



Half Year Financial Report

31 December 2017

ABN 68 108 737 711

VANGO MINING LIMITED
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FOR THE HALF YEAR ENDED 31 DECEMBER 2017



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Directors	Bruce McInnes (Executive Chairman) Shengqiang (Sean) Zhou (Non-Executive Director) Zhenzhu (Carol) Zhang (Non-Executive Director) Dongjie (David) Zhang (Alternate Director for Zhenzhu Zhang)
Company Secretary	Ian Morgan
Registered Office	Suite 3, Level 39 259 George Street Sydney NSW 2000
Principal place of business	Suite 3, Level 39 259 George Street Sydney NSW 2000
Share Register	Boardroom Limited Level 7 207 Kent Street Sydney NSW 2000 Telephone: +61 2 9251 6812 Facsimile: +61 2 9279 0664
Auditor	Ernst & Young Ernst & Young Centre 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, VANO
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 2017.

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 (Non-Executive Director)
Zhenzhu Zhang (Non-Executive Director)
Dongjie (David) Zhang (Alternate Director for Zhenzhu Zhang) appointed 22 September 2016

Principle Activities

The consolidated Group is focussed on the exploration and development of its 100%-owned Plutonic Dome Gold Project in the Mid-West region of Western Australia. 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 \$1,660,014 (31 December 2016: \$1,320,632).

No equity accounted loss from the SARCO joint venture was accrued during the half year (31 December 2016: \$60,000). Interest on borrowings and convertible notes rose substantially to \$780,495 (31 December 2016: \$435,579) following additional loan drawdown. Corporate overheads were \$880,646 (31 December 2016: \$843,414) and substantially the same as the previous comparable period.

Plutonic Dome Gold Project

In July 2017 the final results were reported from Vango's highly successful 2017 drilling programme at Plutonic Dome. These results included the remaining diamond core drilling holes at the flagship Trident Gold Deposit and all 15 Reverse Circulation (RC) holes drilled at the K1 Gold Deposit. This drilling was designed to test for extensions to existing zones of high-grade mineralisation at both Trident and K1, and delivered further high grade assay results, which included;

Trident

- **11m @ 20.2 g/t Au** from 161m **including 2m @ 93 g/t Au** in drill hole VTRRCD0001;
- **5.75m @ 4.7 g/t Au** from 192.25m **including 1.75m @ 10.48 g/t Au** in drill hole VTRRCD0003;

K1

- **6m @ 7.1 g/t Au** from 38m **including 2m @ 15.83 g/t Au** from 41m in hole VK1RC0002;
- **7m @ 2.7 g/t Au** from 35m **and 2m @ 7.1 g/t Au** from 61m in hole VK1RC0003;
- **3m @ 7.0 g/t Au** from 36m **including 2m @ 9.9 g/t Au** from 36m in hole VK1RCD0001;



The programme comprised a total of 946 metres of HQ Diamond drilling and 2,171 metres of Reverse Circulation (RC) drilling, as follows;

- 5 Diamond holes for 946 metres plus three RC holes for 747 metres at the Trident Deposit; and
- 15 RC holes for a total of 1,424 metres at the K1 Deposit.

Based on the highly positive results of the 2017 drilling, the Company confirmed details for its next phase of drilling at the Plutonic Dome Project - a major Resource drilling programme of up to 40 RC and diamond drill-holes for up to 9,100 metres. This programme was designed to expand and define the high-grade gold resource base at Trident and the K2 Gold Deposit, with the aim of confirming a new, expanded feasibility study to support a stand-alone mining and processing operation at the Plutonic Dome Project.

In addition, this programme will include the commencement of pre-development activities at Plutonic Dome, via dewatering of the K2 decline and open-pit. This will be achieved through drilling two dewatering bore holes and installing pumps into the lower part of the K2 decline. The dewatering programme will allow the Company to commence development activities at the K2 Deposit. Refer ASX announcement, 30 November 2017 for further details on the de-watering programme.

Competent persons' statements

The information in this report that relates to exploration results has been compiled by Mr David Jenkins, a full time employee of Terra Search Pty Ltd geological consultants employed by Vango Mining Limited. Mr Jenkins is a member of the Australian Institute of Geoscientists and has sufficient experience in the style of mineralisation and type of deposit under consideration, and the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results ("JORC Code"). Mr Jenkins consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Corporate

Key Appointments to Senior Management Team

The Company made two key appointments to its senior management team to advance the Plutonic Dome Project in September 2017. Mr Peter Hepburn-Brown was appointed the Company's Project Manager and Mr Jon Dugdale was appointed Chief Consulting Geologist. Mr Hepburn-Brown has responsibility for the implementation of the development plan to take the K2 Deposit into production.

Mr Dugdale is responsible for the project-wide exploration strategy and field programs designed to deliver a significantly increased gold resource base, to support the Company's longer term mining and production objectives at Plutonic Dome.

Additional Funding

On 17 October 2017 the Company issued 3,500,000 ordinary shares at 5 cents per share in settlement of amounts owing to various service providers.



During the half year to 31 December 2017 the Company raised additional loan funds of \$3,650,000. This included:

- \$1,500,000 of convertible notes with a term of 18 months and an interest rate of 15%pa payable at maturity on 19 April 2019 and an option to convert part or all of the principle into equity at 18 cents per share.
- \$2,000,000 loan with a term of 18 months and an interest rate of 10%pa.
- \$150,000 short term loans at call with an interest rate of 10%pa.

Recent Developments

2018 Drilling and Pre-development Programme commenced at Plutonic Dome

The Company's largest and most significant drilling and pre-development programme to date at the Plutonic Dome Project commenced on Monday 12 March 2018.

Re-establishment of 120-man capacity camp at Plutonic Dome Project

Work commenced to re-establish a 120-man capacity camp at the Plutonic Dome Project site, previously operated by Resolute during its ownership of the Project. When fully operational, the camp will provide all facilities to house and cater for all onsite personnel during the Company's current and future development and mining programmes.

Ore Treatment Agreement with Billabong Gold

The Company terminated its Ore Treatment Agreement regarding processing of ore at the nearby Plutonic Gold Mine Treatment Plant owned by Billabong Gold Pty Ltd. This decision provides the Company with maximum flexibility with respect to its processing options at the Plutonic Dome Project.

Mr ShengQian (Sean) Zhou appointed Managing Director

Mr Sean Zhou was appointed the Company's Managing Director, effective from 30 January 2018. Mr Zhou was previously a Non Executive Director of the Company. Mr Zhou is a highly successful senior business executive with more than 15 years' experience in investment banking, funds management, international business and government relations. He will work closely with Executive Chairman Bruce McInnes and the Company's technical management team to help the Company achieve its corporate and operational objectives.

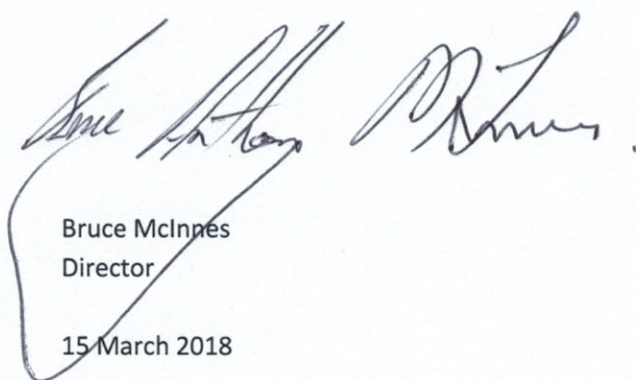
New Strategic Shareholder

The Company secured a new strategic shareholder, major Chinese commodity trader, Mr Guo YanChao, in January 2018. Mr Guo acquired a total of 28.5 million Vango shares at a price of 5.5c per share, for a total consideration of \$1,567,500 (excluding transaction costs), in a series of onmarket trades. Mr Guo is a highly successful and well known Chinese businessman and has a strong belief in the Company's exploration and development plans for the Plutonic Dome Project.



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.



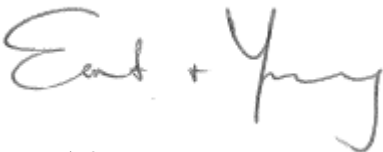
Bruce McInnes
Director
15 March 2018

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 2017, 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 Vango Mining Limited and the entities it controlled during the financial period.



Ernst & Young



Scott Jarrett
Partner
Sydney
15 March 2018

VANGO MINING LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2017



	Note	31-Dec-17 \$	31-Dec-16 \$
Revenue from continuing operations	3	1,127	18,359
Share of losses of associates accounted for using the equity method		-	(60,000)
Expenses			
Interest expense	4	(780,495)	(435,579)
Other expenses	4	(880,646)	(843,414)
Loss before tax from continuing operations		(1,660,014)	(1,320,634)
Income tax expense		-	-
Loss for the half-year from continuing operations		(1,660,014)	(1,320,634)
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		(1,660,014)	(1,320,634)
		<u>Cents</u>	<u>Cents</u>
Loss per share attributable to the ordinary equity holders of the company:			
Basic loss per share		(0.39)	(0.35)
Diluted loss per share	8	(0.39)	(0.35)

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

VANGO MINING LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 31 DECEMBER 2017



	Note	31-Dec-17 \$	30-Jun-17 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,039,239	204,595
Trade and other receivables		55,269	176,010
Other		43,206	140,549
Total current assets		1,137,714	521,154
Non-current assets			
Investment accounted for using the equity method	5	-	-
Property, plant and equipment		3,354	3,354
Exploration evaluation expenditure	6	14,580,708	13,300,054
Total non-current assets		14,584,062	13,303,408
Total assets		15,721,776	13,824,562
LIABILITIES			
Current liabilities			
Trade and other payables		1,540,042	2,308,495
Borrowings	7	5,700,849	5,143,099
Employee benefits		496,410	488,432
Total current liabilities		7,737,301	7,940,026
Non-current liabilities			
Borrowings	7	3,536,953	-
Provisions		2,400,000	2,400,000
Total non-current liabilities		5,936,953	2,400,000
Total liabilities		13,674,254	10,340,026
Net assets		2,047,522	3,484,536
EQUITY			
Issued capital	8	49,974,707	49,799,707
Reserves	9	14,233,914	14,185,914
Accumulated losses		(62,161,099)	(60,501,085)
TOTAL EQUITY		2,047,522	3,484,536

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

VANGO MINING LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2017



	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
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	-	-	(1,660,014)	(1,660,014)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,660,014)	(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	(62,161,099)	2,047,522
Balance at 30 June 2016	47,802,485	14,067,324	(54,924,295)	6,945,514
Loss after income tax expense for the half-year	-	-	(1,320,634)	(1,320,634)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,320,634)	(1,320,634)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	28	40,192	-	40,220
Balance at 31 December 2016	47,802,513	14,107,516	(56,244,929)	5,665,100

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

VANGO MINING LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017



	Note	31-Dec-17 \$	31-Dec-16 \$
Cash flows used in operating activities			
Payment to suppliers and employees		(724,332)	(474,651)
Interest received		1,127	505
Interest paid		(131,998)	(3,119)
Rent received		-	49,385
Net cash flows used in operating activities		(855,203)	(427,880)
Cash flows used in investing activities			
Payments for property, plant and equipment		-	(2,724)
Payments for exploration and evaluation		(1,889,435)	(1,119,255)
Option Fee		-	-
Refund of security deposits		85,078	56,745
Net cash flows used in investing activities		(1,804,357)	(1,065,234)
Cash flows from financing activities			
Proceeds from issue of shares		-	28
Proceeds from issue of options		-	183,081
Share issue transaction costs		-	(146,291)
Proceeds of borrowings		3,650,000	1,653,278
(Repayment) of borrowings		(155,796)	-
Net cash flows provided by financing activities		3,494,204	1,690,096
Net increase / (decrease) in cash and cash equivalents		834,644	196,982
Cash and cash equivalents at the beginning of the half-year		204,595	13,799
Cash and cash equivalents at the end of the period		1,039,239	210,781

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



1. BASIS OF PREPARATION

This general purpose consolidated interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Standard IAS 34 *Interim Financial Reporting*.

This consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(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 2017 of \$1,660,014 (2016: \$1,320,634) and experienced net cash outflows from operating activities of \$855,203 (2016: outflow of \$427,880). Net current liabilities as at 31 December 2017 were \$6,599,587 (30 June 2017: net current liabilities \$7,418,872).

The ability of the Company and the Group to continue as going concerns is dependent on the Company being able to extend or restructure its borrowings and raise additional funds as required to fund ongoing exploration commitments and for working capital. While the Directors are currently considering a range of measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future cash flows.

The Directors have a reasonable expectation, after making enquiries and considering the uncertainties described above, that the Group and the Company have 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 whether the Company will be able to continue as a going concern. No adjustments have been made relating to the recoverability of assets and classification of liabilities that might be necessary should the Company not continue as a going concern.

(b) Basis of preparation

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



1 . BASIS OF PREPARATION (Continued)

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

(c) New / revised accounting standards and interpretations adopted

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2017, except for the adoption of the following new standards and interpretations effective as of 1 July 2017:

- *AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- *AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle*

The adoption of these amendments did not have any material impact on the financial position or performance of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Australian Accounting Standards issued but not yet mandatory for the 31 December 2017 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 9 Financial Instruments	July 1, 2018	June 30, 2019
AASB 15 Revenue from Contracts with Customers	July 1, 2018	June 30, 2019
AASB 2014-10 Amends to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	July 1, 2018	June 30, 2019
AASB 16 Leases	July 1, 2019	June 30, 2020
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions [AASB 21]	July 1, 2018	June 30, 2019
AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts [AASB 4]	July 1, 2018	June 30, 2019
AASB 2017-1 Amendments to Australian Accounting Standards – transfers of Investment Properties, Annual Improvements 2014-2016 Cycle and Other Amendments	July 1, 2018	June 30, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	July 1, 2019	June 30, 2020
IFRS 17 Insurance Contracts	July 1, 2021	June 30, 2022



1 . BASIS OF PREPARATION (Continued)

With the exception of those noted below, the Directors have not yet assessed whether the above amendments and interpretations will have a material impact on the financial report of the Group in the year or period of initial application.

AASB 9 Financial Instruments

On 24 July 2014 the IASB issued the final version of IFRS9 which replaces IAS39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The standard will be adopted on 1 July 2018. The Group is currently assessing the full impact of the standard on its accounting policy, financial position and financial performance.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will be adopted on 1 July 2018. The impact of AASB 15 is expected to be insignificant as we are not producing and do not have any sales to customers to account for.

AASB 16 Leases

In January 2016, the International Accounting Standards Board issued IAS 16 Leases which replaces IAS 17. The Australian Accounting Standards Board subsequently issued AASB 16 Leases in February 2016.

The new standard requires lessees to have a single balance sheet accounting model to be adopted for all leases, except for leases of 'low value assets'. The lease accounting for lessors is substantially unchanged. There will also be additional disclosure requirements for both lessors and lessees. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16. The Group will adopt it on 1 July 2019 and is currently assessing the full impact of the standard on its accounting policy, financial position and financial performance.

2. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. As of the date of this report the consolidated entity operates entirely in the industry of exploration of minerals in Australia and Laos. The operating segments are identified based on the location of the exploration tenements.



2. OPERATING SEGMENTS (Continued)

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

Corporate office activities

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

	Australia \$	Laos \$	Intersegment Eliminations Unallocated \$	Total \$
Half-year ended 31 December 2017				
Revenue				
Interest and rental revenue	-	-	1,127	1,127
Total Revenue	-	-	1,127	1,127
Share of loss of joint venture entity	-	-	-	-
Corporate operating costs	-	-	(1,661,141)	(1,661,141)
Loss after income tax expense	-	-	(1,660,014)	(1,660,014)
Half-year ended 31 December 2016				
Revenue				
Interest and rental revenue	-	-	18,359	18,359
Total Revenue	-	-	18,359	18,359
Share of loss of joint venture entity	-	(60,000)	-	(60,000)
Corporate operating costs	(82,964)	-	(1,177,668)	(1,260,632)
Loss after income tax expense	(82,964)	(60,000)	(1,177,668)	(1,320,632)
Total segment assets				
31 December 2017	14,580,708	-	1,141,068	15,721,776
30 June 2017	13,303,408	-	521,154	13,824,562
Total segment liabilities				
31 December 2017	2,400,000	140,000	11,134,254	13,674,254
30 June 2017	2,400,000	140,000	7,800,026	10,340,026

3. REVENUE

	31-Dec-17 \$	31-Dec-16 \$
Interest	1,127	583
Rent	-	17,504
Other	-	272
Revenue	1,127	18,359



4. EXPENSES

	31-Dec-17 \$	31-Dec-16 \$
The loss before income tax includes the following specific expenses:		
<i>Interest</i>	<u>780,495</u>	<u>435,579</u>
<i>Other expenses</i>		
Audit	17,417	16,500
Consulting fees	-	31,233
Corporate costs	175,778	86,408
Directors' fees and remuneration	106,070	106,000
Employee costs	192,941	167,926
Legal fees	191,445	15,587
Operating leases	74,746	100,590
Travel	79,871	101,515
Tenement expenses	-	82,964
Other expenses	<u>42,378</u>	<u>134,691</u>
	<u>880,646</u>	<u>843,414</u>

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31-Dec-17 \$	30-Jun-17 \$
Interest in joint venture entity	3,124,569	3,124,569
Accumulated Impairment	<u>(3,124,569)</u>	<u>(3,124,569)</u>
	<u>-</u>	<u>-</u>

The consolidated entity has a 49% interest in the joint venture entity Sino Australian Resources (Laos) Co. Ltd ("SARCO") which is incorporated in Laos PDR and is involved in the exploration of bauxite resources in 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. (2016:\$60,000).



6. DEFERRED EXPLORATION AND EVALUATION

	31-Dec-17 \$	30-Jun-17 \$
Exploration and evaluation at cost	<u>14,580,708</u>	<u>13,300,054</u>

Reconciliations

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

	31-Dec-17 \$
Balance at 1 July 2017	13,300,054
Expenditure during the half-year	<u>1,280,654</u>
Balance at 31 December 2017	<u>14,580,708</u>

7. BORROWINGS

	31-Dec-17 \$	30-Jun-17 \$
Current		
Convertible notes	-	155,796
Non-bank loans	<u>5,700,849</u>	<u>4,987,303</u>
	<u>5,700,849</u>	<u>5,143,099</u>
Non-Current		
Convertible notes	1,515,309	-
Non-bank loans	<u>2,021,644</u>	<u>-</u>
	<u>3,536,953</u>	<u>-</u>

Reconciliation of Borrowings

	Loan Amount \$	Drawn Amount \$	Accrued Interest \$	Total \$
Current				
2 year – 25% pa ¹	4,850,000	3,800,000	1,163,284	4,963,284
At call – 10% pa ²	681,000	681,000	36,276	717,276
90 days – 10% pa ³	20,000	20,000	289	20,289
	<u>5,551,000</u>	<u>4,501,000</u>	<u>1,199,849</u>	<u>5,700,849</u>



7. BORROWINGS (Continued)

	Loan Amount \$	Drawn Amount \$	Accrued Interest \$	Total \$
Non-Current				
18 months – 10% pa ⁴	2,000,000	2,000,000	21,644	2,021,644
Convertible Notes ⁵	1,452,000	1,452,000	63,309	1,515,309
	<u>3,452,000</u>	<u>3,452,000</u>	<u>84,953</u>	<u>3,536,953</u>

Notes

- 1 2 year term loans with interest payable at the rate of 25% per annum. These were entered into at various dates across 2016. Interest is calculated on a biannual basis and payable 6 months in arrears. The Company has the right to repay any loan at any time during its term.
- 2 Loans at call entered into between May and July 2017 with interest payable at the rate of 10% per annum.
- 3 Short term loan of 90 days entered into in October and November 2017 with interest payable at the rate of 10% per annum.
- 4 Two loans of \$1million each entered into in October and December 2017 with a term of 18 months expiring in April 2019 and June 2019, with interest payable at the rate of 10% per annum.
- 5 The Company entered into a convertible note agreement dated 30 September 2017. As at 31 December 2017, the Company had on issue 8,333,333 convertible notes, each with a face value of \$0.18. The notes are convertible at any time prior to maturity of the notes at the election of the noteholder. The maturity of these notes is 29 March 2019 and the coupon rate on the convertible notes is 15% per annum. No convertible notes were converted as at 31 December 2017.

8. ISSUED CAPITAL

	31-Dec-17 Shares	30-Jun-17 Shares	31-Dec-17 \$	30-Jun-17 \$
Ordinary shares - fully paid	<u>423,469,042</u>	<u>419,969,042</u>	<u>49,974,707</u>	<u>49,799,707</u>

Movements in ordinary share capital

Details	Date	No. of shares	Issue Price	\$
Balance	1 Jul 2017	419,969,042		49,799,707
Placement	17 Oct 2017	3,500,000	\$0.05	175,000
Share issue transaction costs		-		-
Balance	31 Dec 2017	<u>423,469,042</u>		<u>49,974,707</u>

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.



8. ISSUED CAPITAL (Continued)

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.

Earnings per Share

At 31 December 2017, there are shares on hand which are potentially dilutive, however these have not been included in the calculation above as they are currently in an anti-dilutive state.

9. RESERVES

	31-Dec-17	30-Jun-17
	\$	\$
Share based payments reserve	14,185,914	14,185,914
Equity component of convertible notes issued (note 7)	48,000	-
	<u>14,233,914</u>	<u>14,185,914</u>
Consolidated		
Balance at beginning of year	14,185,914	14,067,324
Equity component of convertible notes issued	48,000	118,590
Balance at end of year	<u>14,233,914</u>	<u>14,185,914</u>

Share-based payments reserve

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

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.

Under the Agreement for Sale and Purchase of Shares in relation to the acquisition of Dampier Plutonic Pty Ltd, the Company will be required to make a payment of \$1 million when cumulative gold production from the tenements reaches 45,000ozs and further payments of \$1 million each when cumulative gold production from the tenements reaches 100,000ozs, 200,000ozs and 300,000ozs, a potential total of \$4 million.



11. CONTINGENT LIABILITIES (Continued)

Sino Australian Resources (Laos) Co., Ltd (SARCO), is a joint venture 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.

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

The Company has the contractual right to audit the NFC contributions. As yet no audit has been undertaken, although any findings from such an audit may constitute a future claim by the Company on NFC. At 31 December 2017 the Company is working amicably with NFC to resolve this disputed amount.

As exploration activities have effectively ceased, the Company has not made any further contributions to the SARCO JV. NFC has continued to incur costs at the project, mainly salaries and wages for on-site NFC employees. The Company believes it should not be liable for these expenses. These additional unaudited contributions by NFC to the SARCO JV have since increased the Company's contingent liability by \$1,148,000.

10. COMMITMENTS

The Group has a 100% interest in 57 tenements in Western Australia. The current annual expenditure commitment on these tenements is \$3,318,260.

	31-Dec-17 \$	30-Jun-17 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	115,115	120,750
One to five years	-	50,312
	<u>115,115</u>	<u>171,062</u>

Operating lease commitments relate to contracted amounts for offices under non-cancellable operating leases which expire 30 November 2018.



11. RELATED PARTY

Transactions with related parties

During the half year to 31 December 2017 an entity related to Mr BA McInnes invoiced the Company \$74,416 for reimbursement of travel expenses at cost incurred by Mr McInnes while travelling on Company business.

Loans to/from related parties

During the half year to 31 December 2017 Mr Dongjie Zhang acquired a significant interest in Gifted Force International Ltd. Gifted Force International Ltd loaned the Company \$1,500,000 at an interest rate of 25%pa for a 2 year term expiring 26 May 2018. The amount outstanding at 31 December 2017, including accrued interest, is \$1,898,437.

Mr ShengQiang Zhou has loaned the Company \$200,000 at an interest rate of 10%pa at call. The amount outstanding at 31 December 2017, including accrued interest, is \$210,076.

12. 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).

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

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



13. SHARE-BASED PAYMENTS

During the half year ended 31 December 2017 there was no issues in regards to the Vango Mining Limited Employee Loan Share Plan ("Share Plan").

14. EVENTS AFTER THE REPORTING DATE


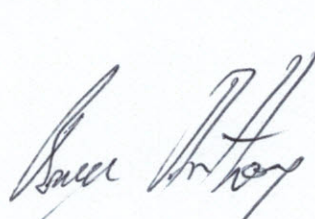
There have been no significant events since the 31 December 2017 up to the date of these financial statements.



In the Directors' opinion:

- (a) The financial statements and notes of Vango Mining Limited for the half-year ended 31 December 2017 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 2017 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.



Bruce McInnes
Director
15 March 2018

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 2017, 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 2017 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.

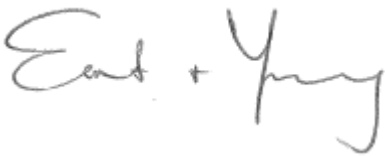
Auditor's Responsibility

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 2017 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 2018