

ASX RELEASE

1 November 2022

JUDGMENT DELIVERED – ZULEIKA WHOLLY SUCCESSFUL IN LITIGATION AGAINST VANGO MINING LIMITED

Zuleika Gold Limited (Zuleika) (ASX: ZAG) wishes to provide an update to the market regarding its successful litigation against Vango Mining Limited (Vango) (ASX: VAN) and its wholly owned subsidiary, Dampier (Plutonic) Pty Ltd (DPPL).

Highlights:

- **Judgment received for Zuleika Gold's litigation against Vango and DPPL with Zuleika being wholly successful**
- **Zuleika's beneficial interest of 4.1% of the K2 Project confirmed**
- **Vango found to have breached the terms and wrongfully repudiated the Binding Terms Sheet**
- **The quantum of damages against Vango will be determined at the next stage of litigation**

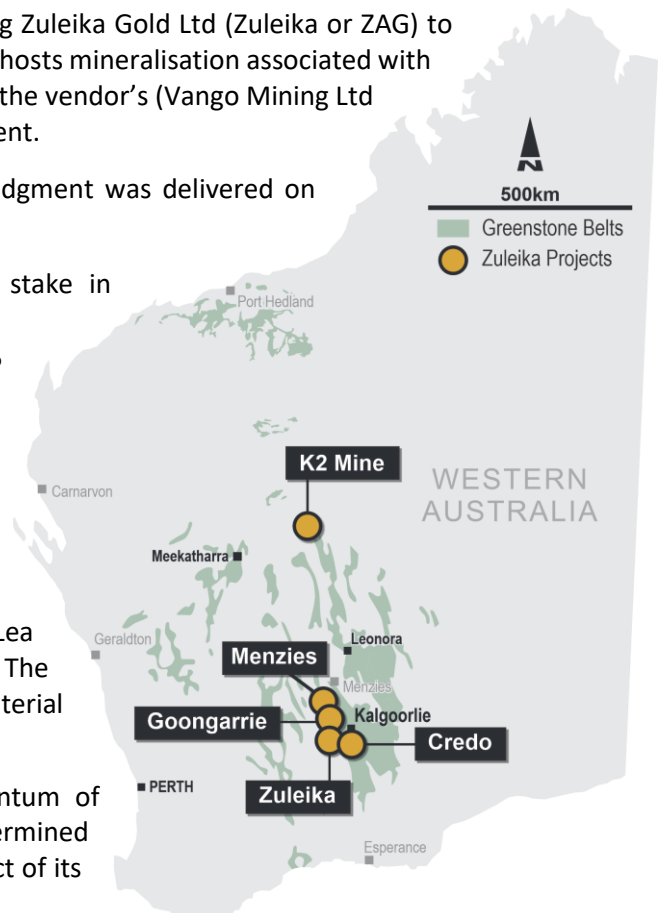
In 2017, a binding terms sheet (BTS) was signed allowing Zuleika Gold Ltd (Zuleika or ZAG) to earn up to a 50% interest in the tenement M52/183 that hosts mineralisation associated with the K2 gold deposit. Legal action was pursued following the vendor's (Vango Mining Ltd ASX:VAN) refusal to accept the terms of the BTS agreement.

Following a WA Supreme Court Trial in March 2022 judgment was delivered on October 31, 2022. In the judgment, the Court:

- Found that Zuleika was entitled to an 4.1% stake in M52/183
- Ordered Vango to promptly transfer the 4.1% stake to Zuleika
- Found that Vango breached the terms of and wrongfully repudiated the BTS agreement
- Ordered that the issue of legal costs of the trial would be determined after submissions from the parties and to be paid by Vango to Zuleika

Zuleika Gold's Managing Director, Jonathan Lea commented, "This is an excellent outcome for Zuleika. The ruling agreed with Zuleika Gold's position on all material aspects of the litigation."

"The next stage of litigation will determine the quantum of damages payable by Vango on account of their determined breaches of the BTS. Zuleika intends to bring that aspect of its claim to trial as quickly as possible."



Litigation Details

On 26 May 2020, Zuleika announced that it had commenced proceedings in the Supreme Court of Western Australia against Vango and DPPL regarding the Farm-in Joint Venture Binding Terms Sheet the parties entered into on 12 May 2017 (BTS) (ZAG Announcement: 16 May 2017).

The interest that Zuleika claimed was its beneficial interest in Mining Lease M52/183 (**Tenement**) and any contiguous tenements which cover adjacent, on-strike or down-dip extensions of the Keillor 2 (K2) ore-body or mineralised zones. The K2 mine on the Tenement is within the Marymia project area referred to by Vango as the PHB Corridor.

The trial before the Honourable Justice Smith to determine the issues of liability of Vango and DPPL in relation to the BTS was held in the Supreme Court of Western Australia for 6 days between 21 March 2022 and 25 March 2022, and on 30 March 2022 (**Trial**).

Judgment

On 31 October 2022, the Honourable Justice Smith delivered her judgment in favour of Zuleika.

In summary, her Honour:

- 1 made a declaration that Zuleika has a beneficial interest in the Tenement, and any contiguous tenements which cover adjacent, on-strike or down-dip extensions of the K2 ore-body or mineralised zones, of 4.1% and that Vango and DPPL hold 4.1% of their collective legal interest in the Tenement on trust for Zuleika;
- 2 made an order that Vango and DPPL do all things so as to transfer its 4.1% legal interest in the Tenement to Zuleika; and
- 3 made the following factual findings relevant to Zuleika's claim for damages (the quantum of which will be assessed and determined at a later date):
 - 3.1 Vango and DPPL:
 - 3.1.1 failed to make reasonable efforts to participate in the Joint Venture arrangements contemplated by the BTS.
 - 3.1.2 breached the terms of, and wrongfully repudiated, the BTS agreement by:
 - (a) preventing Zuleika from contributing to expenditure.
 - (b) conducting exploration operations without prior approval of the Joint Venture Committee or the involvement of Zuleika as exploration manager of the Joint Venture.
 - (c) denying that Zuleika had an equitable interest in the Tenement and wrongfully asserting that the BTS Agreement had lapsed on 14 November 2019.
 - 3.2 Zuleika was at all material times ready, willing and able to perform its obligations pursuant to the BTS.

Orders

Following the delivery of her Honour's judgment on 31 October 2022, and in addition to the declaration and order referred to in paragraphs 1 and 2 above, her Honour made orders that the parties' legal costs of Trial be determined after Zuleika and Vango and DPPL file written submissions and affidavit material.

It is Zuleika's intention is to seek recovery of its legal costs from Vango and DPPL.

Next Stage

The next stage of litigation will determine the quantum of damages payable by Vango and DPPL to Zuleika on account of Vango and DPPL's breaches of the BTS set out above.

Zuleika intends to program that aspect of its claim to trial as vigorously and quickly as possible.

Background and Project Details

The K2 deposit is part of the Plutonic Well Greenstone Belt. The northeast trending greenstone is characterised by mafic/ultramafic and sedimentary sequences in a complex structural setting. Gold mineralisation along the belt is largely structurally controlled.

The greenstone belt hosts a large number of gold occurrences and has produced in excess of 5 Moz of gold since 1990. The most significant deposit is at Plutonic which has produced over 4 Moz of gold from five open pits and two underground operations.

The K2 mineralisation is contained in the PHB Corridor that also includes the K1 and PHB-1 deposits. Gold here is hosted in 3 separate and steeply west dipping mafic hosted lodes. The K2 and K1 deposits produce 134,000 oz Au and 62,000 oz Au respectively from open pits with average grades of 3-4g/t Au.

In 1996, following the completion of open pit mining, development of the K2 Deeps underground mine commenced from the base of the K2 open pit which reached a final depth of 127 m. The decline had just produced its first ore when the K2 operations were closed in 1998 as a result of a falling gold price.

In 2016, Vango and Zuleika Gold (named Dampier Gold at that time) entered a binding terms sheet in which Zuleika would contribute up to \$3M towards the development of the K2 deposit. Subsequent to the agreement Vango frustrated the efforts of Zuleika to spend the funds to earn the 50% interest, leading ultimately to the Supreme Court action.

Following a separate court action against Vango in 2021, Billabong Resources Pty Ltd (a wholly owned subsidiary of Superior Gold Inc – owners of the nearby Plutonic Mine) gained the right to earn 50% ownership of the project. See ASX announcement at www.superior-gold.com 'Superior Gold Announces Court Awards It the Ability to Earn up to 50% Joint Venture Interest in Vango's K2 Tenements' dated March 14, 2022.

Vango announced an updated resource statement for the total project (ASX: Marymia Mineral Resource Increases to One Million Ounces, 20 May 2020) that included the mineralisation associated with the K2 (or PHB) trend. The following table that specifically refers to the K2 trend mineralisation is an extract from Vango's overall resource statement.

		Cut-Off	Indicated			Measured			Total		
		g/t Au	K Tonnes	g/t Au	K Oz	K Tonnes	g/t Au	K Oz	K Tonnes	g/t Au	K Oz
PHB 1 (K3)	Pit	0.5	604	2	39	238	1.4	11	841	1.9	50
K1	Pit	0.5	743	1.8	42	837	1.7	47	1580	1.8	89
Total Pit		0.5	1347	1.9	81	1075	1.7	58	2421	1.8	139
K2	UG	3.0	197	10.6	67	177	7	4	374	8.9	107
Total Resource			1544	3.0	148	1252	1.5	62	2795	2.7	246

There is potential to access the down dip K2 mineralisation via the existing decline following rehabilitation. Test work has indicated the mineralisation is free milling with average metallurgical recoveries typical of Western Australia gold deposits. Further resource development drilling and feasibility studies are required to confirm the economic potential of the mineralisation. The K2 deposit is approximately 35km by road to the Plutonic Gold Mine treatment plant.

Authorised for release by the Board

Jonathan Lea
Managing Director

Competent Person's Statement

The information contained in this announcement that relates to Exploration Results is based on information compiled or reviewed by Mr Jonathan Lea, who is an employee of the Company. Mr Lea is a member of the AusIMM and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lea has given consent to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Mineral Resources for the K2 Deposit is extracted from an ASX release dated 20 May 2020 by Vango Mining Ltd (ASX: VAN) titled "Marymia Mineral Resource Increases to One Million Ounces", as available on VAN's website www.vangomining.com. The Company confirms that it is not aware of any new information or data that materially affects the information with regard to reporting of the Mineral Resources. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original public release.