identifying extensions to the gold mineralisation for further resource drilling, as well as geotechnical and metallurgical drilling at Trident West. The Company also commenced initial testing of the Apex Prospect.

Further drilling of the Trident gold deposit intersected the mineralised Trident ultramafic at a distance of 1km (down dip) to the west of the drill defined mineralised zone, increasing the size of the Trident target zone. This drilling also produced high grade gold intersections down dip to the west of the initial target area, the focus of previously reported drilling, including:

- **VTRRCD0028: 3.5m @10.9 g/t Au from 349m including 1.5m @22.1 g/t Au from 350m**

The results from this, and previously reported, drilling will be incorporated into a JORC 2012 Mineral Resource Estimate for the Trident deposit.

Geotechnical and metallurgical drilling was also completed at the Trident West gold deposit. The results of this drilling and metallurgical test work will be incorporated into a JORC 2012 Mineral Resource Estimate and initial open pit design (and portal access to Trident) for the Trident West gold deposit.

Significant gold intersections have also been produced from the Company's initial drilling of the Cinnamon deposit, including;

- **VBGRCD001: 10m @ 2.69 g/t from 106m including 0.9m @10.31 g/t, 2m @8.5 g/t Au, 5m @ 3.03g/t from 128m including 5.64 g/t Au and 2m @20.78 g/t from 164 m**
- **VBRGRCD0002: 19m @ 3.04 g/t from 74m including 10m @ 4.06 g/t Au**

These intersections have confirmed down-plunge extensions of the Cinnamon gold deposit and further drilling will be considered with the objective of defining a JORC 2012, Mineral Resource Estimate for the Cinnamon deposit.

The Company also focused activities on mine planning and processing plant scoping studies to determine the feasibility of establishing stand-alone mining and processing gold production at the Marymia project. These studies are on-going and will be reported in accordance with JORC 2012 when completed.

Competent persons' statements

The information in this report that relates to exploration results has been compiled by Mr Jonathon Dugdale, a Fellow of the Australian Institute of Mining and Metallurgy ("FAusIMM"), a full time employee of Discover Resource Services Pty Ltd and a consultant to the Company. Mr Dugdale has sufficient experience relevant to the style of mineralisation and type of deposits under consideration to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee ("JORC") Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Dugdale consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Corporate

Additional Funding
In July 2018 the Company completed a placement of 29,078,644 fully paid ordinary shares and 14,539,331 attaching options at a price of 18 cents per share, raising $5.2 million. The options ae exercisable at 27 cents per share, on or before 11 July 2020.

The company also finalised the arrangements to repay $5.425,713 of Debt by way of issuing 83,275,167 shares at 6 cents per share and 9,537,840 shares at 4.5 cents per share

MOU with China ZhengHe Industrials
In Novemeber 2018 the Company entered into a Memorandum of Understanding with China ZhengHe Industrials to provide a solution for the mining and processing plant, techical equipment purchasing and financing arrangements.This arrangement is still being finalised at the date of this report.

Dampier Gold Limited Takever Offer
The Company also initiated an of market takeover bid for Dampier Gold Limited ("DAU") comprising two fully paid ordinary shares in Vango for every seven fully paid ordinary shares in DAU. The bid closed on 4 January 2019, with Vango now the largest shareholder of DAU with 22.08% of its issued capital.

Dampier Gold Limited Binding Term Sheet
The Company continues to work with Dampier Gold Limited (DAU) in accordance with the Binding Term Sheet dated 12 May 2017, that provides for DAU to contribute up to $3 million to the development of the K2 underground mine. DAU will obtain a joint venture interest equal to the contribution by DAU as a proportion of the capital cost estimate for the development of the K2 underground mine.

Billabong Gold Pty Ltd Claim
Vango Mining Limited filed its takeover defence in February 2019.and remains of the view the claim is speculative and without merit and will vigorously defend the Billabong claim.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Shengqiang (Sean) Zhou
Managing Director

15 March 2019

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

As lead auditor for the review of Vango Mining Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review*;* and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Scott Jarrett
Partner
Sydney
15 March 2019

	Note	31-Dec-18 $	31-Dec-17 $
Revenue from continuing operations	3	**39,461**	**1,127**
Expenses			
Depreciation and amortisation		(13,828)	-
Interest expense	4	(280,942)	(689,006)
Other expenses	4	(2,131,710)	(972,135)
Loss before tax from continuing operations		**(2,387,019)**	**(1,660,014)**
Income tax expense		-	-
Loss for the half-year from continuing operations		**(2,387,019)**	**(1,660,014)**
Other comprehensive income for the half-year, net of tax		**-**	**-**
Total comprehensive loss for the half-year attributable to the ordinary equity holders of Vango Mining Ltd		**(2,387,019)**	**(1,660,014)**
		Cents	**Cents**
Loss per share attributable to the ordinary equity holders of the company:			
Basic loss per share	8	(0.005)	(0.004)
Diluted loss per share	8	(0.005)	(0.004)

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

	Note	31-Dec-18 $	30-Jun-18 $
ASSETS			
Current assets			
Cash and cash equivalents		629,384	26,830
Trade and other receivables		281,258	294,792
Other		187,469	43,892
Total current assets		**1,098,111**	**365,514**
Non-current assets			
Investment accounted for using the equity method	5	-	-
Property, plant and equipment		827,698	792,955
Exploration evaluation expenditure	6	25,014,296	21,297,424
Mining Rehabilitation Fund Contribution		136,515	81,897
Listed Investment		989,902	-
Total non-current assets		**26,968,411**	**22,172,276**
Total assets		**28,066,522**	**22,537,790**
LIABILITIES			
Current liabilities			
Trade and other payables		3,134,094	4,249,052
Borrowings	7	4,593,276	10,463,712
Provisions		52,727	52,727
Total current liabilities		**7,780,097**	**14,765,491**
Non-current liabilities			
Borrowings	7	2,525,722	-
Provisions		5,690,903	5,690,903
Total non-current liabilities		**8,216,625**	**5,690,903**
Total liabilities		**15,996,722**	**20,456,394**
Net assets		**12,069,800**	**2,081,396**
EQUITY			
Issued capital	8	63,438,301	51,961,963
Reserves	9	15,085,000	14,185,914
Accumulated losses		(66,453,501)	(64,066,481)
TOTAL EQUITY		**12,069,800**	**2,081,396**

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

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	$	$	$	$
Balance at 30 June 2018	**51,961,963**	**14,185,914**	**(64,066,481)**	**2,081,396**
Loss after income tax expense for the half-year	-	-	(2,387,019)	(1,623,682)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(2,387,019)	(1,623,682)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	5,824,057	-	-	5,824,057
Issue of Shares pursuant to Takeover Bid	989,903	-	-	989,903
8% Convertible Note Equity Component		135,750		135,750
Convertible note issue	5,425,713	-	-	5,425,713
Balance at 31 December 2018	**64,201,637**	**14,321,664**	**(66,453,501)**	**12,069,800**
Balance at 30 June 2017	**49,799,707**	**14,185,914**	**(60,501,085)**	**3,484,536**
Loss after income tax expense for the half-year	-	-	(2,387,019)	(1,660,014)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(2,387,019)	(1,660,014)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	175,000	-	-	175,000
Convertible Note Issue	-	48,000	-	48,000
Balance at 31 December 2017	**49,974,707**	**14,233,914**	**(62,888,104)**	**2,047,522**

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

	Note	31-Dec-18 $	31-Dec-17 $
Cash flows used in operating activities			
Miscellaneous Income		37,685	-
Payment to suppliers and employees		(2,326,340)	(724,332)
Interest received		1,776	1,127
Interest paid		(63,230)	(131,998)
Net cash flows used in operating activities		**(2,350,109)**	**(855,203)**
Cash flows used in investing activities			
Payments for property, plant and equipment		(34,744)	-
Payments for exploration and evaluation		(4,691,427)	(1,889,435)
Rental Bond Payments		(144,262)	-
Refund of security deposits		-	85,078
Net cash flows used in investing activities		**(4,870,433)**	**(1,804,357)**
Cash flows from financing activities			
Proceeds from issue of shares		6,019,492	-
Proceeds from issue of options		-	-
Share issue transaction costs		(195,435)	-
Proceeds of borrowings		2,199,039	3,650,000
(Repayment) of borrowings		(200,000)	(155,796)
Net cash flows provided by financing activities		**7,823,096**	**3,494,204**
Net increase / (decrease) in cash and cash equivalents		602,554	834,644
Cash and cash equivalents at the beginning of the half-year		26,830	204,595
Cash and cash equivalents at the end of the period		**629,384**	**1,039,239**

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

1. BASIS OF PREPARATION

The interim unaudited condensed consolidated financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting. The disclosures required in these interim unaudited condensed consolidated financial statements are less extensive than the disclosure requirements for annual financial statements. The interim unaudited condensed consolidated financial statements should be read in conjunction with the annual financial report of the Group for the year ended June 30, 2018.

The interim unaudited condensed consolidated financial statements comprise the condensed statements of comprehensive income, financial position, changes in equity and cash flows as well as the relevant notes to the interim unaudited condensed consolidated financial statements.

(a) Going Concern

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

The consolidated entity has incurred a net loss after tax for the half-year ended 31 December 2018 of $2,387,018 (2017: $1,660,014) and experienced net cash outflows from operating activities of $2,494,371 (2017: outflow of $855,203). This reflects the increased exploration activities at the company's project. Net current liabilities as at 31 December 2018 were $6,681,986 (2017: net current liabilities $6,599,587). The net asset position of the company has increased to $12,069,800 (30 June 2018 $2,081,396) reflecting the increased project expenditure and the conversion of debt to equity over the period as shown by a decrease in Current Liabilities to $5,436,452 (30 June 2018 $14,765,491).

The ability of the Company and the Group to continue as going concerns is dependent on the Company being able to extend or further restructure its borrowings and raise additional funds as required to fund ongoing exploration and development commitments, and for working capital. While the Directors are currently considering a range of fund raising measures, these create material uncertainty that may casts significant doubt on the Group's ability to continue as a going concern. However, this has been partially mitigated by the Company sourcing additional debt funding, totaling $10 million, subsequent to the end of the reporting period as disclosed in Note 17 of the half-year financial statements.

The Directors have a reasonable expectation, after making enquiries and considering the uncertainties described above, that the Group and the Company will be able to obtain adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the financial report. However, should the Company be unsuccessful in undertaking additional raisings there is a material uncertainty that may casts significant doubt on the Group's ability to continue as a going concern. No adjustments have been made relating to the recoverability of assets and classification of liabilities that might be necessary should the Company not continue as a going concern.

(b) Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for, where applicable financial assets and liabilities at fair value through profit or loss and borrowings measured at amortised cost.

BASIS OF PREPARATION (Continued)

(c) New / revised accounting standards and interpretations adopted

The accounting policies applied by the Group in these interim unaudited condensed consolidated financial statements are the same as those applied by the Group in the annual financial statements for the year ended June 30, 2018. None of the standards and amendments which became mandatory for the first time in the interim reporting period commencing July 1, 2018 resulted in any adjustments to the amounts recognised in the financial statements or disclosures.

The Group applies, for the first time, AASB 15 Revenue with Contracts from Customers and AASB 9 Financial Instruments. Given that the company does not generate revenue, the adoption of AASB 15 did not have any impact on the financial statements. As required by AASB 134, the nature and effect of the changes of the other new standards has been outlined below.

Standards and interpretations issued but not yet effective

The Australian Accounting Standards issued but not yet mandatory for the 31 December 2018 interim reporting period have not been adopted by the Group in the preparation of this interim financial report and are set out below:

Standard/Interpretation	Effective for the annual reporting period beginning on	Expected to be initially applied in the financial year ending
AASB 16 Leases	January 1, 2019	June 30, 2020
AASB 2017-6 Amendments to Australian Accounting Standards –Prepayment Features with Negative Compensation	January 1, 2019	June 30, 2020
AASB 2018-1 Annual Improvements to IFRS Standards 2015 – 2017 Cycles	January 1, 2019	June 30, 2020
AASB 2018-2 Amendments to Australian Accounting Standards – Plan, Amendment, Curtailment or Settlement	January 1, 2019	June 30, 2020
AASB Interpretation 23 Uncertainty over Income Tax Treatments	January 1, 2019	June 30, 2020

1 . BASIS OF PREPARATION (Continued)

New and amended accounting standards and interpretations

AASB 9 Financial Instruments

Under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the asset. Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Classification and Measurement

On adoption of AASB 9, Vango has reclassified its financial assets as subsequently measured at amortised cost or fair value depending on the basis above. As a result, the Groups financial assets, being cash and cash equivalents and other receivables are classified as 'financial assets at amortised cost." Investments are measured at fair value through profit and loss. There has been no change to the classification or measurement of financial liabilities.

In relation to the reclassification and measurement of financial assets and liabilities, there was no impact to the Statement of Comprehensive Income, Statement of Financial Position or Statement of Changes in Equity, nor has there been any impact on basic or diluted earnings per shares.

Impairment

The adoption of AASB 9 has no material impact on the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

The adoption of the ECL requirements of AASB 9 has not had a material impact on an impairment allowance for the Group's receivables. As a result, there has been no material impact to the Statement of Comprehensive Income, Statement of Financial Position or Statement of Changes in Equity, nor has there been any impact on basic or diluted earnings per share.

2. OPERATING SEGMENTS

Identification of reportable segments

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

As of the date of this report the consolidated entity operates entirely in the industry of exploration of minerals in Australia, following the write-down of the investment in the SARCO JV in Laos. The company determined that it has only one segment being exploration of minerals in Australia.

Corporate office activities

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

3. REVENUE

	31-Dec-18 $	31-Dec-17 $
Interest	1,776	1,127
Other	37,685	-
Revenue	39,461	1,127

4. EXPENSES

	31-Dec-18	31-Dec-17
	$	$
The loss before income tax includes the following specific expenses:		
Depreciation and amortisation	13,828	
Interest	280,942	689,006
Total	294,770	689,006
Other expenses		
Audit	38,522	17,417
Consulting fees	143,971	112,974
Corporate costs	180,916	64,904
Directors' fees and remuneration	480,712	106,070
Employee costs	203,578	192,941
Insurance Expenses	39,289	31,089
Legal fees	524,786	191,445
Operating leases	-	74,746
Travel	92,322	79,871
Tenement expenses	76,305	-
Other expenses	351,309	175,423
	2,131,710	972,135

Certain comparative information in Note 4 has been reclassified during the period for better presentation

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31-Dec-18	31-Dec-17
	$	$
Interest in joint venture entity	3,124,569	3,124,569
Accumulated Impairment	(3,124,569)	(3,124,569)
	-	-

The consolidated entity retains a 49% interest in the joint venture entity Sino Australian Resources (Laos) Co. Ltd (“SARCO”) which is incorporated in Laos PDR and is involved in the exploration of bauxite resources in Bolaven Plateau in Laos. The Company’s interest in the joint venture has been fully impaired.

The share of the joint venture loss after income tax for the half-year is estimated to be nil. (2017:$Nil).

6. DEFERRED EXPLORATION AND EVALUATION

	31-Dec-18 $	30-Jun-18 $
Exploration and evaluation at cost	25,150,811	21,297,424

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

	31-Dec-18 $
Balance at 1 July 2018	21,297,424
Expenditure during the half-year	3,853,387
Balance at 31 December 2018	25,150,811

7. BORROWINGS

	31-Dec-18 $	30-Jun-18 $
Current		
Interest Free	-	240,000
Loans 8%	-	2,502,952
Loans 9%	2,184,030	
Convertible notes – 15%	1,500,000	-
Loans 10%	-	443,960
Non-bank loans – 15%	500,000	-
Loans 25%	-	5,083,567
Convertible notes	-	2,193,233
	4,184,030	**10,463,712**
Non-Current		
Convertible notes – 8%	2,500,000	-
	2,500,000	-

7. BORROWINGS (Continued)

Reconciliation of Borrowings

	Loan Amount $	Drawn Amount $	Accrued Interest $	Total $
Current				
Short Term Loan– 9% pa [1]	2,184,030	2,184,030	65,601	2,249,631
18 months – 15% pa [2]	500,000	500,000	37,602	537,603
Convertible Notes- 15%[4]	1,500,000	1,500,000	306,042	1,806,042
	4,184,030	4,184,030	409,245	4,593,276

	Loan Amount $	Drawn Amount $	Accrued Interest $	Total $
Non-Current				
Convertible Notes - 8%[3]	2,500,000	2,500,000	161,472	2,661,472
Equity Component of 8% Convertible Note[3]		(135,750)		(135,750)
	2,500,000	2,364,250	161,472	2,525,722

Notes

1 6-month loans with interest payable at the rate of 9% per annum. These were entered into at various dates across 2017 to 2018. Interest is accrued on a biannual basis and payable on repayment. The Company repaid this loan subsequent to the end of the financial period.

2 Loan at call entered between May and June 2018 with interest payable at the rate of 15% per annum, accrued 6 monthly and payable on repayment.

3 The Company negotiated this convertible note agreement for a term of 18 Months, expiring 27 February 2020, Interest is accrued biannually and is payable on repayment or conversion. The notes are convertible at 7 cents per share

4 The Company negotiated this convertible note agreement for a term of 18 Months, expiring 29 March 2019. The company is currently renegotiating the term of this facility. Interest is accrued biannually and is payable on repayment or conversion. The notes are convertible at 18 cents per share.

8. ISSUED CAPITAL

	31-Dec-18 Shares	30-Jun-18 Shares	31-Dec-18 $	30-Jun-18 $
Ordinary shares - fully paid	595,882,913	463,853,820	63,438,301	51,961,963

Movements in ordinary share capital

Details	Date	No. of shares	Issue Price	$
Balance	1 Jul 2018	463,853,820		51,961,963
Placement	11 July 2018	9,185,813	$0.18	1,653,461
Placement	12 July 2018	19,892,751	$0.18	3,580.695
Debt Conversion	19 Sept 2018	9,537,849	$0.045	429,203
Debt Conversion	19 Sept 2018	83,275,167	$0.060	4,996,510
Placement	19 Sept 2018	122,223	$0.18	22,000
Takeover Consideration	22 Nov 2018	9,792,782	$0.099	967,919
Takeover Consideration	28 Nov 2018	119,285	$0.099	11,790
Takeover Consideration	20 Dec 2018	103,143	$0.099	10,195
Recovery of Shareholder Loan	31 Dec 2018	-	-	763,336
Share issue transaction costs				(195,435)
Balance	31 Dec 2018	595,882,913		64,201,637

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds of winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Weighted average ordinary fully paid shares on issue for the period used in the calculation of Earnings (Loss) per share is 517,482,297 shares

9. RESERVES

	31-Dec-18 $	30-Jun-18 $
Share based payments reserve	14,185,914	14,185,914
8% Convertible Note Equity Component	135,750	
	14,321,664	14,185,914

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

10. DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial half-year.

11. CONTINGENT LIABILITIES

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

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

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

An audit of the Company's contributions to SARCO JV expenditures from inception to 30 September 2009 was performed by NFC in 2012. On completion NFC challenged a total of $1.1 million in expenditure that is currently included as part of the total Company contribution recorded by the Group, although no formal claim has been made by NFC. The amount in dispute is $1,109,000 which forms the contingent liability. The Company has the right to audit the NFC contributions. At this time no such audit has been undertaken, although any findings from such an audit may constitute a future claim by the Company on NFC. The Company is working amicably with NFC to resolve this disputed amount.

Vango Mining Limited filed its takeover defence of the Billabong Gold claim in February 2019. Billabong is seeking a declaration that Vango Mining and DPPL breached an alleged first right of refusal under the Ore Treatment Agreement and further seeks an injunction requiring Vango Mining and DPPL to comply with Biillabong's alleged first rights of refusal or, alternatively, damages. Vango Mining considers that the claims of Billabong are speculative and without merit. Vango Mining intends to vigorously defend the proceedings.

The agreement to purchase all of the issued capital in Dampier (Plutonic) Pty Ltd includes contingent capital payments of $1 million each on reaching total production from the project tenements of 45,000 ozs, 100,000 ozs, 200,000 ozs and 300,000ozs, for a potential amount owed of an additional $4 million. In addition, the Company will pay a royalty to Dampier Gold Ltd, capped at $2 million based on production. The royalty will be payable on each ounce of gold sold with the royalty rate dependant on the gold price at the London Spot Fix AM (USD/oz) on the date of the mint receipt.

13. COMMITMENTS

The Group has a 100% interest in 56 tenements in Western Australia. The current annual expenditure commitment on these tenements is $3,898,820.

	31-Dec-18 $	30-Jun-18 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	172,800	191,085
One to five years	-	382,170
	172,800	573,255

Operating lease commitments relate to contracted amounts for offices under non-cancellable operating lease which expires 7 January 2020. Lease commitments disclosed for 30 June 2018 were based on a lease proposal that had been executed but ultimately did not proceed.

14. RELATED PARTY

Transactions with related parties
During the half year to 31 December 2018 the following transactions with related parties occurred;
An entity related to Mr BA McInnes invoiced the Company $91,371 (ex GST) for reimbursement of travel expenses at cost incurred by Mr McInnes, Contractors and related parties while travelling on Company business.

Mr S Zhou invoiced the Company $49,610 for reimbursement of marketing and training expenses at cost incurred on behalf of the Company.

Loans to/from related parties
During the half year to 31 December 2018 the company issued fully paid ordinary shares in settlement of loan balances owed by the company to related parties as approved at a General Meeting of the company held on 27 August 2018, as follows;

- Gifted Force International Ltd, a company associated with the husband of the Director Miss Zhenzhu (Carol) Zhang, was issued 35,876,368 fully paid ordinary shares as repayment of a loan amount totalling $2,081,000.

- Mr ShengQiang (Sean) Zhou a Director of the Company, was issued 7,540,873 fully paid ordinary shares as repayment of a loan amount totalling $381,000.

15. FINANCIAL INSTRUMENTS

Net Fair Values

Fair value estimation

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

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

During the half year to 31 December 2018 the company announced a takeover bid for all the ordinary shares in Dampier Gold Limited on the basis of two fully paid ordinary shares in the Company for every seven ordinary shares in Dampier Gold. As at 31 December 2018 the company had acquired 35,053,236 ordinary shares in Dampier Gold Limited. The Company has considered the relevant accounting standards and has attributed a fair value to the securities acquired of $989,903, based on the 1 month volume weighted average share price of $0.029 in the period leading up to the announcement of the takeover bid.

There were no transfers between Level 1, Level 2 or Level 3 during the current or previous period.

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

16. SHARE-BASED PAYMENTS

During the half year ended 31 December 2018 there was no issues in regards to the Vango Mining Limited Employee Loan Share Plan (“Share Plan“)

17. EVENTS AFTER THE REPORTING DATE

Significant events since the 31 December 2018 up to the date of these financial statements are;

In January 2019 the Company closed its takeover bid for Dampier Gold Limited after acquiring a total of 38,78,191 fully paid ordinary shares. This represents 22.08% of the issued capital of Dampier Gold Limited.

In February 2019 the Company announced that it had secured a $10 million funding facility to advance the company’s Trident and adjacent Trident West gold deposits, part of the overall Marymia project area. The Term of the facility is 24 months, at an interest rate of 12% per annum, repayable at maturity.

In the Directors' opinion:

(a) The financial statements and notes of Vango Mining Limited for the half-year ended 31 December 2018 are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

   (ii) complying with Accounting Standards and the *Corporations Regulations 2001*, and

(b) There are reasonable grounds to believe that Vango Mining Limited will be able to pay its debts as and when they become due and payable.

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

Shengqiang (Sean) Zhou
Managing Director

15 March 2019

Building a better working world

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Independent Auditor's Review Report to the Members of Vango Mining Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Vango Mining Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the half-year financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and

consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Scott Jarrett
Partner
Sydney
15 March 2019