



# 2022 ANNUAL REPORT

Vango Mining Limited ASX:VAN

## Corporate Directory

### Directors

**Bruce McInnes**

Chairman, Executive

**Shengqiang (Sean) Zhou**

Deputy Chair, Non-Executive

**Zhenzhu (Carol) Zhang**

Non-Executive Director

**Yan Chao (Hunter) Guo**

Non-Executive Director

**Craig Wallace**

Non-Executive Director

### Company Secretary

Ian Morgan

### Share Registry

**Boardroom Limited**

Grosvenor Place

Level 12, 225 George Street

Sydney NSW 2000

T: 1300 737 760 (in Australia)

W: boardroomlimited.com.au

### Auditor

**RSM Australia Partners**

Level 13, 60 Castlereagh Street

Sydney NSW 2000

### Registered Office

Aurora Place

Building 1, Level 29

88 Phillip Street

Sydney NSW 2000

### ASX Code VAN

[www.vangominer.com](http://www.vangominer.com)

ABN 68 108 737 711

## Contents

<b>1</b>	Chairman's Address
<b>2</b>	Company Strategy
<b>3</b>	2022 Snapshot
<b>4</b>	Review of Operations
<b>13</b>	Directors' Report
<b>26</b>	Auditor's Independence Declaration
<b>27</b>	Operating and Financial Review
<b>34</b>	Corporate Governance Statement
<b>49</b>	Consolidated Statement of Profit or Loss and Other Comprehensive Income
<b>50</b>	Consolidated Statement of Financial Position
<b>51</b>	Consolidated Statement of Changes in Equity
<b>52</b>	Consolidated Statement of Cash Flows
<b>53</b>	Notes to the Consolidated Financial Statements
<b>90</b>	Directors' Declaration
<b>91</b>	Independent Auditor's Report
<b>95</b>	Shareholder and Investor Information

## Chairman's Address

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### Dear Shareholders

This past year has been another of significant activity and progress for our Company, both from an exploration and corporate perspective, and in the positioning of Vango for its next phase of growth at our flagship asset, the Marymia Gold Project in the mid-west region of Western Australia.

As shareholders would be aware our end-goal is to commence mining operations and become a substantial gold producer at Marymia.

At the project level, our core focus for the year was an extensive open pit-focused drilling program that targeted 11 historically mined open pits spread across the Marymia Project, not included in the Project's current JORC Mineral Resource Estimate.

This program was completed prior to Christmas 2021 with the results flowing through into the first half of 2022, and successfully confirmed that all targeted open pits hosted further unmined gold mineralisation. All results have since been released to the market by way of ASX Announcements.<sup>1</sup>

Corporately, your Company completed a successful capital raising with Collins Street Value Fund (CSVF) via a convertible note offer of \$7.5m with an exercise price of 6 cents<sup>2</sup>. The terms of the offer allow for an additional \$2.5m in funding to the Company under the same terms if both parties agree. The Board of Vango is pleased with the support of CSVF for Vango's plans to develop the Marymia Project.

Vango has deployed some of the funds raised into its 2022 field season, with a program of drilling to test for a step-out of the gold resource in the Triple P area. We will keep the market updated as analysis of results becomes available.

In conclusion, I would like to reiterate the Board's commitment to our goal of establishing your Company as a gold miner, and look forward to sharing further news on our progress toward this goal in the coming months.

Finally, I wish to thank you, our shareholders for your continued support to the Company on its journey towards becoming a significant gold producer.

**Bruce McInnes**  
Chairman

<sup>1</sup> ASX Announcements, 19 January, 21 February, 25 February, 14 March and 5 April 2022

<sup>2</sup> ASX Announcement, 16 June 2022

## Company Strategy

### Vango's vision is to build a sustainable, mid-tier gold production company

Vango has progressed a deliberate strategy of growing its high-grade gold endowment at the Marymia Gold Project to achieve its ambitions of becoming a significant high-grade Western Australian gold miner. Targeted drilling during the 2021 field season has been successful in delivering further open pit potential, which offers the potential to commence a mining strategy delivering both underground and potentially alternate open pits. Successfully implemented, this strategy is designed to achieve the high levels of recovery that the Company's metallurgical testing has achieved.

The success of the Company's targeted exploration strategy has delivered the critical mass necessary to ensure a mine life for future mining operations at Marymia which has now provided confidence to the Company's Board to move forward with the development of mine planning and project financing.

In the near term, the Company's focus and strategy will be to obtain financing for future mining.



**Critical Mass  
Delivered**



**Develop and  
Complete Mine  
Planning**



**Deliver  
Financing**

# 2022 Snapshot

 <p><b>Safety</b></p> <p>Total manhours worked <b>13,331</b></p> <p>Zero lost time injuries in the year</p> <p>Total reportable injury frequency rate of <b>0</b></p>	 <p><b>Ongoing Exploration Success</b></p> <p><b>12,001 metre</b> drill program successfully completed, consisting of 73 reverse circulation (RC) holes resulting in the collection of 14,219 samples</p> <p>Confirmed potential mineralisation at 11 targeted open pits</p> <p>Further priority near-mine and regional targets identified</p>	 <p><b>Mineral Resource</b></p> <p>Global Mineral Resource of one million ounces of gold at a grade of <b>3.0g/t<sup>3</sup></b></p> <p>Significant drill program of &gt;5,000 metres underway, targeting extensions to mineralisation in the Triple P area.</p>
 <p><b>Dominant land position</b></p> <p>317 km<sup>2</sup> of mining leases, 77 km<sup>2</sup> exploration tenements</p> <p><b>80%</b> of the Plutonic-Marymia belt</p>	 <p><b>Strong Balance Sheet</b></p> <p>Completed <b>\$10 million</b> capital raising</p>	 <p><b>Commercial Opportunity</b></p> <p>Stand-alone processing options developed</p> <p>Pursuing potential value accretive commercial opportunities to fast track project development</p>

3. Vango confirms all material assumptions and technical parameters underpinning the resource estimate continue to apply and have not materially changed as per Listing Rule 5.23.2

## Review of Operations



Vango has progressed a deliberate strategy of growing its high-grade gold endowment at the Marymia Gold Project to achieve its ambitions of becoming a significant high-grade Western Australian gold miner. Operations focussed on targeting mineralisation below 11 open-pits, delivering the critical mass necessary to ensure a mine life for future mining operations at Marymia.

# Review of Operations

## Marymia Gold Project (Marymia, VAN 100%)

The 100%-owned Marymia Gold Project is located approximately 300 kilometres northeast of Meekatharra in the mid-west region of Western Australia, at the northern end of the world class Eastern Gold Fields Province (Figure 1).

During the year a significant drill program was completed targeting extensions to mineralisation below 11 historical pits within the project area. These pits are outside of the current resource areas for the project and definition of extensions to these mineralised systems could provide early resources for operations within the project area.

A total of 73 RC holes were completed for 12,001m of drilling. There were also 3 holes drilled at the Mareast Pit to test for deep continuation for the resources at this pit. The breakdown of metres drilled is provided in Table 1.

Table 1: Summary of 2021/2022 Drilling activities Marymia Project

Pit	No of Holes	Total m
APOLLO	3	471
EXOCET	5	786
IBIS	5	813
KOOKABURRA	4	745
MAREAST	3	396
PARROT	12	2133
PIGEON	5	862
PRICKLEY	8	1,230
REDFIN	5	759
ROSELLA	5	801
SKYHAWK	13	2,162
SPECKLED	5	843
<b>Total</b>	<b>73</b>	<b>12,001</b>

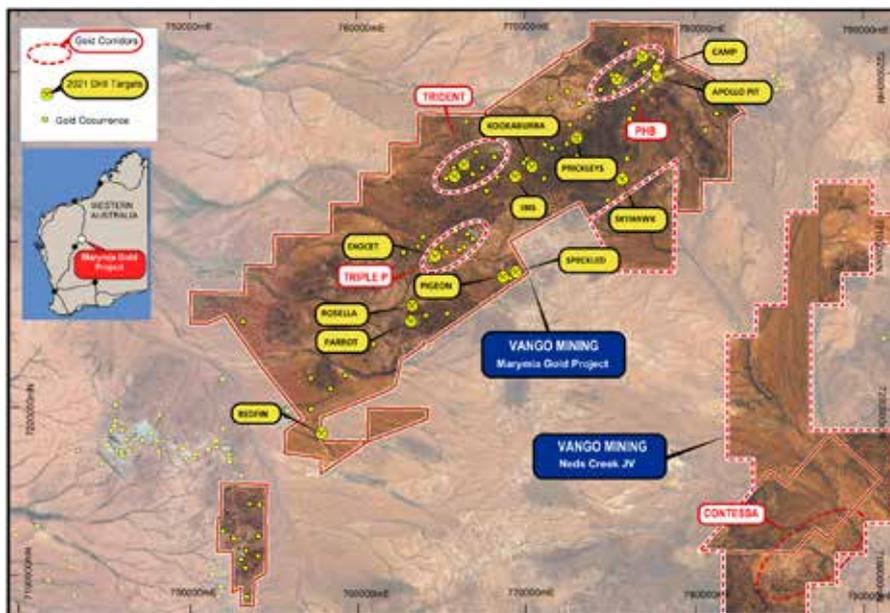


Figure 1: Location of 2021/2022 Drilling targets

Drilling was designed to test the continuity and tenor of mineralised structures at depth below the pits as well as potential for parallel structures that may not have been previously identified. The drilling in all areas intersected the projected mineralisation with some intersections showing excellent economic potential, such as Skyhawk and Parrot, which were immediately followed up with second phases of drilling. Other pits such as Redfin, Rosella, Pigeon also showed good promise while others will be lower priority targets moving forward.

# Review of Operations continued

## Skyhawk

A total of 13 RC holes were completed at the Skyhawk area where there is historic laterite pit, but the main oxide zone has not been mined. Highlight results were:<sup>4</sup>

- 15m @ 3.5 g/t Au from 113m in VSKRC0010 incl. 7m @ 6.6 g/t Au from 119m
- 12m @ 2.4 g/t Au from 110m in VSKRC0009 incl. 1m @ 7.6 g/t Au from 118m
- 16m @ 4.4 g/t Au, from 54m in VSKRC0007, including 6m @ 8.2 g/t Au

This is in addition to historical intercepts:

- 18m @ 2.0 g/t Au, from 76m in DSHRC0023, including 1m @ 8.5 g/t Au
- 16m @ 3.5 g/t Au from 132m in DSHRC0014
- 12m @ 2.5 g/t Au from 65m in DSHRC0004
- 18m @ 2.0 g/t Au from 76m in DSHRC0023
- 7m @ 4.6 g/t Au from 67m in DSHRC0015
- 5m @ 6.4 g/t Au from 84m in DSHRC0015

These results demonstrate the continuation of a significant zone of near-surface gold mineralisation extending the mineralised zone at Skyhawk. Further work is required to determine the full extents of mineralisation with these zones open in most directions.

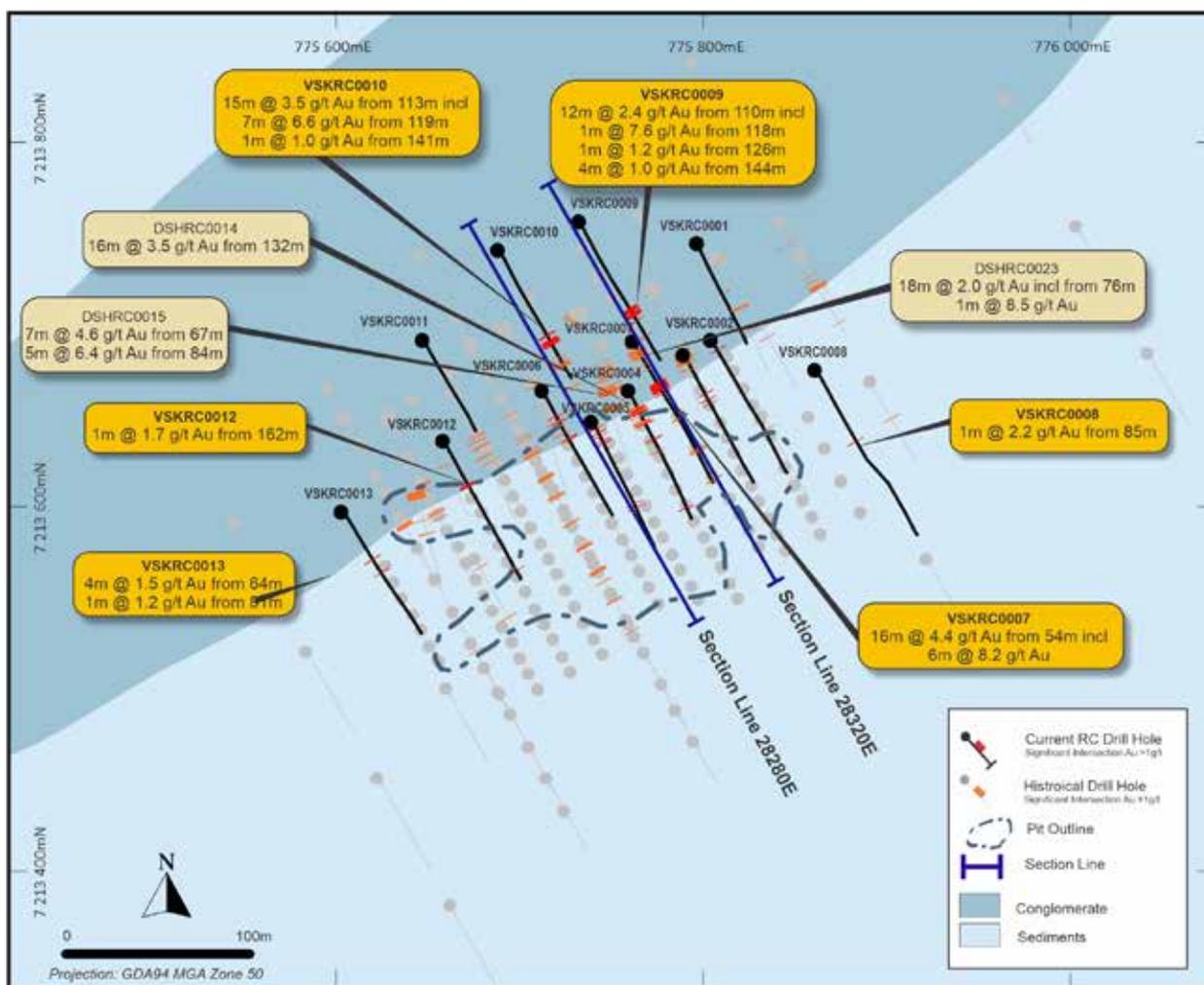


Figure 2: Drilling plan Skyhawk showing current and previous drilling intersections

4 VAN ASX 25/02/2022 "Vango Intersects Wide, High-Grade Gold Zones at Marymia Gold Project"

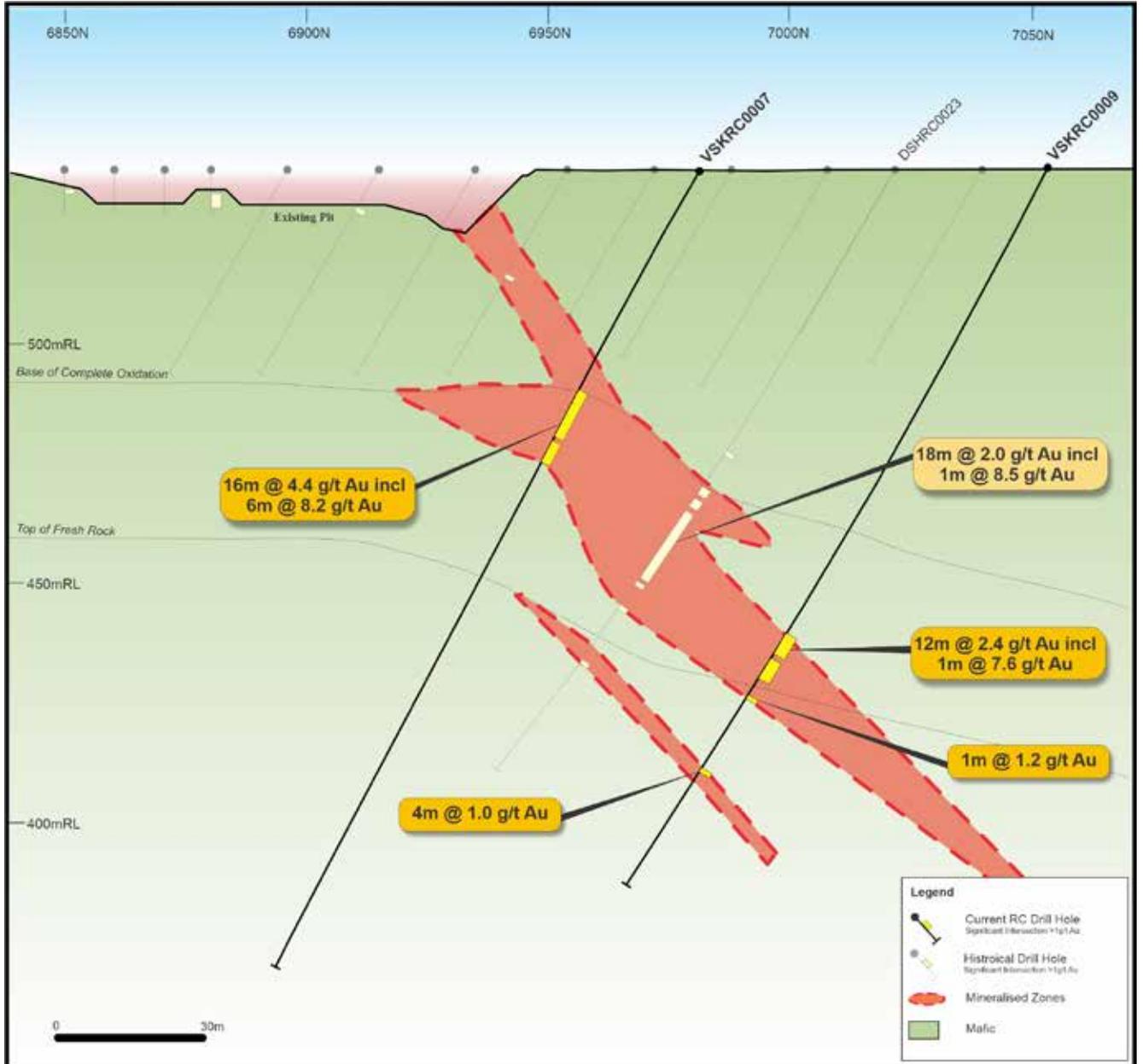


Figure 3: Cross Section 28320mE at the Skyhawk open pit target

## Review of Operations continued

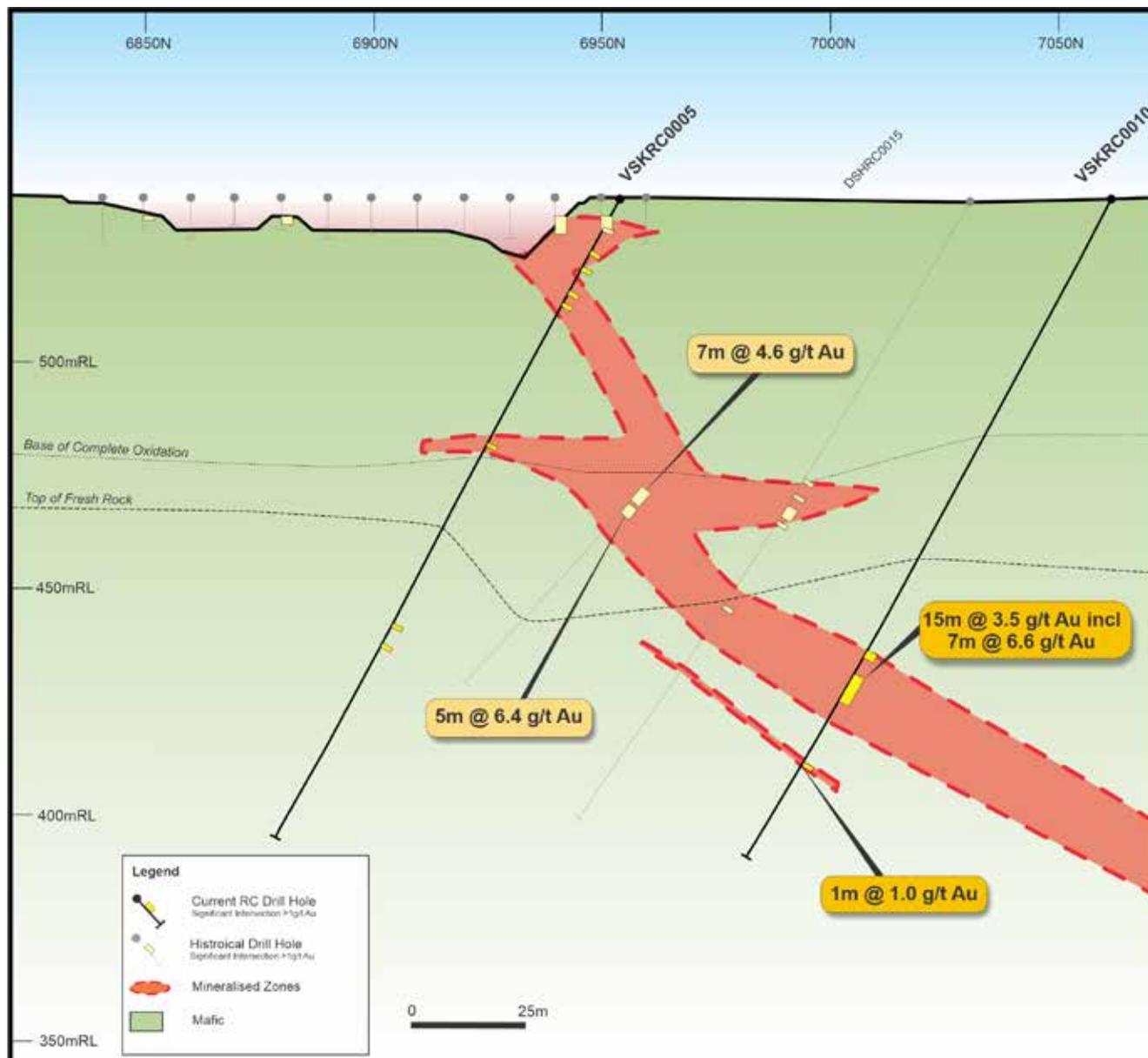


Figure 4: Cross Section 28280mE at the Skyhawk open pit target

### Parrot Open Pit

Drilling at the historical Parrot Pit consisted of 12 holes for 2,133m of RC drilling (Fig 5). The work was completed in 2 phases with Phase 1 drilling intersected broad structures with anomalous gold but only moderate grade with the highlight being 3m @ 1.3 g/t Au from 124m in VPARC0002.<sup>5</sup> The width and style of alteration made this pit area a priority for the second phase of RC drilling. Holes were planned across the pit to further define the mineralisation.

This second phase confirmed the continuity of a significant gold bearing structure with the highlight being hole VPARC0011 which returned 19m at 4.7 g/t Au from 81m incl. 2m at 18.6 g/t Au from 96m (Fig 6).<sup>6</sup> This zone demonstrates the potential for this area to produce significant gold for the project.

<sup>5</sup> VAN ASX, 20/10/21 "Vango continues to confirm open pit potential at Marymia"

<sup>6</sup> VAN ASX 05/04/2022 "Vango's Marymia Gold Project Intersects High Grade Gold"

The most significant intercepts from the second phase were:

- 19m at 4.7 g/t Au from 81m in VPARC0011 incl. 2m at 18.6 g/t Au from 96m
- 1m at 2.7 g/t Au from 109m in VPARC0005
- 9m at 1 g/t Au from 119m in VPARC0007 incl. 1m at 2.3 g/t Au from 127m
- 11m at 0.7 g/t Au from 149m in VPARC0007 incl. 1m at 3.9 g/t Au from 156m

These are in addition to the Phase 1 results<sup>7</sup>

- 1m @ 2.5 g/t Au from 177m in VPARC0001
- 1m @ 1.3 g/t Au from 78m in VPARC0002
- 1m @ 1.2 g/t Au from 84m in VPARC0002
- 3m @ 1.3 g/t Au from 124m in VPARC0003
- 1m @ 1.1 g/t Au from 133m in VPARC0003

These were from zones with previous intersections including:

- 12m @ 2.6 g/t Au from 43m in PARC0073
- 2m @ 11.1 g/t Au from 99m in PBR7977
- 8m @ 1.6 g/t Au from 67m in PBRD1753

The intercept in Hole VPARC0011 is of significant grade and width and is potentially part of a larger high grade zone to be targeted by further drilling.

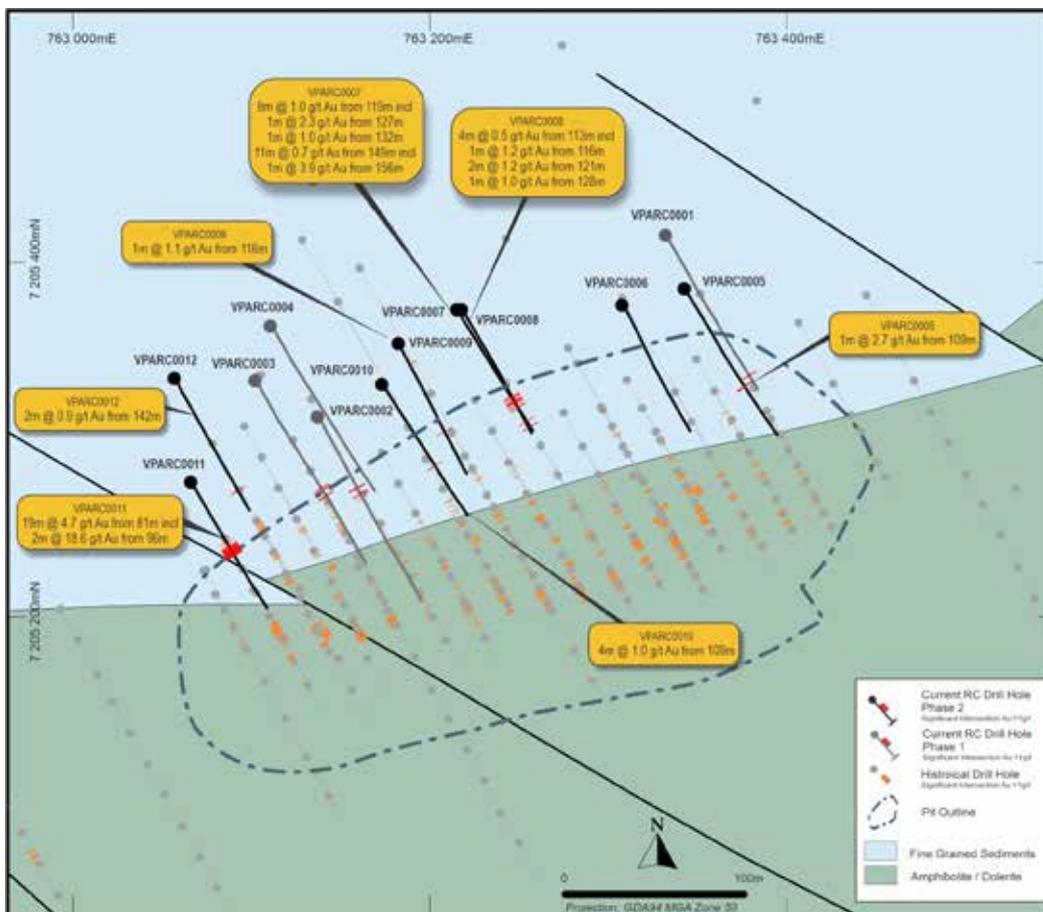


Figure 5: Parrot Drill Plan - Current Drilling

<sup>7</sup> VAN ASX, 20/10/21 "Vango continues to confirm open pit potential at Marymia"

# Review of Operations continued

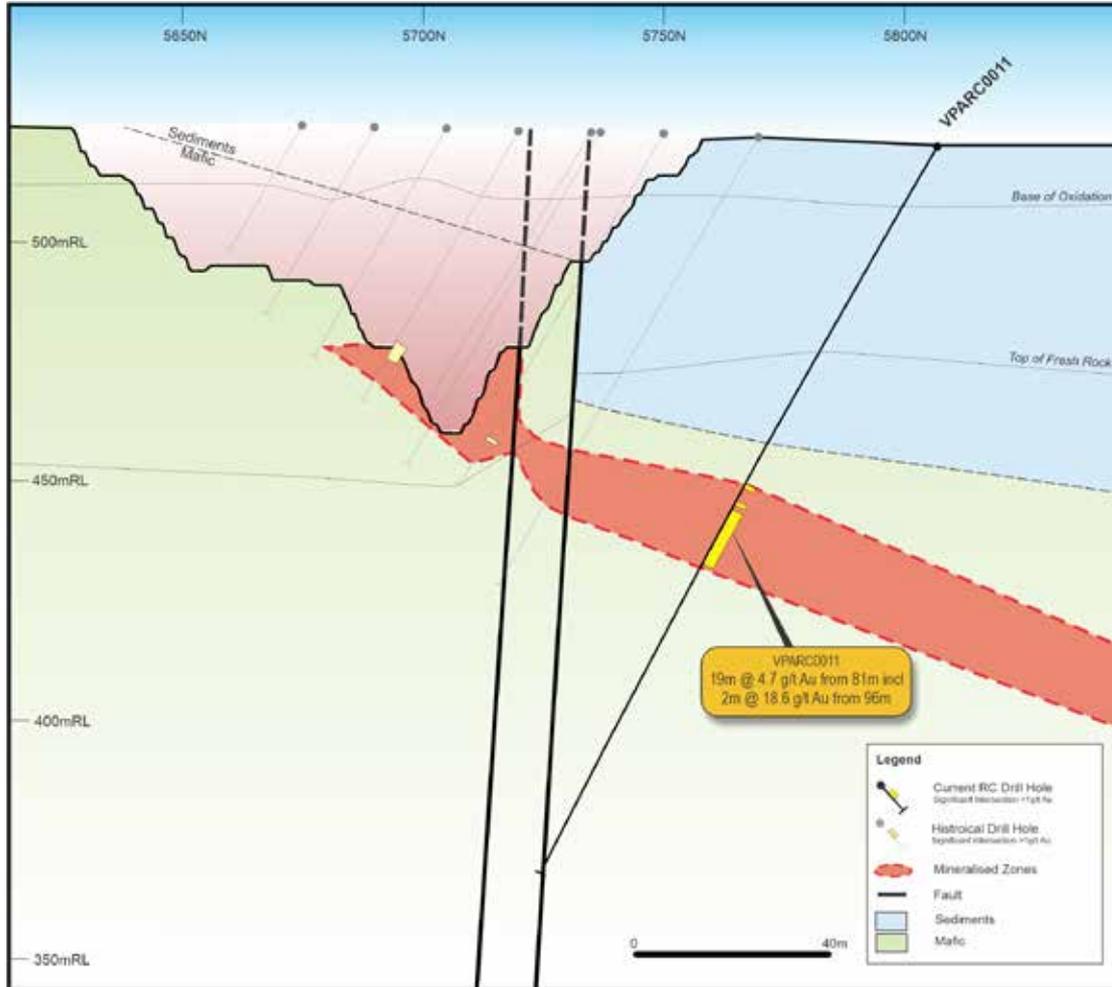


Figure 6: Cross-section Parrot 13140mE

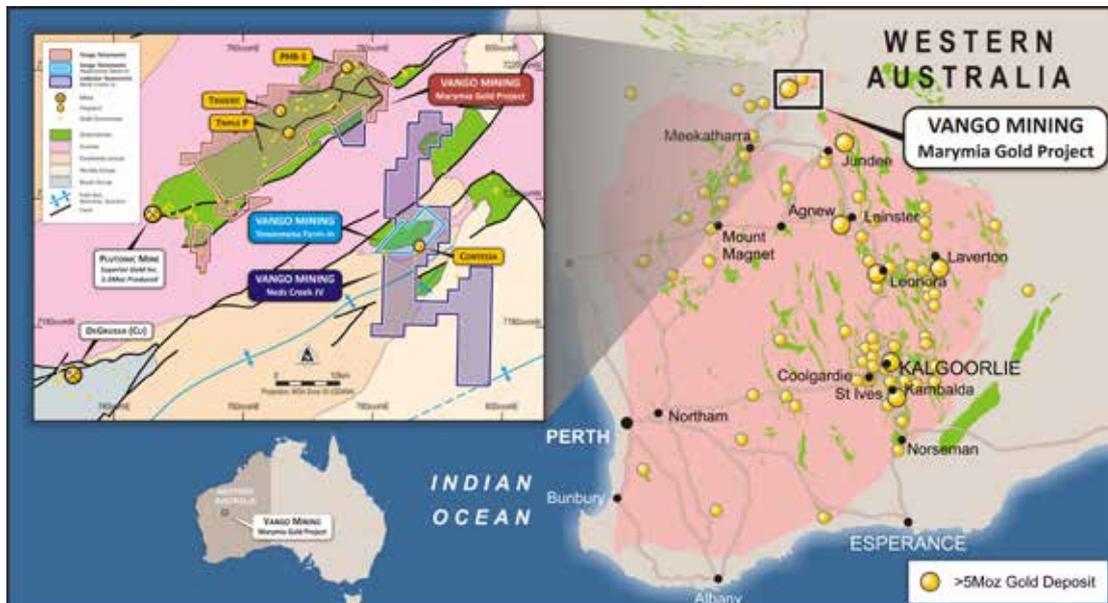


Figure 7: Location of Marymia Gold Project in the Yilgarn block of Western Australia

**JORC compliant Mineral Resource Estimate (ASX Announcement dated 20 May 2020)<sup>8</sup>**

MARYMIA GOLD PROJECT JORC 2012 MINERAL RESOURCE ESTIMATE - MAY 2020										
Deposit	Cut-off	Indicated			Inferred			Total		
Mineral Resource	Au g/t	K t	g/t	K oz	K t	g/t	Oz	Kt	g/t	K oz
Open Pits	0.5	5,300	1.8	311	2,950	1.6	150	<b>8,250</b>	<b>1.7</b>	<b>461</b>
Underground	3.0	1,142	9.6	352	992	5.9	189	<b>2,134</b>	<b>7.9</b>	<b>541</b>
<b>Total</b>		<b>6,442</b>	<b>3.2</b>	<b>663</b>	<b>3,942</b>	<b>2.7</b>	<b>339</b>	<b>10,384</b>	<b>3.0</b>	<b>1,002</b>

\* VAN confirms all material assumptions and technical parameters underpinning the Resource Estimate and Reserve continue to apply, and have not materially changed as per Listing Rule 5.23.2

Mineral Resources reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (Joint Ore Reserves Committee Code - JORC 2012 Edition). Open pit resources reported within optimised conceptual pit shells at A\$2,500/oz gold price above a 0.5 g/t Au cut off and include oxide, transition and fresh material.

Trident underground resources are retained as first reported 18 April 2019 above a 3.0 g/t Au cut-off grade, and modelled at a gold price of A\$2,000/oz, on the basis that the information has not materially changed since last reported. Other underground resources reported above a 3.0 g/t Au cut off (with minor 2.5 g/t Au cut-off material included for continuity purposes) and includes fresh material only. Totals may differ due to rounding, Mineral Resources reported on a dry in-situ basis.

**Ned's Creek JV**

Lodestar Minerals Limited completed an RC drilling program at the Contessa gold prospect located on the Ned's Creek Joint Venture (Vango Mining (ASX: VAN) earning 51%) is completed and all samples have been dispatched to the laboratory for assay.

The program comprised 29 holes in total for 3715m (see Table 1) and consisted of two phases.<sup>9</sup>

- a series of 12 vertical RC holes at Contessa to test the supergene zone
- 14 holes targeting the Contessa granite contact as a potential source of the widespread supergene and nugget-related gold discovered in the Contessa area; and
- 3 additional RC holes were completed on the contact zone 1500m southwest of Contessa, at the Central Park prospect

RC drilling confirms sub-horizontal oxide gold mineralisation at the Contessa Supergene zone:<sup>10</sup>

- 12m at 1.46g/t Au from 50m in LNRC083
- 8m at 1.84g/t Au from 36m in LNRC089
- 7m at 2.99g/t Au from 58m in LNRC092
- 4m at 1.5g/t Au from 36m in LNRC086

On the Contact zone at Contessa and Central Park results included:<sup>11</sup>

- 20m at 0.69g/t Au from 120m in LNRC097, including 8m at 1g/t Au from 132m
- 24m at 0.51g/t Au from 116m in LNRC099
- 4m at 2.35g/t Au from 120m in LNRC095

8 VAN ASX 19/05/2020 "Marymia Mineral Resource Increases to One Million Ounces"

9 LSR ASX 14/03/2022 "Contessa - Large Target Identified on Granite Contact"

10 LSR ASX 31/03/2022 "Ned's Ck JV update"

11 LSR ASX 22/11/2021 "Exploration Update Ned's Ck JV"

## Review of Operations continued

Previous aircore drilling at Contessa intersected extensive supergene gold mineralisation prior to RC drilling programs that targeted deeper primary mineralisation. Significant intercepts from earlier aircore drilling include<sup>7</sup>:

- 15m at 3.1g/t Au from 40m in LNR546
- 21m at 3.01g/t Au from 40m in LNR656
- 20m at 1.61g/t Au from 48m in LNR796
- 12m at 1.3g/t Au from 48m in LNR800
- 8m at 3.35g/t Au from 48m in LNR810
- 16m at 2.16g/t Au from 84m in VCTRC0003, including 4m at 9.63g/t Au.

Information in this announcement is extracted from reports lodged as market announcements available on the Company's website <https://vangomining.com/>.

The Company confirms that it is not aware of any new information that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

### Notes and Competent Persons Statements

1. Mineral Resources reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (Joint Ore Reserves Committee Code – JORC 2012 Edition).
2. Open pit resources reported within optimised conceptual pit shells at A\$2,500/oz gold price above a 0.5 g/t Au cut off and include oxide, transition and fresh material, see breakdown Appendix 2.
3. Trident underground resources are retained as first reported 18 April 2019<sup>12</sup> above a 3.0 g/t Au cut-off grade and modelled at a gold price of A\$2,000/oz, on the basis that the information has not materially changed since last reported. Other underground resources reported above a 3.0 g/t Au cut off (with minor 2.5 g/t Au cut-off material included for continuity purposes) and includes fresh material only.
4. Totals may differ due to rounding, Mineral Resources reported on a dry in-situ basis.
5. The Statement of Mineral Resource Estimates has been compiled by Dr. Spero Carras who is a full-time employee of Carras Mining Pty Ltd and a Fellow of the Australian Institute of Mining and Metallurgy (“FAusIMM”). Dr. Carras has sufficient experience, including over 40 years’ experience in gold mine evaluation, 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. Dr. Carras consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.
6. The information in this report that relates to exploration results that form the basis of the Mineral Resource Estimate has been reviewed, compiled and fairly represented by Mr David Jenkins, a Member of the Australian Institute of Geoscientist (“MAIG”) and a full time employee of Terra Search Pty Ltd. Mr Jenkins has sufficient experience, including over 30 years’ experience in exploration, resource evaluation, and project management 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 Jenkins consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

### Previous ASX releases referenced in this section

- (a) VAN ASX 05/04/2022 “Vango's Marymia Gold Project Intersects High Grade Gold”
- (b) VAN ASX 25/02/2022 “Vango Intersects Wide, High-Grade Gold Zones at Marymia Gold Project”
- (c) LSR ASX 31/03/2022 “Ned's Ck JV update”
- (d) VAN ASX 19/05/2020 “Marymia Mineral Resource Increases to One Million Ounces”
- (e) LSR ASX 14/03/2022 “Contessa - Large Target Identified on Granite Contact”
- (f) LSR ASX 22/11/2021 “Exploration Update Ned's Ck JV”
- (g) VAN ASX, 20/10/21 “Vango continues to confirm open pit potential at Marymia”

VAN ASX 18/04/2019 “New High-Grade Trident Gold Resource Upgrade”

# Directors' Report

Your directors present their report on the consolidated entity consisting of Vango Mining Ltd and the entities it controlled at the end of or during the year ended 30 June 2022. Throughout this report, the consolidated entity is referred to as the Group.

## Board of Directors

The Directors of the Company at any time during or since the end of the financial year are:



### Mr Bruce McInnes

#### Executive Chairman, Chair of the Audit Committee and Member of the Remuneration Committee

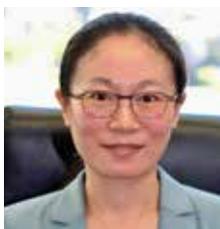
Mr McInnes has been in the public and commercial accounting sectors for over 40 years. He was a founding partner and is now the senior partner at accounting firm McInnes & Associates based in Leeton New South Wales. Mr McInnes also owns a large agricultural business in Riverina, New South Wales. Mr McInnes volunteered as the treasurer of Telstra Child Flight, a not-for-profit organisation that provided helicopter transport for sick and injured children in remote areas of New South Wales. He has held no other directorships of listed companies in the last three years. Mr McInnes commenced as a director of the Company on 9 May 2013.



### Mr Shengqiang (Sean) Zhou

#### Deputy Chairman, Non-Executive Director, Member of the Audit Committee and Remuneration Committee

Mr Zhou has over 13 years of experience in project management, funds management and investment banking with a focus on infrastructure investment in the Asia Pacific Region. During Mr Zhou's time as Head of the China team of Inbound Investment at CPG Capital Partners Ltd, a Singapore based investment bank, he was responsible for raising over US\$500 million in funding. Prior to CPG, Sean was General Manager Australia for Shanghai General Metal Structural Engineering Limited. He has held no other directorships of listed companies in the last three years. Mr Zhou commenced as a director of the Company on 15 August 2014.



### Dr Zhenzhu (Carol) Zhang

#### Executive Director (Non-Executive from 26 October 2020), Member of the Audit Committee and Remuneration Committee

Dr Zhang has a PhD in management. Prior to moving to Australia, she was an associate professor at the University of Science and Technology of Tianjin, teaching logistics management from 2006 to 2015. She has held no other directorships of listed companies in the last three years. Dr Zhang commenced as a director of the Company on 25 August 2015.

## Directors' Report continued

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### **Mr Yan Chao (Hunter) Guo**

#### **Non-Executive Director**

Mr Guo has more than 25 years of experience in global commodity research and trade as well as gold futures analysis and investment. He is a senior executive of a significant commodities trading house with annual turnover in excess of US\$2 billion. Mr Guo became a strategic investor in Vango Mining in 2017 and a Director in January 2020. He has held no other directorships of listed companies in the last three years. Mr Guo commenced as a director of the Company on 6 January 2020.



### **The Honourable Mr Craig Wallace**

#### **Non-Executive Director and Chair of the Remuneration Committee**

The Honourable Mr Craig Wallace is an accomplished international commercial negotiator and communicator with extensive senior executive and Board experience. He served as the Deputy Chairman of TerraCom Resources (ASX: TER) between 2012 and 2020. Mr Wallace was the member for Thuringowa in the Queensland State Parliament from 7 February 2004 to 24 March 2012. His appointment as a Non-Executive Director continues our focus on adding new skills to the Board, supporting Vango Mining to achieve its corporate objectives. He has held no other directorships of listed companies in the last three years.

Former directorships, in the last three years, noted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated. As Messrs McInnes and Stocks are executives, they are considered not independent. Further, as substantial shareholders of the Company, Messrs Zhou and Guo and Dr Zhang are not independent.

## Meetings of Directors

There were 4 board meetings held during the year ended 30 June 2021 with attendance as follows. All directors attended all meetings that they were eligible to attend during the reporting period.

The number of meetings held (including committee meetings of Directors) and the number of meetings attended during the financial year are:

Directors	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Bruce McInnes	4	4	-	-	1	1
Hunter Guo	4	4	-	-	-	-
Craig Wallace	4	4	-	-	1	1
Sean Zhou	4	4	-	-	1	1
Carol Zhang	4	4	-	-	1	1

## Principal activities

The principal activity of the Group during the year was the exploration and evaluation of the Group's gold interests at the Marymia Gold Project in Western Australia.

## Dividends

No dividends were paid, declared or recommended during the year ended 30 June 2022.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

## Events since the end of the financial year

Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the Group's operations, the results of these operations or the Group's state of affairs in future financial years excepting ongoing discussions that may result in a corporate structural change.

On 18 July 2022, the Company secured a \$10 convertible note facility. To date, the Company has received \$7.5 million for Tranche 1 of the note facility. The company repaid the cash advance in Note 18 totalling \$1.5 million and accrued interest of \$88,767 on 17 July 2022.

## Likely developments and expected results of operations

Likely developments in the operations of the Group and expected results of these operations in future financial years have been included in the Operating and Financial Review.

## Environmental regulation

The Group's operations are subject to environmental regulation in respect to mineral tenements relating to exploration activities on those tenements. On-ground exploration was undertaken during the financial year and the Board is not aware of any breach of environmental requirements as they apply to the Group.

The Group has reviewed its energy consumption and greenhouse gas emissions for the reporting year, with both found to be below the reporting threshold as specified within the National Greenhouse and Energy Reporting Act 2007 (Cth) (NGER).

## Directors' Report continued

### Remuneration report

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*. The remuneration arrangements detailed in this report are for the Directors who held office during the financial year as follows:

Director	Position	Appointed	Resigned
<b>Bruce McInnes</b>	Executive Chairman	15 August 2014	Current
	Non-Executive Deputy Chairman	25 October 2013	14 August 2014
	Non-Executive Director	9 May 2013	24 October 2013
<b>Shengqiang Zhou</b>	Non-executive Deputy Chairman	20 January 2020	Current
	Managing Director	30 January 2018	20 January 2020
	Non-Executive Director	15 August 2014	29 January 2018
<b>Zhenzhu Zhang</b>	Non-Executive Director	29 October 2020	Current
	Executive Director	25 August 2015	28 October 2020
<b>Yanchao Guo</b>	Non-Executive Director	6 January 2020	Current
<b>Craig Wallace</b>	Non-Executive Director	11 January 2021	Current

#### A. Remuneration Philosophy

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise). Key management personnel of the Company comprise the Board of Directors only.

The performance of the Company depends upon the quality of its key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled directors and executives. The Company's broad remuneration policy is to ensure the remuneration package rewards performance, properly reflects the person's duties and responsibilities and is competitive in attracting, retaining and motivating people of the highest quality.

#### B. Remuneration Structure and Approvals

Remuneration is set by the Board of Directors. The Board has established a separate Remuneration Committee to make recommendations to the Board. During the financial year the Board engaged the services of a remuneration consultant to review, provide industry comparisons and independently recommend remuneration levels, for the Remuneration Committee to rely on when making recommendations to the Board for setting Directors' remuneration.

##### Executive Remuneration Structure

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice.

Executive remuneration and incentive policies and practices must:

- be aligned with the Company's vision, values and overall business objectives;
- be designed to motivate the executives to pursue the Company's long-term growth and success; and
- demonstrate a clear relationship between the Company's overall performance and the performance of executives.

The nature and amount of remuneration of executives are assessed on a periodic basis by the Remuneration Committee for Board approval, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing executives.

The main objectives sought when reviewing executive remuneration is that the Company has:

- coherent remuneration policies and practices to attract and retain executives;
- executives who will create value for shareholders
- competitive remuneration offered benchmarked against the external market; and
- fair and responsible rewards to executives having regard to the performance of the Company, the performance of the executives and the general pay environment.

There is no predetermined equity compensation element within the remuneration structure nor are there predetermined performance conditions to be satisfied. All directors (subject to members' approval in accordance with the ASX Listing Rules) and executives are entitled to participate in the Company's "Vango Mining Limited Employee Equity Incentive Plan" approved on 25 November 2020. The Company's "Vango Mining Limited Share Loan Plan" was approved by shareholders on 8 October 2021.

Further details relating to remuneration of Executive Directors are contained in the remuneration table disclosed in Section D of this Report; and within the Notes to the Financial Statements: Note 25 Key Management Personnel Disclosures.

#### *Non-Executive Remuneration Structure*

The Company's non-executive directors are remunerated by way of fees, in the form of cash, non-cash benefits and superannuation contributions. The Board's intention is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board of Directors determines the payments to the non-executive directors and reviews their remuneration annually, based on market price, duties and accountability. Independent external advice is sought when required.

The maximum aggregate fee pool to be paid to Directors (excluding executive directors) is set at \$250,000 per year (in accordance with the Company's Constitution) and as approved by the shareholders of the Company.

Non-executive directors are able to participate in share-based incentive plans and encouraged to hold shares, to align directors' interests with shareholders' interests.

Non-executive directors may enter into separate consultancy mandates with the Company for the provision of professional and technical services that fall outside the scope of their directorship role. Under this mandate directors receive a consultancy fee in connection with time spent on Company business, including reasonable expenses incurred by them in carrying out this consultancy role.

Further details relating to remuneration of non-executive directors are contained in the remuneration table disclosed in Section D of this Report; and within the Notes to the Financial Statements: Note 25 Key Management Personnel Disclosures.

#### **C. Remuneration and Performance**

Director remuneration may include either long term or short-term performance conditions. The Board will continue to monitor this policy to ensure that it is appropriate for the Company in future years.

## Directors' Report continued

### D. Details of Remuneration

The key management personnel of the Company are the Board of Directors. Details of the remuneration of the Directors of the Company for the financial year ended 30 June 2022 are set out below.

	Salary & fees	Non-monetary	Post-employment benefits Superannuation	Share-based payment Share Plan & Share loan	Total	Share-based payments as a % of total remuneration
2022	\$	\$	\$	\$	\$	
<b>Director</b>						
<b>B McInnes</b>	407,498	-	37,000	11,559	456,057	2.53%
<b>S Zhou</b>	165,000	-	-	(31,689)	133,311	23.77%
<b>Z Zhang</b>	40,000	-	4,000	70,654	114,654	61.62%
<b>Y Guo</b>	-	-	-	-	-	-
<b>C Wallace</b>	39,996	-	3,996	-	43,992	-
<b>Total</b>	<b>652,494</b>	<b>-</b>	<b>44,996</b>	<b>50,524</b>	<b>748,014</b>	<b>6.75%</b>

Details of the remuneration of the Directors of the Company for the financial year ended 30 June 2021 are set out below:

	Salary & fees	Non-monetary	Post-employment benefits Superannuation	Share-based payment Vango share Plan	Total	Share-based payments as a % of total remuneration
2021	\$	\$	\$	\$	\$	
<b>Director</b>						
<b>B McInnes</b>	339,163	-	27,750	270,354	637,267	42.42%
<b>A Stocks</b>	406,344	-	17,220	-	423,564	-
<b>S Zhou</b>	120,000	-	-	270,354	390,354	69.26%
<b>Z Zhang</b>	60,000	-	10,100	135,177	205,277	65.85%
<b>M Keegan</b>	5,538	-	554	-	6,092	-
<b>Y Guo</b>	-	-	-	-	-	-
<b>C Wallace</b>	16,665	-	1,665	-	18,330	-
<b>Total</b>	<b>947,710</b>	<b>-</b>	<b>57,289</b>	<b>675,885</b>	<b>1,680,884</b>	<b>40.21%</b>

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### *Contractual Arrangements*

**Mr Bruce McInnes** – Executive Chairman

- Contract commencement date: Mr McInnes signed a letter of appointment on commencement as the Executive Chairman which sets out the terms of his appointment. Director fees commenced on date of appointment as director.
- Term: Open, although subject to retirement by rotation under the Company's Constitution.

**Mr Shengqiang (Sean) Zhou** – Non-executive Deputy Chairman

- Contract commencement date: Mr Zhou signed a letter of appointment on commencement as a non-executive director which sets out the terms of his appointment. Director fees commenced on date of appointment as director.
- Term: Open, although subject to retirement by rotation under the Company's Constitution.

**Dr Zhenzhu (Carol) Zhang** – Non-Executive Director

- Contract commencement date: Dr Zhang signed a letter of appointment on commencement as a non-executive director which sets out the terms of her appointment. Director fees commenced on date of appointment as director.
- Term: Open, although subject to retirement by rotation under the Company's Constitution.

**Mr Yanchao (Hunter) Guo** – Non-Executive Director

- Contract commencement date: Mr Guo signed a letter of appointment on commencement as a non-executive director which sets out the terms of his appointment. Director fees commenced on date of appointment as director.
- Term: Open, although subject to retirement by rotation under the Company's Constitution.

**Mr Craig Wallace** – Non-Executive Director

- Contract commencement date: Mr Wallace signed a letter of appointment on commencement as a non-executive director which sets out the terms of his appointment. Director fees commenced on date of appointment as director.
- Term: Open, although subject to retirement by rotation under the Company's Constitution.

## Directors' Report continued

### E. Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and shares. Share-based compensation is at the discretion of the Board and no individual has a contractual right to participate in any share-based plan or to receive any guaranteed benefits.

#### Options

The Company issued performance options on 18 June 2019 to key management personnel as part of remuneration. These performance options are subject to performance hurdles, and as at the date of this report, these hurdle conditions have not been met. The details of these performance options are as follows.

Category	Expiry Date	Exercise Price	Zhou	McInnes	Zhang	Total
C	18/06/2024	\$0.30	10,000,000	10,000,000	5,000,000	25,000,000
D	18/06/2024	\$0.35	5,000,000	5,000,000	2,500,000	12,500,000
E	18/06/2024	\$0.50	5,000,000	5,000,000	2,500,000	12,500,000
F	18/06/2024	\$0.60	10,000,000	10,000,000	5,000,000	25,000,000
<b>Total</b>			<b>30,000,000</b>	<b>30,000,000</b>	<b>15,000,000</b>	<b>75,000,000</b>

#### Performance Hurdles

**Category C.** Subject to the definition by the Company (or an entity controlled by the Company) of a total (measured, indicated and inferred) JORC 2012-compliant resource of 1,500,000 ounces of contained gold at an average grade greater than or equal to 3 grams per tonne (**Option Vesting Condition C**). Nb. The performance target is 1,500,000 ounces of contained gold at an average grade greater than or equal to 3 grams per tonne. The grade given is a performance hurdle only and has no relationship to the tonnage being targeted; i.e. this is not an exploration target.

**Category D.** The production of 10,000 ounces of gold bars from ore produced by the Company (or an entity controlled by the Company) (**Option Vesting Condition D**).

**Category E.** The production of 50,000 ounces of gold bars from ore produced by the Company (or an entity controlled by the Company) (**Option Vesting Condition E**).

**Category F.** The price of the Company's shares traded on ASX achieving a 20-day volume weighted average price of \$1.00 per share (**Option Vesting Condition F**).

No shares were issued over the financial year from the exercise of options.

At balance date, the relevant interest of each key management personnel in the Company's options were:

	Balance at the start of the year	Acquired	Granted as part of remuneration	Expired	Converted	Balance at end of the year	Vested and exercisable
<b>2022</b>							
Bruce McInnes	40,000,000	-	-	(10,000,000)	-	30,000,000	-
Craig Wallace	-	-	-	-	-	-	-
Shengqiang Zhou	40,000,000	-	-	(10,000,000)	-	30,000,000	-
Zhenzhu Zhang	20,000,000	-	-	(5,000,000)	-	15,000,000	-
Yanchao Guo	-	-	-	-	-	-	-
	<b>100,000,000</b>	<b>-</b>	<b>-</b>	<b>(25,000,000)</b>	<b>-</b>	<b>75,000,000</b>	<b>-</b>
<b>2021</b>							
Bruce McInnes	40,000,000	-	-	-	-	40,000,000	-
Craig Wallace	-	-	-	-	-	-	-
Shengqiang Zhou	40,000,000	-	-	-	-	40,000,000	-
Zhenzhu Zhang	20,000,000	-	-	-	-	20,000,000	-
Yanchao Guo	-	-	-	-	-	-	-
	<b>100,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000,000</b>	<b>-</b>

#### Loan plan shares

On 5 Nov 2021 the Company issued a total of 130,000,000 Plan Shares for a price of \$0.09 per Plan Share, and provision of a loan to acquire those Shares repayable during the period up to three years commencing on the date the Shares are issued. The details of the Share Loan Plan are as follows:

1. The Company issued 50,000,000 Plan Shares for a price of \$0.09 per Plan Share to Bruce McInnes. Subject to the terms of the Plan, the Plan Shares cannot be sold, transferred, assigned, charged or otherwise encumbered until the following Vesting Conditions are satisfied, unless waived by the Board in accordance with the Plan (such period being the Restriction Period):
  - i. 25,000,000 Shares to be issued and vesting within one month of approval by Shareholders;
  - ii. 25,000,000 Shares to be issued within one month of approval by Shareholders and vesting after the following conditions precedent:
    - a) Bruce McInnes remains a Director until the date the Shares vest;
    - b) and whichever occurs first:
      - A. two years after the date the Shares are issued; and
      - B. the Company's JORC 2012 resource determined by a Competent Person independent to the Company increases to 1.8 million ounces of gold.

## Directors' Report continued

2. The Company issued 40,000,000 Plan Shares for a price of \$0.09 per Plan Share to Shengqiang (Sean) Zhou. Subject to the terms of the Plan, the Plan Shares cannot be sold, transferred, assigned, charged or otherwise encumbered until the following Vesting Conditions are satisfied, unless waived by the Board in accordance with the Plan (such period being the Restriction Period):
- i. 10,000,000 Shares to be issued and vesting within one month of approval by Shareholders;
  - ii. 10,000,000 Shares to be issued within one month of approval by Shareholders and vesting after the following conditions precedent:
    - a) Shengqiang (Sean) Zhou remains a Director until the date the Shares vest; and
    - b) One year after the date the Shares are issued;
  - iii. 10,000,000 Shares to be issued within one month of approval by Shareholders and vesting after the following conditions precedent:
    - a) Shengqiang (Sean) Zhou remains a Director until the date the Shares vest; and
    - b) Two years after the date the Shares are issued; and
  - iv. 10,000,000 Shares to be issued within one month of approval by Shareholders and vesting after the following conditions precedent:
    - a) Shengqiang (Sean) Zhou remains a Director until the date the Shares vest; and
    - b) Three years after the date the Shares are issued;
3. The Company issued 40,000,000 Plan Shares for a price of \$0.09 per Plan Share to Zhenzhu (Carol) Zhang. Subject to the terms of the Plan, the Plan Shares cannot be sold, transferred, assigned, charged or otherwise encumbered until the following Vesting Conditions are satisfied, unless waived by the Board in accordance with the Plan (such period being the Restriction Period):
- i. 20,000,000 Shares to be issued and vesting within one month of approval by Shareholders;
  - ii. 20,000,000 Shares to be issued within one month of approval by Shareholders and vesting after the following conditions precedent:
    - a) Zhenzhu (Carol) Zhang remains a Director until the date the Shares vest; and
    - b) and whichever occurs first:
      - A. two years after the date the Shares are issued; and
      - B. the Company's JORC 2012 resource determined by a Competent Person independent to the Company increases to 1.8 million ounces of gold.

At balance date, the relevant interest of each key management personnel in the Company's plan shares were:

	Balance at the start of the year	Loan plan shares issued	Expired	Vested	Balance at end of the year	Vested and exercisable	Unvested
<b>2022</b>							
Bruce McInnes	-	50,000,000	-	25,000,000	25,000,000	25,000,000	-
Craig Wallace	-	-	-	-	-	-	-
Shengqiang Zhou	-	40,000,000	-	10,000,000	10,000,000	10,000,000	30,000,000
Zhenzhu Zhang	-	40,000,000	-	20,000,000	20,000,000	20,000,000	20,000,000
Yanchao Guo	-	-	-	-	-	-	-
	<b>-</b>	<b>130,000,000</b>	<b>-</b>	<b>55,000,000</b>	<b>55,000,000</b>	<b>55,000,000</b>	<b>75,000,000</b>

### Shares

At the General Meeting of shareholders held on 27 August 2018, shareholders approved the establishment of the Vango Mining Share Plan ('Share Plan') in accordance with ASX Listing Rule 7.2 and sections 259B(2) and 260c(4) of the Corporations Act. Under the Share Plan, eligible participants are provided with a non-recourse loan from the Company to fund the subscription price of issued shares in accordance with the terms and conditions of the Share Plan.

At the General Meeting of shareholders held on 25 November 2020, shareholders approved the establishment of the Vango Mining Limited Employee Equity Incentive Plan ('EIP') in accordance with ASX Listing Rule 7.2 (exception 13).

Eligible participants of the Share Plan may not deal with the shares while the loan remains outstanding.

Although the Share Plan shares are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes. Their value is the estimated fair value using the Black-Scholes option pricing model which is expensed in the year of issue.

In accordance with the terms and conditions of the Share Plan, the shares are under a Company-imposed trading lock until such time as each Director has repaid the loan provided by the Company to fund the subscription price for shares issued to them. It is at the Board's discretion whether to seek early repayment of the loan should the Director cease to be employed by the Company.

At balance date the relevant interest of each key management personnel in ordinary fully paid shares of the Company were:

	Balance at the start of the year or appointment date (as applicable)	Acquired	Granted as part of remuneration	Capital raising fee (approved on 25 November 2020 by members)	Balance at end of the year or resignation date (as applicable)
<b>2022</b>					
Bruce McInnes	19,371,373	50,000,000	-	-	69,371,373
Shengqiang Zhou	56,123,203	40,000,000	-	-	96,123,203
Zhenzhu Zhang	89,987,795	70,769,231	-	-	160,757,026
Yanchao Guo	163,839,254	-	-	-	163,839,254
Craig Wallace	277,749	-	-	-	277,749
<b>2021</b>					
Bruce McInnes	14,350,918	3,125,000	1,895,455	-	19,371,373
Andrew Stocks (resigned 14 December 2020)	-	-	-	-	-
Shengqiang Zhou	54,289,873	-	1,833,330	-	56,123,203
Zhenzhu Zhang	86,354,474	2,500,000	1,133,321	-	89,987,795
Yanchao Guo	119,213,235	12,126,019	-	32,500,000	163,839,254
Matthew Keegan (appointed 27 October 2020 and resigned 15 December 2020)	-	-	-	-	-
Craig Wallace (appointed 11 January 2021)	14,830	262,919	-	-	277,749

#### *Link to Performance*

Shares issued under the Share Plan are treated as options for accounting purposes, there are no performance requirements to be met before exercise can take place largely because by setting the option price or share price at a level above the current share price at the time the options or shares are granted, the Board considers this to be a sufficient, long-term incentive to align the goals of the Directors and management with those of the shareholders to improve the Company's performance. The Board will continue to monitor this policy to ensure that it is appropriate for the Company in future years.

#### **End of remuneration report**

## Directors' Report continued

### Shares Under Option

The Company has 90,864,406 shares under option (2021: 115,864,406) and 130,000,000 Loan Plan Shares. By payment of the exercise price, each option provides the holder with the right to be issued one ordinary fully paid share by the Company.

Unless the options are converted into shares with payment of the strike price, no person entitled to exercise these options had or has any right by virtue of the option to participate in any share issue of the Company or any related body corporate.

Issue Date	Exercise Price	Expiry Date	Number 1 July	Issued	Expired	Number 30 June
<b>2022</b>						
18 June 2019	\$0.25	18 June 2022	12,500,000	-	(12,500,000)	-
18 June 2019	\$0.25	18 June 2022	12,500,000	-	(12,500,000)	-
18 June 2019	\$0.30	18 June 2024	25,000,000	-	-	25,000,000
18 June 2019	\$0.35	18 June 2024	12,500,000	-	-	12,500,000
18 June 2019	\$0.50	18 June 2024	12,500,000	-	-	12,500,000
18 June 2019	\$0.60	18 June 2024	25,000,000	-	-	25,000,000
19 December 2019	\$0.21	19 December 2022	9,864,406	-	-	9,864,406
20 August 2020	\$0.112	20 August 2023	6,000,000	-	-	6,000,000
5 November 2021	\$0.09	5 November 2024	50,000,000	-	-	50,000,000
5 November 2021	\$0.09	5 November 2024	40,000,000	-	-	40,000,000
5 November 2021	\$0.09	5 November 2024	40,000,000	-	-	40,000,000
<b>Total</b>			<b>245,864,406</b>	<b>-</b>	<b>(25,000,000)</b>	<b>220,864,406</b>
<b>2021</b>						
11 July 2018	\$0.27	11 July 2020	16,253,904	-	(16,253,904)	-
18 June 2019	\$0.25	18 June 2022	12,500,000	-	-	12,500,000
18 June 2019	\$0.25	18 June 2022	12,500,000	-	-	12,500,000
18 June 2019	\$0.30	18 June 2024	25,000,000	-	-	25,000,000
18 June 2019	\$0.35	18 June 2024	12,500,000	-	-	12,500,000
18 June 2019	\$0.50	18 June 2024	12,500,000	-	-	12,500,000
18 June 2019	\$0.60	18 June 2024	25,000,000	-	-	25,000,000
21 November 2019	\$0.27	21 November 2020	15,613,014	-	(15,613,014)	-
19 December 2019	\$0.21	19 December 2022	9,864,406	-	-	9,864,406
20 August 2020	\$0.112	20 August 2023	-	6,000,000	-	6,000,000
<b>Total</b>			<b>141,731,324</b>	<b>6,000,000</b>	<b>(31,866,918)</b>	<b>115,864,406</b>

### Dividends

No dividend has been paid during the financial year and no dividend is recommended for the financial year. There were no dividends paid, recommended or declared during the current or previous financial year.

### Proceedings on Behalf of The Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

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### Indemnification and Insurance of Directors and Officers

During the financial year, the Company paid a premium in respect of a contract insuring all its Directors and current Executive Officers against a liability incurred as such a director or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

### Indemnification of Auditors

To the extent permitted by Law, the Company has agreed to indemnify its auditors as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify the auditors during the financial year.

### Non-Audit Services

There were no non-audit services provided by the Company's auditors during the financial year.

### Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration for the financial year ended 30 June 2022 has been received as required under Section 307C of the *Corporations Act 2001* and can be found on the following page.

Signed in accordance with a resolution of the Board of Directors.



**Mr Bruce McInnes**

Executive Chairman

Leeton, New South Wales

30 September 2022

# Auditor's Independence Declaration



## RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000  
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500  
F +61 (0) 2 8226 4501

[www.rsm.com.au](http://www.rsm.com.au)

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Vango Mining Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink, appearing to read 'GNS', with the name 'Gary Sherwood' printed below it.

**Gary Sherwood**  
Partner

Sydney, NSW  
Dated: 30 September 2022

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AUDIT | TAX | CONSULTING

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# Operating and Financial Review

## Company strategy and operating activities

Vango's vision is to build a sustainable, mid-tier gold production company.

Vango has progressed a deliberate strategy of growing its high-grade gold endowment at the Marymia Gold Project to achieve its ambitions of becoming a significant high-grade Western Australian gold miner. Targeted drilling during the 2021 field season has been successful in delivering further open pit potential, which offers the potential to commence a mining strategy delivering both underground and potentially alternate open pits. Successfully implemented, this strategy is designed to achieve the high levels of recovery that the Company's metallurgical testing has achieved.

The success of the Company's targeted exploration strategy has delivered the critical mass necessary to ensure a mine life for future mining operations at Marymia which has now provided confidence to the Company's Board to move forward with the development of mine planning and project financing.

In the near term, the Company's focus and strategy will be to obtain financing for future mining.

Financial results of the Company for the year ended 30 June 2022 are:

Year ended	30 June 2022 \$	30 June 2021 \$
Cash and cash equivalents	25,999	6,186,363
Net assets	42,958,721	43,582,069
Revenue	720,461	427,709
Net loss after tax	(2,884,086)	(4,814,038)
Loss per share (cents)	(0.24)	(0.49)
Dividend (cents)	-	-

## Operating results for the year

The principal activities of the Group during the year were executing the Marymia Strategy, as described above.

The Group incurred an operating loss after income tax for the year ended 30 June 2022 of \$2,884,086 (2021: \$4,814,038) reflecting several cost saving initiatives. Factors contributing to the decreased loss include the decreased exploration expense during the year incurred in drilling \$1,026,279 (2021: \$2,149,933) and the Group incurred less expense from loss on issue of shares \$9,274 (2021: \$759,339).

## Changes in Financial Position

The Group's net assets decreased this year (2022: \$42,958,721 from 2021: \$43,582,069). From share issues, the Group raised \$2 million. The Group currently has borrowings of \$1.5 million (2021: Nil). These raised funds were applied towards exploration and evaluation expenditure and administrative expenses. The Group currently has no cash generating assets in operation and \$25,999 of available cash at 30 June 2022. The Group has secured a convertible note of \$10 million with \$7.5 million having been received subsequent to the year end and \$2.5 million to be received in the following year. Therefore, there is no material uncertainty as to the continuing viability of the Group and its ability to continue as a going concern.

## Risk Management

The Company actively evaluates the prospects of each project as results from each drill program become available. These results are available on the ASX announcements platform for shareholders' information. The Company then assesses the continued exploration expenditure and further asset development. The Company will continue the evaluation of its mineral projects in the future and undertake generative work to identify and acquire new resource projects.

## Operating and Financial Review continued

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Operational, financial, environmental, and regulatory risks are considered and addressed by management, with specific areas of significant risk referred by management to the Board. The Board considers that at this stage of the Group's project development operations, it is important for all Board members to be a part of this process and as such the Board has not established a separate risk management committee.

There are specific risks associated with the activities of the Company and general risks which are largely beyond the control of the Company and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Company and the market price of the Company's shares.

### *Operating risks*

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

### *Environmental risks*

The operations and proposed activities of the Company are subject to the laws and regulations of Australia and Laos concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

### *Economic risks*

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

### *Market conditions*

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- i. general economic outlook;
- ii. introduction of tax reform or other new legislation;
- iii. interest rates and inflation rates;
- iv. changes in investor sentiment toward particular market sectors;
- v. the demand for, and supply of, capital; and
- vi. 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 the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### *Additional requirements for capital*

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income, the Company will require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes, as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

## Role of the Board and Management

The Board is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board is responsible for:

- developing, approving and monitoring implementation of corporate policy, strategy and performance objectives;
- developing and monitoring adoption of the most appropriate principles of corporate governance;
- reviewing and ratifying systems of risk management and internal control, codes of conduct and legal compliance;
- approving or monitoring the progress of major capital expenditure projects, funding programmes, acquisitions and divestments;
- reviewing and approving annual business plans, operating and capital budgets;
- reviewing and ratifying systems for health, safety, and environment management and controls;
- appointing and evaluating the performance of senior executives; and
- selecting and appointing new directors to the Board and evaluating the performance of all members of the Board.

Scheduled meetings of the Board are held throughout the year and the Board meets on other occasions to deal with matters that require attention between scheduled meetings. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Executive Chairman. In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Company to facilitate the carrying out of their duties as directors.

The Company has obligations to its stakeholder to ensure it is managed with appropriate due diligence and that all necessary processes are implemented to minimise risk and maximise business opportunities.

To this end, all commercial arrangements, capital expenditure other commitments are appropriately documented and have been authorised by the Board.

### *Composition of the Board*

The Board determines its size and composition, subject to the terms of the Constitution. The Board does not believe that it should establish a limit on tenure other than stipulated in the Company's Constitution.

While tenure limits can help to ensure fresh ideas and viewpoints available to the Board, they have the disadvantage of losing the contribution of directors who have been able to develop an increasing insight into the Company and its operations.

### *Director Independence*

The Company recognises that independent Directors are important in verifying to shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. Where practical, it is intended that the Board should comprise a majority of independent non-executive directors and comprise directors with a broad range of qualifications, skills, expertise and experience from a diverse range of backgrounds. Where practical it is also intended that the Chair be an independent non-executive director.

Directors of Vango Mining Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. The Board has adopted a definition of independence based on that set out in Principle 2 of the ASX Corporate Governance Revised Principles and Recommendations. The Board regularly reviews the independence of each director in light of their interests disclosed to the Board.

## Operating and Financial Review continued

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### *Appointment to the Board*

The Board undertakes the role of a Nomination Committee which identifies and recommends potential director appointments. Where a casual vacancy arises during the year, the Board has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective board. Any director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next Annual General Meeting and is then eligible for re-election by the shareholders.

New directors receive a letter of appointment which sets out the terms of their appointment. On appointment, an induction program is available to directors that include individual sessions with members of the executive team.

### *Evaluation of Senior Executives*

Senior executives have a formal job description and letter of appointment describing the term of office, duties, rights, responsibilities and entitlements upon termination.

### *Ethical Business Practices*

The Board understands the obligations for ethical and responsible decision making. All Directors and Officers are expected to:

- a) comply with the law;
- b) act in the best interests of the Company;
- c) be responsible and accountable for their actions; and
- d) observe the ethical principles of honesty and fairness, including prompt disclosure of potential conflicts.

The Board has procedures in place for reporting any matters that may give rise to unethical practices or conflicts between the interests of a director or senior executive and those of the Company. These procedures are reviewed as required by the Board.

### *Shareholding and Trading*

The Board encourages directors and senior executives to own shares in the Company to further link their interests with the interests of all shareholders. Trading of shares by directors and senior executives is prohibited under certain circumstances and as described in the ASX Listing Rules and during certain periods of the financial year. A director or senior executive must not deal in the Company's shares at any time when he or she has unpublished information which, if generally available, might affect the share price. Directors and senior executives are required to first obtain consent from the Chairman or Company Secretary before dealing in the Company's securities.

### *Safeguard Integrity*

The Audit Committee comprises Messrs McInnes (Executive Chair of Board and Audit Committee), Zhou (Deputy Chair, Non-Executive Director), and Dr Zhang (Non-Executive Director).

The Board performs the duties of the Risk Committee and operates to enable it to perform its role and responsibilities. Where appropriate, the Company's external auditors are invited to attend Board meetings relating to Audit and Risk matters.

As the Audit Committee is comprised of one executive director and the Chair of the Board and the Audit Committee are the same person (Mr McInnes), the Company does not comply with ASX Recommendation 4.1, which recommends that the audit committee is structured as follows:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent chair, who is not chair of the board
- has at least three members

The Board considers that the Company is not of a size that justifies having the Audit Committee structured in accordance with ASX Recommendation 4.1. Though the Company intends to seek out and appoint independent directors to the Board when size and scale of the Company justify and warrant their inclusion, for the time being the Company maintains a mix of Directors from different backgrounds with complementary skills and experience. The qualifications of the Directors together with their attendances at Board Meetings are disclosed in the Directors' Report within this Annual Report.

The Role of the Audit Committee is typically to assist the Board to fulfil its responsibilities in relation to the identification of the areas of significant business risks and monitor the following:

- the quality and integrity of the Company’s financial statements, accounting policies and financial reporting and disclosure practices;
- compliance with all applicable laws, regulations and company policy;
- the effectiveness and adequacy of internal control processes;
- the performance of the Company’s external auditors and their appointment and removal;
- the independence of the external auditor and the rotation of the lead engagement partner; and
- the identification and management of business risks.

The executives of the Company provide the Board with additional assurances regarding the reliability of the financial information for inclusion in the financial statements. The Executive Chairman and Chief Financial Officer are, in their Executive and Financial capacities, required to declare to the Board that in their opinion the Financial Statements and the note to the Accounts within the Annual Report are in accordance with the *Corporations Act 2001*, comply with the Accounting Standards and the Corporations Regulations 2001 and give a true and fair view of the financial position of the Company and are based upon a sound system of risk management and internal compliance and control prior to the signing of the Directors’ Declaration in the Annual Report.

#### *Independent Advice*

The Board recognises that in certain circumstances individual directors may need to seek independent professional advice, at the expense of the Company. Any advice received will be made available to other directors.

#### *Timely and Balanced Disclosure*

The Board recognises the need to comply with ASX Listing Rule 3.1 concerning continuous disclosure.

At each meeting of directors, consideration is given as to whether notice of material information concerning the Company, including its financial position, performance, ownership, and governance has been made available to all investors.

Senior executives in possession of disclosable information are required to give consideration as to whether notice of material information concerning the Company, including its financial position, performance, ownership, and governance has been made available to all investors.

#### *Communication with Shareholders*

The Board aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the Company’s activities and its state of affairs, including information necessary to assess the performance of the directors.

Communication with shareholders is achieved through the distribution of the following information:

- The Annual Report distributed to shareholders;
- The Half Yearly Report and Quarterly Reports which are available on the Company’s website;
- The Annual General Meeting and General Meetings called to obtain shareholder approval for board action as appropriate. Shareholders are encouraged to attend and participate at the Company’s Annual General Meeting and General Meetings;
- Letters to shareholders when considered appropriate and informative;
- Announcements on the Australian Securities Exchange; and
- Investor information on the Company’s website [www.vangomining.com](http://www.vangomining.com)

The Company strives to ensure that Company announcements via the ASX are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner.

## Operating and Financial Review continued

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### *Shareholders' Role*

The shareholders of the Company are responsible for voting on the election of directors at the Annual General Meeting in accordance with the constitution.

All directors are subject to re-election by rotation, no later than every three years.

The Annual General Meeting also provides shareholders with the opportunity to express their views on matters concerning the Company and to vote on other items of business for resolution by shareholders. The Company's auditor, RSM Australia Partners, make available a representative of the firm to attend the Annual General Meeting and to be available to answer shareholder questions in relation to the audit.

### *Risk Management*

The entire Board is responsible for overseeing the risk management function. The Board is responsible for ensuring the risks and opportunities are identified on a timely basis. The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal control.

The Board has mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Implementation of Board approved operating plans and budgets;
- Board monitoring of progress against these budgets, including the monitoring of key performance indicators of both financial and non-financial nature; and
- The establishment of committees to report on specific risks when identified.

### *Internal Risk Management System Compliance*

The Board has not received a report from management as to the effectiveness of the Company's management of its material business risks. The Board's collective experience enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be items for deliberation at Board Meetings.

The Board requires that the Executive Chairman and Chief Financial Officer, or equivalent, every half year, to provide a statement confirming that a sound system of risk management and internal control is in place and that the system is operating effectively in all material respects in relation to financial risks. The Board has received that assurance.

### *Monitoring Performance*

The Board and senior executives monitor the performance of the Company through the preparation of management accounts. The management accounts are prepared using accrual accounting and report the Company's results. The management accounts are compared to budgets, which have been prepared on the basis of capital availability and exploration results.

The monitoring of the Company's performance by the Board and management assists in identifying the correct allocation of resources to maximise the overall return to shareholders.

A performance evaluation of executives was not undertaken during the year. However, the Board has regularly monitored the performance of both executives on an informal basis during the tenure of their appointments.

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### *Remunerate fairly*

Details of the structure of non-executive directors' and senior executives' remuneration are included in the Remuneration Report within the Directors' Report in this Annual Report.

The Remuneration Committee comprises Messrs Wallace (Non-Executive Director and Chair of the Remuneration Committee), McInnes (Executive Chair of Board and Audit Committee), and Dr Zhang (Non-Executive Director).

The role of the Remuneration Committee is to determine the Company's remuneration plans, policies and practices, including compensation arrangements for non-executive directors, executive directors and senior executives. It is also responsible for considering general remuneration policies and practices, recruitment and termination policies and superannuation requirements.

The Company has a policy to preclude its executives from entering transactions to limit their economic risk from investing in the Company's shares, options or rights where those investments are unvested and has made executives aware of their obligations in relation to financial commitments against shares issued under the share plan and has requested that they take sufficient professional advice in relation to their individual financial position.

There are no retirement schemes or retirement benefits other than statutory benefits for directors.

### *Gender Diversity*

The Company has not yet adopted a diversity policy as part of their Corporate Governance Plan. However, the Company recognises the benefits arising from board diversity, and is committed to providing a diverse workplace that embraces and promotes diversity.

The Company is an equal opportunity employer and chooses candidates after canvassing the market on the basis of selecting the most appropriate candidate based on merit and suitability for the role.

The Company is currently in an early stage of its development and given that the Company currently has few employees, the application of measurable objectives in relation to gender diversity, at various levels of the Company's business, is not considered to be appropriate nor practical. The participation of women in the Company at 30 June 2022 was as follows:

- Women employees in the Company 25%
- Women in senior management positions 0%
- Women on the Board 20%

## Corporate Governance Statement

The Board of Directors of Vango Mining Limited seeks to act professionally and ethically while executing its responsibilities as it guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has adopted a corporate governance framework which it considers to be suitable given the size, history and strategy of the Company, having considered the principles and best practice recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) (Principles and Recommendations). As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration. The Company's Corporate Governance Plan can be located on its website.

In accordance with ASX Listing Rule 4.10.3, the Company is required to disclose the extent to which it has followed the Principles and Recommendations during the financial year. The Company's compliance with and departures from the Principles and Recommendations are set out below.

Corporate Governance Council recommendation	Compliance	Details	Disclosure Requirement for Non-Compliance
1.1 A listed entity should have and disclose a board charter setting out: a. the respective roles and responsibilities of its board and management; and b. those matters expressly reserved to the board and those delegated to management.	Does not comply	The Company's Corporate Governance Statement discloses the specific responsibilities of the Board. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Executive Chairman. The Corporate Governance Statement is included in the Company's annual report.	The Company does not have a board charter, reflecting the Company's small size and close interaction of the small number of individuals throughout the organisation.
1.2 A listed entity should: a. undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and b. provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Complies	The Board of Directors has procedures in place to select the most suitable candidate with the appropriate experience to ensure a balanced and effective board.	Not applicable
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	New directors receive a letter of appointment which sets out the terms of their appointment. Senior executives have a formal job description and letter of appointment describing the term of office, duties, rights, responsibilities, and entitlements upon termination.	Not applicable

Corporate Governance Council recommendation		Compliance	Details	Disclosure Requirement for Non-Compliance
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies	The appointment, performance, review, and where appropriate, the removal of the Company Secretary is a key responsibility of the Board. All directors have access to the Company Secretary who is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.	Not applicable
1.5	<p>A listed entity should:</p> <ol style="list-style-type: none"> <li>have and disclose a diversity policy;</li> <li>through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>disclose in relation to each reporting period: <ol style="list-style-type: none"> <li>the measurable objectives set for that period to achieve gender diversity;</li> <li>the entity's progress towards achieving those objectives; and</li> <li>either: <ol style="list-style-type: none"> <li>the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</li> <li>if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ol> </li> </ol> </li> </ol> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	Does not comply	<p>The Company does not have a diversity policy.</p> <p>The Company makes each staff appointment after consideration of each candidate's qualifications, experience, and proven competence, whilst conscientiously avoiding any discrimination based on, but not limited to, race, creed, colour, gender, age, marital status, religion or physical impairment.</p> <p>The Company has one woman on its Board.</p> <p>The Company's Chief Financial Officer is a woman.</p> <p>The Company is not a "relevant employer" under the <i>Workplace Gender Equality Act 2012</i> (Cth).</p>	<p>The Company does not have a diversity policy, reflecting the Company's small size and close interaction of the small number of individuals throughout the organisation.</p> <p>The Company will apply its best endeavours for achieving gender diversity in the future.</p>

## Corporate Governance Statement continued

	<b>Corporate Governance Council recommendation</b>	<b>Compliance</b>	<b>Details</b>	<b>Disclosure Requirement for Non-Compliance</b>
1.6	<p>A listed entity should:</p> <ol style="list-style-type: none"> <li>have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ol>	Does not comply	<p>The Company has not established a formal process for evaluating the performance of the Board and its committees although there is a peer review procedure for evaluating the performance of individual directors.</p> <p>No formal performance review of the board, its committees, and individual directors, took place during the financial year.</p>	The Board intends to put in place an evaluation process by an independent consultant as the Company develops.
1.7	<p>A listed entity should:</p> <ol style="list-style-type: none"> <li>have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</li> <li>disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ol>	Does not comply	The Company has not established a policy on evaluating the performance of its senior executives. No formal performance review of the senior executives took place during the financial year.	The Board has regularly monitored the performance of senior executives on an informal basis during the tenure of their appointments.
2.1	<p>The board of a listed entity should:</p> <ol style="list-style-type: none"> <li>have a nomination committee which:               <ol style="list-style-type: none"> <li>has at least three members, a majority of whom are independent directors; and</li> <li>is chaired by an independent director, and disclose:                   <ol style="list-style-type: none"> <li>the charter of the committee;</li> <li>the members of the committee; and</li> <li>as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> </li> </ol> </li> <li>if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ol>	Does not comply	The Company has not established a nomination committee. Appointments are considered by the full Board.	Given the present size of the Company, the existing Board structure is able to meet the needs of the Company in the examination of selection and appointment practices without the establishment of a nomination committee of the Board.

Corporate Governance Council recommendation	Compliance	Details	Disclosure Requirement for Non-Compliance
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	Does not comply	The Company has not developed a “skills matrix” to identify any gaps in the collective skills of the Board.	The Board’s composition and the experience and qualifications of each board member are disclosed in the Directors’ Report. Directors have a broad range of qualifications, experience and expertise considered of benefit to the Company. The Board is structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management’s decisions.
2.3 A listed entity should disclose: <ul style="list-style-type: none"> <li>a. the names of the directors considered by the board to be independent directors;</li> <li>b. if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</li> <li>c. the length of service of each director.</li> </ul>	Complies	<p>The Board consists of five Directors (Bruce McInnes – appointed 9 May 2013, Shengqiang (Sean) Zhou - appointed 15 August 2014, Zhenzhu (Carol) Zhang – appointed 26 August 2015, Yanchao (Hunter) Guo – appointed 6 January 2020 and Craig Wallace – appointed 11 January 2021).</p> <p>Bruce McInnes is the Company’s Executive Chairman.</p> <p>Bruce McInnes, Sean Zhou, Carol Zhang, Hunter Guo are each a substantial shareholder of the Company.</p> <p>Craig Wallace is a non-executive director.</p> <p>Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. The Board has adopted a definition of independence based on that set out in Principle 2 of the ASX Corporate Governance Revised Principles and Recommendations. The Board regularly reviews the independence of each director in light of their interests disclosed to the Board.</p>	Not applicable

## Corporate Governance Statement continued

Corporate Governance Council recommendation		Compliance	Details	Disclosure Requirement for Non-Compliance
2.4	A majority of the board of a listed entity should be independent directors.	Does not comply		It is considered the Directors are free of any business or other relationship that could materially interfere with the independent exercise of their judgement. The Company intends to follow the recommendation when the Company's operations reach an appropriate size, and it is cost effective to do so.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Does not comply	Executive Chairman, Mr Bruce McInnes is the CEO	<p>Given the present size of the Company, Mr McInnes acting as Chairman and CEO meets the immediate needs of the Company. The Company previously appointed Mr Andrew Stocks as Managing Director. Mr Stocks stepped down effective 14 December 2020. Until a suitable replacement CEO is found, Mr McInnes is acting as the Company's CEO.</p> <p>The Company intends to follow the recommendation of the board chair being independent, when the Company's operations reach an appropriate size and it is cost effective to do so.</p>
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Complies	On appointment, an induction program is available to directors that includes individual sessions with members of the executive team and the Company Secretary.	Not applicable
3.1	A listed entity should articulate and disclose its values.	Complies	The Company has articulated and disclosed its understanding of ethical business practices in its annual report	Not applicable
3.2	A listed entity should: <ul style="list-style-type: none"> <li>a. have and disclose a code of conduct for its directors, senior executives and employees; and</li> <li>b. ensure that the board or a committee of the board is informed of any material breaches of that code.</li> </ul>	Does not comply	The Company does not have a formal code of conduct.	The Company not having a formal code of conduct reflects the Company's small size and close interaction of the small number of individuals throughout the organisation.

Corporate Governance Council recommendation		Compliance	Details	Disclosure Requirement for Non-Compliance
3.3	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>a. have and disclose a whistleblower policy; and</li> <li>b. ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</li> </ul>	Complies	The Company has a current whistle-blower policy. The policy is available on the Company website at <a href="https://vangomining.com/">https://vangomining.com/</a>	Not applicable
3.4	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>a. have and disclose an anti-bribery and corruption policy; and</li> <li>b. ensure that the board or committee of the board is informed of any material breaches of that policy.</li> </ul>	Does not comply	The Company does not have an anti-bribery and corruption policy.	The Company not having an anti-bribery and corruption policy reflects the Company's small size and close interaction of the small number of individuals throughout the organisation.
4.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>a. have an audit committee which: <ul style="list-style-type: none"> <li>1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> <li>3. the charter of the committee;</li> <li>4. the relevant qualifications and experience of the members of the committee; and</li> <li>5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</li> </ul> </li> </ul> </li> <li>or</li> <li>b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	Does not comply	<p>The Board has established a separate Audit Committee.</p> <p>The Board considers that the Company is not of a size that justifies having the Audit Committee structured in accordance with ASX Recommendation 4.1.</p> <p>The Audit Committee comprises Messrs McInnes (Executive Chair of Board and Audit Committee), Zhou (Deputy Chair, Non-Executive Director), and Dr Zhang (Non-Executive Director).</p> <p>The Company's policy is to appoint external auditors who clearly demonstrate quality and independence.</p> <p>Performance of the external auditor is reviewed annually, taking into consideration assessment of performance, existing value, and tender costs.</p>	The Audit Committee structure is considered commercially cost effective, and appropriate to the Company's small size and structure.

## Corporate Governance Statement continued

Corporate Governance Council recommendation	Compliance	Details	Disclosure Requirement for Non-Compliance
4.2	Complies	The board requires the Executive Chairman and CFO to provide such a statement at the relevant time.	Not applicable
4.3	Complies	All periodic corporate reports the Company releases to the market that are not audited, or reviewed by an external auditor, are distributed to all Directors, relevant senior executives and consultants for review and confirmation before release.	Not applicable
5.1	Does not comply	Security holders are informed of all material developments that impact on the Company. Detailed continuous disclosure policy is intended to maintain the market integrity and market efficiency of the Company's shares listed on the ASX.  Management is required to report any matter that may require disclosure under the Company's continuous disclosure obligations.	The Company does not have a formal continuous disclosure policy, reflecting the Company's small size and close interaction of the small number of individuals throughout the organisation.
5.2	Complies	Each Director automatically receives an emailed copy of the Company's market announcements.	Not applicable

Corporate Governance Council recommendation			Compliance	Details	Disclosure Requirement for Non-Compliance
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Complies	Materials for new or substantive investor presentations are lodged on the ASX Market Announcements Platform ahead of the presentation.	Not applicable	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Board's policy is for all investors to have equal and timely access to material information concerning the Company, including its financial position, performance, ownership, and governance.  The Company also discloses information on its website at <a href="https://vangomining.com/">https://vangomining.com/</a>	Not applicable	
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Complies	The Board has established practices to facilitate communication with the Company's shareholders. The Executive Chairman oversees this process through the Company's website and direct mailing of announcements by email. Briefings are held with professional investors. Prior to such briefings, material information to be given will be first released to ASX (if not previously released) and later broadcast to shareholders and investors who have registered their email address with the Company.	Not applicable	
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Complies	Refer Recommendation 6.1 above.	Not applicable	

## Corporate Governance Statement continued

Corporate Governance Council recommendation	Compliance	Details	Disclosure Requirement for Non-Compliance
6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Complies	<p>The Company's Constitution states that:</p> <ul style="list-style-type: none"> <li>a. A poll may be demanded before or immediately upon the declaration of the result of the show of hands by:               <ul style="list-style-type: none"> <li>1. the chairperson of the general meeting;</li> <li>2. at least 5 Shareholders present in person or by proxy, attorney or representative having the right to vote on the resolution; or</li> <li>3. any one or more shareholders holding not less than 5% of the total voting rights of all shareholders having the right to vote on the resolution.</li> </ul> </li> <li>b. The chairperson must demand a poll if, having regard to the number of votes cast by proxy and direct vote, the outcome of the poll will or may be different from the outcome of a show of hands.</li> </ul> <p>If a poll is duly demanded, it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded.</p> <p>A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith.</p> <p>The Company is complying with section 10 of ASX Guidance Note 35, that all ASX Listing Rule resolutions are to be decided by a poll rather than by a show of hands.</p>	Not applicable

Corporate Governance Council recommendation		Compliance	Details	Disclosure Requirement for Non-Compliance
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	<p>The Company communicates electronically with security holders</p> <p>The Company's security registry maintains a record of security holders who request electronic communications and have provided their email address.</p> <p>The Company also lodges market announcements on its website at <a href="https://vangomining.com/">https://vangomining.com/</a></p>	Not applicable
7.1	<p>The board of a listed entity should:</p> <p>a. have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> <li>1. has at least three members, a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, and disclose:</li> <li>3. the charter of the committee;</li> <li>4. the members of the committee; and</li> <li>5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</li> </ol> <p>or</p> <p>b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Does not comply	<p>The Board monitors and receives advice as required on areas of operational, social and financial risk and considers appropriate risk management strategies.</p> <p>Specific areas of risk that are identified are regularly considered at Board meetings. Included in these areas are performance of activities, human resources, health, safety and the environment, continuous disclosure obligations, asset protection and financial exposures.</p>	The Company does not have a risk committee, reflecting the Company's small size and close interaction of the small number of individuals throughout the organisation.

## Corporate Governance Statement continued

	<b>Corporate Governance Council recommendation</b>	<b>Compliance</b>	<b>Details</b>	<b>Disclosure Requirement for Non-Compliance</b>
7.2	<p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>a. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</li> <li>b. disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	Complies	<p>The board is responsible for approving and overseeing the risk management system. The board reviews, at least annually, the effectiveness of the risk management controls and procedures.</p>	Not applicable
7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>a. if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>b. if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</li> </ul>	Complies	<p>The Company does not have a formal internal audit function. However, the Board oversees the effectiveness of internal controls.</p> <p>The Board actively encourages the external auditor to raise internal control issues.</p>	Not applicable
7.4	<p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	Complies	Refer Recommendation 7.1 above.	Not applicable

Corporate Governance Council recommendation		Compliance	Details	Disclosure Requirement for Non-Compliance
8.1	<p>The board of a listed entity should:</p> <p>a. have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>1. has at least three members, a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, and disclose:</li> <li>3. the charter of the committee;</li> <li>4. the members of the committee; and</li> <li>5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</li> </ol> <p>or</p> <p>b. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Does not comply	<p>The Board has established a separate Remuneration Committee.</p> <p>The Remuneration Committee comprises Messrs Wallace (Non-Executive Director and Chair of the Remuneration Committee), McInnes (Executive Chair of the Board) and Zhou (Non-Executive Deputy Chair of the Board) and Dr Zhang (Non-Executive Director).</p> <p>The Remuneration Committee is chaired by an independent director and there are three members.</p> <p>As Mr McInnes is an executive and substantial shareholder and Mr Zhou and Dr Zhang are substantial shareholders, the majority of the Remuneration Committee members are not considered to be independent.</p> <p>The Remuneration Committee does not have a charter.</p> <p>The Remuneration Committee had one meeting during the 2022 calendar year.</p> <p>During the 2021 calendar year, the Company engaged an independent remuneration consultant to provide advice on remuneration being paid by the Company to its directors.</p> <p>This independent review resulted in the remuneration committee recommending the issue of Shares and providing of loans under the Company's Share Loan Plan, to the Company's directors. Approval of the Company's Share Loan Plan and the issue of Shares is being proposed for approval at the Company's general meeting of its shareholders to be held on Friday 8 October 2021.</p>	Not applicable

## Corporate Governance Statement continued

	<b>Corporate Governance Council recommendation</b>	<b>Compliance</b>	<b>Details</b>	<b>Disclosure Requirement for Non-Compliance</b>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies	Refer Recommendation 8.1 above.	Not applicable
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>a. have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>b. disclose that policy or a summary of it.</p>	Complies	<p>The Company has a Share Trading Policy which applies to all directors, officers, and employees.</p> <p>As required by the ASX Listing Rules, the Company's Share Trading Policy was released on 24 December 2010, as a market announcement.</p>	Not applicable
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	Complies	<p>English is the language in which board and security holder meetings are held and key corporate documents are written.</p> <p>Most of the Company's directors and senior executives are fluent in written and spoken English.</p> <p>There are Directors who are native Mandarin speakers and have English as a second language.</p> <p>The Company's process then is that:</p> <p>a. During Board and Board Committee meetings and at appropriate intervals:</p> <ol style="list-style-type: none"> <li>1. the Chairman requests that the Board discussion is translated into Mandarin;</li> <li>2. another Director translates Board discussions into Mandarin; and</li> <li>3. that other Director reports the results of the discussion in English, to the other Directors and Company Secretary; and</li> </ol>	Not applicable

Corporate Governance Council recommendation	Compliance	Details	Disclosure Requirement for Non-Compliance
		b. Minutes are drafted in English based on these translations; and c. Documents drafted in English are electronically distributed to all Directors so they can be translated for consideration and approval.	
9.2	Not applicable	The Company is established solely in Australia.	Not applicable
9.3	Not applicable	The Company is established solely in Australia.	Not applicable
-	Not applicable		Not applicable
-	Not applicable		Not applicable

Unless otherwise stated, the Company's corporate governance practices were in place for the full financial year ended 30 June 2022. Instances where the Company no longer complies with the Recommendations have been noted above.

For further information on corporate governance policies adopted by the Company, refer to our website, [www.vangominer.com](http://www.vangominer.com).

# Financial Statements

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## Contents

- 49** Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 50** Consolidated Statement of Financial Position
- 51** Consolidated Statement of Changes in Equity
- 52** Consolidated Statement of Cash Flows
- 53** Notes to the Consolidated Financial Statements

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	Consolidated	
		2022	2021
		\$	\$
<b>REVENUE AND OTHER INCOME</b>			
Other income	6	127,463	427,709
<b>EXPENSES</b>			
Depreciation	7 & 15	(101,659)	(83,072)
Fair value adjustment on financial assets at fair value through profit or loss	14	659,023	(160,726)
Interest expense		(108,902)	(251,750)
Consulting fees		(314,242)	(1,011,125)
Legal fees		(883,017)	(541,908)
Directors fees and remuneration		(704,014)	(1,401,761)
Employee costs		(708,061)	(243,178)
Loss on issue of shares to settle liabilities	8 & 21	(9,274)	(759,339)
Other expenses	7	(841,403)	(788,888)
<b>Loss before tax from continuing operations</b>		<b>(2,884,086)</b>	<b>(4,814,038)</b>
Income tax expense	9	-	-
<b>Loss after income tax expense for the year attributable to the owners of Vango Mining Limited</b>		<b>(2,884,086)</b>	<b>(4,814,038)</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year attributable to the owners of Vango Mining Ltd</b>		<b>(2,884,086)</b>	<b>(4,814,038)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share attributable to the ordinary equity holders of the company:</b>			
Basic loss per share	35	(0.24)	(0.49)
Diluted loss per share	35	(0.24)	(0.49)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the consolidated financial statements.

# Consolidated Statement of Financial Position

As at 30 June 2022

	Note	Consolidated	
		2022	2021
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	25,999	6,186,363
Trade and other receivables	11	203,008	297,686
Other	12	52,086	52,086
<b>Total current assets</b>		<b>281,093</b>	<b>6,536,135</b>
<b>Non-current assets</b>			
Investment accounted for using the equity method	13	-	-
Financial assets at fair value through profit and loss	14	30,000	756,885
Property, plant and equipment	15	1,639,533	1,613,756
Exploration evaluation expenditure	16	48,666,006	47,779,551
Mining rehabilitation fund contribution		370,606	280,319
<b>Total non-current assets</b>		<b>50,706,145</b>	<b>50,430,511</b>
<b>Total assets</b>		<b>50,987,238</b>	<b>56,966,646</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	2,761,511	4,103,616
Borrowings	18	1,599,452	-
Provisions	19	52,727	52,727
<b>Total current liabilities</b>		<b>4,413,690</b>	<b>4,156,343</b>
<b>Non-current liabilities</b>			
Provisions	20	3,614,827	9,228,234
<b>Total non-current liabilities</b>		<b>3,614,827</b>	<b>9,228,234</b>
<b>Total liabilities</b>		<b>8,028,517</b>	<b>13,384,577</b>
<b>Net assets</b>		<b>42,958,721</b>	<b>43,582,069</b>
<b>EQUITY</b>			
Issued capital	21	126,439,864	124,229,650
Reserves	22	16,765,362	16,714,838
Accumulated losses	23	(100,246,505)	(97,362,419)
<b>Total equity</b>		<b>42,958,721</b>	<b>43,582,069</b>

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

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>106,207,395</b>	<b>16,038,953</b>	<b>(92,548,381)</b>	<b>29,697,967</b>
Loss after income tax expense for the year	-	-	(4,814,038)	(4,814,038)
Other comprehensive income for the year, net of tax	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(4,814,038)</b>	<b>(4,814,038)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	14,105,216	-	-	14,105,216
Convertible notes converted	2,422,868	-	-	2,422,868
Increase in option reserve	-	675,885	-	675,885
Share based payments	734,832	-	-	734,832
Loss on issue of shares (Note 8)	759,339	-	-	759,339
<b>Balance at 30 June 2021</b>	<b>124,229,650</b>	<b>16,714,838</b>	<b>(97,362,419)</b>	<b>43,582,069</b>
<b>Balance at 1 July 2021</b>	<b>124,229,650</b>	<b>16,714,838</b>	<b>(97,362,419)</b>	<b>43,582,069</b>
Loss after income tax expense for the year	-	-	(2,884,086)	(2,884,086)
Other comprehensive income for the year, net of tax	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(2,884,086)</b>	<b>(2,884,086)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	2,000,000	-	-	2,000,000
Increase in option reserve	-	50,524	-	50,524
Share based payments	200,940	-	-	200,940
Loss on issue of shares (Note 8)	9,274	-	-	9,274
<b>Balance at 30 June 2022</b>	<b>126,439,864</b>	<b>16,765,362</b>	<b>(100,246,505)</b>	<b>42,958,721</b>

The above consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated financial statements

# Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	Consolidated	
		2022	2021
		\$	\$
<b>Cash flows used in operating activities</b>			
Payment to suppliers and employees		(2,729,690)	(4,150,668)
Interest received	6	3	464
Other receipt		240,449	445,854
Interest paid		(9,450)	(251,750)
<b>Net cash flows used in operating activities</b>	33	<b>(2,498,688)</b>	<b>(3,956,100)</b>
<b>Cash flows used in investing activities</b>			
Proceeds from sale of financial assets	14	1,385,908	1,662,599
Payments for property, plant and equipment	15	(127,436)	(586,641)
Acquisition of exploration & evaluation assets		-	-
Payments for exploration and evaluation	16	(6,499,861)	(8,153,873)
Payments to mining rehabilitation fund		(90,287)	(82,494)
<b>Net cash flows used in investing activities</b>		<b>(5,331,676)</b>	<b>(7,160,409)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares net of issue costs	21	170,000	14,632,860
Share issue transaction costs	21	-	(527,775)
Proceeds from borrowings	34	1,500,000	-
Repayment of borrowings	34	-	(751,266)
<b>Net cash flows from financing activities</b>		<b>1,670,000</b>	<b>13,353,819</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(6,160,364)</b>	<b>2,237,309</b>
Cash and cash equivalents at the beginning of the year		6,186,363	3,949,054
<b>Cash and cash equivalents at the end of the year</b>	10	<b>25,999</b>	<b>6,186,363</b>

The above consolidated statement of cash flows should be read in conjunction with the notes to the consolidated financial statements

# Notes to the Consolidated Financial Statements

## 1. CORPORATE INFORMATION

The consolidated financial statements of Vango Mining Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 30 September 2022. Vango Mining Limited (the Company or the parent) is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. The nature of the operations and principal activities of the Group are described in the directors' report. The registered office and principal place of business of the Company is Aurora Place, Building 1, 88 Phillip Street, Sydney NSW 2000. Information on the Group's structure is provided in Note 30. Information on other related party relationships is provided in Note 28.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements of the Group are for the financial year ended 30 June 2022.

### (a) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As disclosed in the financial statements, incurred an operating loss after income tax for the year ended 30 June 2022 of \$2,884,086 and experienced net cash flows used in operating and investing activities of \$2,498,688 and \$5,331,676 respectively. As at balance date, current liabilities exceed current assets by \$4,132,597.

The directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- As stated in Note 31, on 18 July 2022, the Company secured a \$10 million convertible note facility. To date \$7.5 million has been received, and \$2.5 million has yet to be drawn down.
- The Company has the ability to scale back its exploration expenditure to the extent of the available cash resources.

### (b) Basis of preparation

The 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 Australian Accounting Standards Board (AASB), as appropriate for for-profit entities.

The 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 derivative financial instruments.

The Company is of a kind referred to in Corporation Instrument 2016/191, issued by the Australian Securities and Investment Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporation Instrument to the nearest dollar.

### (c) Compliance with IFRS

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## Notes to the Consolidated Financial Statements continued

### (d) Critical accounting estimates

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### (e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Right arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Subsidiaries are all those entities over which the Company has the power to govern the financial operating policies, generally accompanying a shareholding of more than one-half of the voting rights.

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**(f) Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

**(g) Foreign currency translation***Foreign currency translation*

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

**(h) Revenue recognition**

The following specific recognition criteria must be met before revenue is recognised.

*Interest revenue*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**(i) Income tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

## Notes to the Consolidated Financial Statements continued

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Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **(j) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **(k) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **(l) Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised costs using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

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Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

### **(m) Investment in joint ventures**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investment in joint venture are accounted for using the equity method.

Under the equity method, the investment in joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss and other comprehensive income reflect the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit of a joint venture' in the statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### **(n) Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or

## Notes to the Consolidated Financial Statements continued

a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

### *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

### **(o) Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a reducing balance basis to write down the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Field equipment	10-20 years
Office equipment	10 years
Motor Vehicles	10 years
Software	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is de-recognised upon disposal or when there is no future economic benefit to the Group. Any gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

### **(p) Leases**

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### **(q) Exploration and evaluation assets**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploitation activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Indirect costs relating to exploration and evaluation areas of interest are capitalised in the year they are incurred. A regular review is undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

The Company as part of its operations has entered into farm-in arrangements. In respect to these transactions the Company adopts the following policies:

When the Company is acting as the farmee its expenditure is recognised under the arrangement in respect of its own interest and that retained by the farmor, as and when the costs are incurred.

The farmee accounts for its expenditures under a farm-in arrangement in the same way as directly incurred E&E expenditure.

For the arrangements of which the Company is the farmor it accounts for the farm-out arrangement as follows:

- The farmor does not record any expenditure made by the farmee on its behalf
- The farmor does not recognise a gain or loss on the farm-out arrangement but rather, redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained
- Any cash consideration received is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

#### **(r) Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. When the carrying amount of an asset exceeds its carrying amount, the asset is considered impaired and written down to its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted shares prices for publicly traded companies or other available fair value indicators.

#### **(s) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **(t) Provisions**

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

#### **(u) Employee benefits**

##### *Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

##### *Share-based payments*

Equity-settled and cash settled share-based compensation benefits are provided to employees.

## Notes to the Consolidated Financial Statements continued

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair market value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, ("Market conditions") together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period (equity reserves). The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made, provided the original terms of the award are met. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

The Company provides benefits to employees (including Directors) of the Company and external parties to the Company in the form of share-based payment transactions, whereby employees and external parties render services in exchange for shares or options over shares ("equity-settled transactions").

No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

### **(v) Equity-settled transactions**

Equity settled trade or other liabilities including debt are measured at fair market value on grant date or where appropriate, when shareholder approval is given. Fair Value is determined using the closing share price quoted on the Australian Securities Exchange at the relevant date. Any gain or loss arising from the difference between the Fair Value and the liability extinguished is recognised in the consolidated statement of profit or loss and other comprehensive income.

### **(w) Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **(x) Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

#### **(y) Earnings per share**

##### *Basic earnings per share*

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### **(z) Compound financial instruments**

Compound financial instruments issued by the Group comprise convertible notes denominated in AUD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

## Notes to the Consolidated Financial Statements continued

### ***De-recognition of financial liabilities***

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **(aa) Goods and Services Tax (GST) and other similar taxes**

Revenues, expenses, assets and liabilities are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

Commitments or contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### **(bb) New accounting standards and interpretations adopted**

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year.

Several amendments apply for the first time in the current year. However, there is no material impact on the annual consolidated financial statements of the Group.

## **3. Critical accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### **(i) Note 13 Investments Accounted for Using the Equity Method (Key Judgement)**

The Company's investments accounted for using the equity method are periodically tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is determined as the higher of the fair value less cost of disposal.

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 the Bolaven Plateau in Laos. The Company's interest in the Joint Venture was fully impaired in 2017. Management have exercised their judgement in determining that the Company's interest in the Joint Venture remains fully impaired.

**(ii) Note 15 – Exploration & Evaluation Expenditure (Key Judgement)**

The Company's accounting policy for exploration and evaluation is set out in Note 2(q) above. If, after having capitalised expenditure under this policy, the Directors conclude that the Company is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the consolidated statement of profit or loss and other comprehensive income. There is significant judgement and estimation uncertainty with regards to the allocation of expenditure to individual tenements as well whether the expenditure will be realised through future exploration or sale. Management has exercised their judgement in determining that it is likely that the expenditure will be recovered through future exploration or sale and consequently no exploration assets have been impaired.

Resources or mineral resources refer to a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Ore reserves are estimates of the amount of product that can be economically and legally extracted from the Group's current mining tenements. The Group estimates its ore reserves based on information compiled by appropriately qualified persons able to interpret the geological data. The estimation of recoverable reserves is based on factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserves or resource estimates may impact on the value of exploration and evaluation assets, mine properties, property plant and equipment, provision for rehabilitation and depreciation and amortisation charges.

**(iii) Note 20 – Provision for site rehabilitation (Key Estimate)**

The Company had historically made a provision for rehabilitation based on the methodology used to quantify the Mining Rehabilitation Fund ("MRF") Levy in accordance with the Mining Rehabilitation Fund Act 2012. The estimated closure cost estimate for Marymia was historically calculated using the DMIRS Mining Rehabilitation Fund (MRF) methodology. Management had considered this basis to be a reasonable approximation of the estimated actual mine closure costs. In the year under review, management engaged independent external advisors to undertake a mine closure financial assurance cost estimate for the Marymia Gold Mine ("Marymia" or the "Project"). The cost estimate follows completion of the 2020 Marymia site wide mine closure plan (MCP). The tasks used to develop the closure cost estimate were derived from the 2020 MCP Closure Task Register as well as through experience with Marymia and other comparable mine sites. The closure cost estimate was calculated using Version 4.07 of the Queensland Government's Estimated Rehabilitation Cost Calculator for Mining (ERC Calculator). The ERC Calculator was populated using data sourced almost exclusively from geographic information systems (GIS) using existing disturbance mapping, where practicable. Where existing disturbance mapping was found to be inadequate to inform the ERC Calculator, additional mapping was undertaken as needed. The provision above represents managements best estimate in relation to the expected total costs to rehabilitate all disturbances caused by the Group's exploration activity. The change in basis to quantify the provision is a change in estimate rather than a change in accounting policy.

**(iv) Contingent liabilities (Key Judgement)**

As disclosed in the 2021 Annual Report, the Group was in ongoing litigation with both Dampier Gold Limited and Billabong Gold Pty Ltd. A judgement was delivered in respect of the Billabong matter on 14 December 2021. As a consequence, Billabong Gold Pty Ltd have decided to appeal that decision. The matter is currently before the WA Court of Appeal. The Dampier matter was heard before Justice Smith in March 2022 with a decision expected around late 2022 or early 2023. At present the Directors do not believe that it is reasonably possible to estimate any potential obligation in relation to these matters with sufficient reliability and consequently no provisions or contingent liabilities have been raised or disclosed in the financial statements. The Directors do not believe that the settlement of any obligations arising from these matters will be material.

**4. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The Australian Accounting Standards issued but not yet mandatory for the financial year ending 30 June 2021 have not been adopted by the Group in the preparation of this financial report and are set out below:

## Notes to the Consolidated Financial Statements continued

Standard/Interpretation	Effective for the annual reporting period beginning on		Expected to be initially applied in the financial year ending	
AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 2022	1,	June 2023	30,
AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as current or Non-current	January 2022	1,	June 2023	30,
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018– 2020 and Other Amendments	January 2022	1,	June 2023	30,
AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 - September 2020	January 2021	1,	June 2022	30,
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	January 2023	1,	June 2024	30,

### 5. OPERATING SEGMENTS

#### *Identification of reportable segments*

As of the date of this report the consolidated entity operates entirely in the industry of exploration of minerals in Australia, following the 2017 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.

## 6. Other income

	Consolidated	
	2022	2021
	\$	\$
Interest	3	464
Government subsidies	74,960	147,881
Other	52,500	279,364
<b>Other income</b>	<b>127,463</b>	<b>427,709</b>

## 7. Expenses

	Consolidated	
	2022	2021
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	<b>101,659</b>	<b>83,072</b>
Employee share-based payments (Note 22 & 25)	<b>50,524</b>	<b>675,885</b>
<i>Other expenses</i>		
Auditors remuneration	83,112	77,250
ASX listing fees	74,393	105,513
Rent	137,968	160,159
Corporate registers	7,557	11,554
Insurance expenses	207,801	192,227
Share registry expenses	97,836	60,813
Advertising and promotion expenses	1,500	20,750
Travel expenses	60,222	109,275
Other expenses	171,014	51,347
	<b>841,403</b>	<b>788,888</b>

## Notes to the Consolidated Financial Statements continued

### 8. Loss from debt to equity conversion

During the financial year the group has settled financial liabilities by issue of fully paid ordinary shares. In accordance with the interpretation 19 of AASBs. The fair value of the shares issued in excess of the carrying value of financial liabilities has been expensed in the financial year with excessed the fair value of the shares issued being recorded as equity.

### 9. Income tax

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax</i>		
Current tax	-	-
Deferred tax	-	-
<i>Aggregate income tax expense</i>	<u>-</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(2,884,086)	(4,814,038)
Tax at the statutory rate of 25% (2021: 26%)	(721,022)	(1,251,650)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	(45,825)	343,922
Non-assessable items	(87,123)	(90,608)
Tax losses (used) / unused and unrecognised	853,970	998,336
Income tax expense	<u>-</u>	<u>-</u>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	<u>97,147,739</u>	<u>84,553,809</u>
Potential tax benefit at 25% (2021: 26%)	<u>24,286,935</u>	<u>21,983,990</u>

From 1 July 2005, Vango Mining Limited formed a tax consolidated group. There is presently no tax sharing or funding arrangements in place. The above potential tax benefit for losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets and liabilities not recognised</i>		
Unused tax losses	24,286,935	21,983,990
Taxable temporary differences	545,823	587,746
Share issue costs	<u>190,856</u>	<u>289,098</u>
	<u>25,023,614</u>	<u>22,860,834</u>

The Taxation benefits will only be obtained if:

- (a) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- (b) The Group continues to comply with the conditions for deductibility imposed by law; and
- (c) No changes in tax legislation adversely affect the group in realising the benefits from the deductions for the loss.

The Directors are of a view there is insufficient certainty that the Parent Entity and its subsidiaries will derive sufficient income in the foreseeable future to justify booking the tax losses and temporary differences as deferred tax assets and deferred tax liabilities.

## 10. Cash and cash equivalents

	Consolidated	
	2022	2021
	\$	\$
Cash at bank	25,999	6,186,363
	<b>25,999</b>	<b>6,186,363</b>

### *Reconciliation to cash and cash equivalents at the end of the financial year*

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows.

## 11. Trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
Trade receivables	-	-
Other receivables	203,008	297,686
Allowance for expected credit losses	-	-
	<b>203,008</b>	<b>297,686</b>

### *Impairment of receivables*

There are no trade receivables as the company has no revenue. The other receivables relate to GST and consequently there is no allowance for expected credit losses.

## Notes to the Consolidated Financial Statements continued

### 12. Other current assets

	Consolidated	
	2022	2021
	\$	\$
Bank guarantee for office lease	10,000	10,000
Security deposit for tenancies	42,086	42,086
	<u>52,086</u>	<u>52,086</u>

### 13. Investments accounted for using the equity method

	Consolidated	
	2022	2021
	\$	\$
Interest in joint venture entity -SARCO	3,124,569	3,124,569
Impairment - SARCO	<u>(3,124,569)</u>	<u>(3,124,569)</u>
	<u>-</u>	<u>-</u>

Refer to note 31 for further information on interests in joint ventures.

The consolidated entity continues to have 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 the Bolaven Plateau in Laos. The joint venture is currently not actively exploring, and the Company fully impaired the asset in the 2017 Financial year.

The share of the joint venture loss after income tax for the year was \$Nil (2021: \$ Nil).

### 14. Financial assets at fair value through profit or loss

	Consolidated	
	2022	2021
	\$	\$
Nil (30 June 2021: 1,468,937) shares held in Dampier Gold Limited listed on the ASX	-	42,611
Fair Value adjustment - Dampier Gold Limited	-	(12)
4,285,715 (30 June 2021: 89,285,715) shares held in Lodestar Minerals Limited listed on the ASX	38,571	875,000
Fair Value adjustment - Lodestar Minerals Limited	<u>(8,571)</u>	<u>(160,714)</u>
	<u>30,000</u>	<u>756,885</u>

### Reconciliations

Reconciliations of the fair values at the beginning and end of the current and previous financial year are set out below:

	<b>Financial assets at fair value</b>
	<b>\$</b>
38,786,191 shares held in Dampier Gold Limited listed on the ASX as at 1 July 2020	<b>1,047,227</b>
Fair Value adjustment - Dampier Gold Limited	657,971
Sale of 37,738,568 shares - Dampier Gold Limited	(1,662,599)
1,468,937 shares held in Dampier Gold Limited as at 30 June 2021	<b>42,599</b>
75,000,000 shares held in Lodestar Minerals Limited Listed on the ASX as at 1 July 2020	<b>675,000</b>
14,285,715 shares acquired - Lodestar Minerals Limited	200,000
Fair Value adjustment - Lodestar Minerals Limited	(160,714)
89,285,715 shares held in Lodestar Minerals Limited as at 30 June 2021	<b>714,286</b>
1,468,937 shares held in Dampier Gold Limited listed on the ASX as at 1 July 2021	<b>42,599</b>
Fair Value adjustment - Dampier Gold Limited	8,745
Sale of 1,468,937 shares - Dampier Gold Limited	(51,344)
Nil shares held in Dampier Gold Limited as at 30 June 2022	-
89,285,715 shares held in Lodestar Minerals Limited as at 30 June 2021	<b>714,286</b>
Fair Value adjustment - Lodestar Minerals Limited	650,278
Sale of 85,000,000 shares - Lodestar Minerals Limited	(1,334,564)
4,285,715 shares held in Lodestar Minerals Limited as at 30 June 2022	<b>30,000</b>

## 15. Property, plant and equipment

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Office equipment – at cost	8,855	8,855
Less: Accumulated depreciation	(2,652)	(1,965)
Balance as at 30 June 2022	<b>6,203</b>	<b>6,890</b>
Field equipment and camp infrastructure – at cost	1,769,148	1,641,713

## Notes to the Consolidated Financial Statements continued

Less: Accumulated depreciation	(252,006)	(163,946)
Balance as at 30 June 2022	<u>1,517,142</u>	<u>1,477,767</u>
Motor vehicles – at cost	90,896	90,896
Less: Accumulated depreciation	(27,051)	(19,957)
Balance as at 30 June 2022	<u>63,845</u>	<u>70,939</u>
Software – at cost	71,840	71,840
Less: Accumulated depreciation	(19,497)	(13,680)
Balance as at 30 June 2022	<u>52,343</u>	<u>58,160</u>
<b>Total as at 30 June 2022</b>	<b><u>1,639,533</u></b>	<b><u>1,613,756</u></b>

### Reconciliations

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

	Consolidated	
	2022	2021
	\$	\$
Office equipment as at 1 July 2021	6,890	7,656
Additions	-	-
Less: depreciation	(687)	(766)
Balance as at 30 June 2022	<u>6,203</u>	<u>6,890</u>
Field equipment and camp infrastructure as at 1 July 2021	1,477,767	959,088
Additions	127,435	586,641
Less: depreciation	(88,060)	(67,962)
Balance as at 30 June 2022	<u>1,517,142</u>	<u>1,477,767</u>
Motor vehicles as at 1 July 2021	70,939	78,821
Additions	-	-
Less: depreciation	(7,094)	(7,882)
Balance as at 30 June 2022	<u>63,845</u>	<u>70,939</u>
Software as at 1 July 2021	58,160	64,622
Additions	-	-
Less: depreciation	(5,817)	(6,462)
Balance as at 30 June 2022	<u>52,343</u>	<u>58,160</u>
<b>Total as at 30 June 2022</b>	<b><u>1,639,533</u></b>	<b><u>1,613,756</u></b>

## 16. Exploration and evaluation expenditure

	Consolidated	
	2022	2021
	\$	\$
Exploration and evaluation - at cost	55,541,226	54,654,771
Less: Impairment	(6,875,220)	(6,875,220)
	<b>48,666,006</b>	<b>47,779,551</b>

### Reconciliations

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

	Exploration and evaluation
	\$
<b>Balance at 30 June 2020</b>	38,982,736
Additions	8,153,873
Addition to provision for rehabilitation	642,942
Disposals	-
Impairments	-
<b>Balance at 30 June 2021</b>	<b>47,779,551</b>
Additions	6,499,862
Reduction in provision for rehabilitation (Note 20)	(5,613,407)
Disposals	-
Impairments	-
<b>Balance at 30 June 2022</b>	<b>48,666,006</b>

During the period, the Company has assessed the exploration and evaluation assets for impairment under AASB6, noting no indicators are present which would warrant a full analysis under AASB136.

## 17. Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
Trade payables	2,449,820	1,990,751
Other payables	311,691	2,112,865
	<b>2,761,511</b>	<b>4,103,616</b>

## Notes to the Consolidated Financial Statements continued

### 18. Borrowings

	Consolidated	
	2022	2021
<i>Current</i>	\$	\$
Loans 20%(i)	1,599,452	-
	<u>1,599,452</u>	<u>-</u>

- i. In March 2022, the company obtained a cash advance totalling \$1,500,000 from an unrelated party. The advance has no provision to be converted into the Company's ordinary fully paid shares. The loan has a maturity date of 30 June 2022; and has an interest rate of 20% per annum with a default interest rate of 28% per annum. The loan is secured by Vango's present and after acquired property. It includes anything in respect of which Vango Mining Limited has at any time a sufficient right, interest or power to grant a security interest. The loan was not repaid on 30 June 2022 and was consequently in default until the loan including interest of \$88,767 was repaid in July 2022.

## 19. Provisions – current

	Consolidated	
	2022	2021
	\$	\$
Employee benefits	<u>52,727</u>	<u>52,727</u>

## 20. Provisions – Non-current

	Consolidated	
	2022	2021
	\$	\$
<b>Opening balance</b>	9,228,234	8,585,292
Adjustment on rehabilitation provision	<u>(5,613,407)</u>	<u>642,942</u>
<b>Closing balance</b>	<u><b>3,614,827</b></u>	<u><b>9,228,234</b></u>

The Group had historically made a provision for rehabilitation based on the methodology used to quantify the Mining Rehabilitation Fund (“MRF”) Levy in accordance with the Mining Rehabilitation Fund Act 2012. The estimated closure cost estimate for Marymia was calculated using the DMIRS Mining Rehabilitation Fund (MRF) methodology. Management had considered this basis to be a reasonable approximation of the estimated actual mine closure costs. In the year under review, management engaged independent external advisors to undertake a mine closure financial assurance cost estimate for the Marymia Gold Mine (“Marymia” or the “Project”). The cost estimate follows completion of the 2020 Marymia site wide mine closure plan (MCP). The tasks used to develop the closure cost estimate were derived from the 2020 MCP Closure Task Register as well as through experience with Marymia and other comparable mine sites. The closure cost estimate was calculated using Version 4.07 of the Queensland Government’s Estimated Rehabilitation Cost Calculator for Mining (ERC Calculator). The ERC Calculator was populated using data sourced almost exclusively from geographic information systems (GIS) using existing disturbance mapping, where practicable. Where existing disturbance mapping was found to be inadequate to inform the ERC Calculator, additional mapping was undertaken as needed. The provision above represents managements best estimate in relation to the expected total costs to rehabilitate all disturbances caused by the Group’s exploration activity. The change in basis to quantify the provision is a change in estimate rather than a change in accounting policy.

## Notes to the Consolidated Financial Statements continued

### 21. Issued capital

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	1,096,077,031	831,394,506	124,229,650	106,207,395

#### *Movements in ordinary share capital*

Details	Date	No. of shares	Issue price	\$
<b>Balance</b>	<b>1 Jul 2020</b>	<b>831,394,506</b>		<b>106,207,395</b>
Placement	20 Aug 2020	131,910,748	0.08	10,552,860
Convertible Note conversion	20 Aug 2020	30,287,500	0.08	2,423,000
Share based payment	14 Dec 2020	705,349	0.11	77,588
Share based payment	14 Dec 2020	427,972	0.11	47,077
Share based payment	14 Dec 2020	1,833,330	0.11	201,666
Share based payment	14 Dec 2020	1,895,455	0.11	208,500
Share based payment	14 Dec 2020	32,500,000	0.04	1,300,000
Share based payment	22 Jan 2021	2,352,941	0.085	200,000
Placement	16 Jun 2021	62,769,230	0.065	4,080,000
Share issue transaction costs				(1,827,775)
Loss on issue of shares (Note 8)				759,339
<b>Balance</b>	<b>30 Jun 2021</b>	<b>1,096,077,031</b>		<b>124,229,650</b>

	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary shares - fully paid	1,129,937,632	1,096,077,031	126,439,864	124,229,650

#### *Movements in ordinary share capital*

Details	Date	No. of shares	Issue price	\$
<b>Balance</b>	<b>1 Jul 2021</b>	<b>1,096,077,031</b>		<b>124,229,650</b>
Share based payment	13 Jul 2021	3,091,370	0.065	200,940
Share based payment	4 Nov 2021	30,769,231	0.065	2,000,000
Loss on issue of shares (Note 8)				9,274
<b>Balance</b>	<b>30 Jun 2022</b>	<b>1,129,937,632</b>		<b>126,439,864</b>

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### *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.

### *Options*

On 24 June 2019 the Company issued a total of 100,000,000 unlisted performance options to the members of the board. 25,000,000 of these options expired in the year under review without being exercised. The details of the term, exercise price and performance hurdles are disclosed in Note 28.

### *Share buy-back*

There is no current on-market share buy-back.

### *Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

## Notes to the Consolidated Financial Statements continued

### 22. Movement in reserves

	2022	2021
	\$	\$
Share based payments reserve	<u>16,765,362</u>	<u>16,714,838</u>

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.

#### *Movements in reserves*

Movements during the current and previous financial year are set out below:

	Consolidated	
	2022	2021
	\$	\$
<b>Opening balance</b>	16,714,838	16,038,953
Share based payments expense	<u>50,524</u>	<u>675,885</u>
<b>Closing balance</b>	<u>16,765,362</u>	<u>16,714,838</u>

### 23. Accumulated losses

	Consolidated	
	2022	2021
	\$	\$
Accumulated losses at the beginning of the financial year	(97,362,419)	(92,548,381)
Loss after income tax expense for the year	<u>(2,884,086)</u>	<u>(4,814,038)</u>
	<u>(100,246,505)</u>	<u>(97,362,419)</u>

### 24. Financial instruments

#### Financial risk management

The Group's activities expose it to a variety of financial risks: (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk in these areas is not significant enough to warrant a formalised specific risk management program. Risk management is carried out by the Board of Directors in their day to day function as the overseers of the business.

The Group holds the following financial instruments at 30 June:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Financial assets		
Cash and cash equivalents	25,999	6,186,363
Trade and other receivables - current	203,008	297,686
Other	52,086	52,086
	<b>281,093</b>	<b>6,536,135</b>
Financial liabilities		
Trade and other payables	2,761,511	4,103,616
Borrowings	1,599,452	-
	<b>4,360,963</b>	<b>4,103,616</b>

The Group raised a secured convertible note of \$10 million from Collins St Value Fund (CSVF) in April 2022, in two tranches.

Tranche 1 was approved by the Company's shareholders at a general meeting held on 16 June 2022, that will be issued with a subscription value of \$7.5 million for a term of 24 months after issue, interest is accrued biannually at 10% per annum with interest payable on repayment or conversion. The notes are convertible at 6 cents per share.

Tranche 2 will be subject to the Company's shareholders' approval, and the Company's future requirements for funds, within 12 months from the issue of Tranche 1 convertible notes. Tranche 2 will be issued with a subscription value of \$2.5 million that may be converted at 6 cents per share.

### Foreign Currency risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The Group does not enter into derivative financial instruments to hedge such transactions denominated in a foreign currency. At the balance sheet date, the consolidated entity had no exposure to foreign currencies, hence no sensitivity analysis has been performed.

### Price risk

The Group is not exposed to any significant price risk given it does not derive revenue from sale of products. Management is aware that the fair value of mining projects can be impacted by commodity price changes (predominantly bauxite, alumina, aluminium, gold and copper) and could impact future revenues once operational.

## Notes to the Consolidated Financial Statements continued

### Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

	2022		2021	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$	%	\$
<b>Financial assets</b>				
Cash and cash equivalents	0.01	<u>25,999</u>	0.01	<u>6,186,363</u>
		<b><u>25,999</u></b>		<b><u>6,186,363</u></b>
<b>Financial liabilities</b>				
Borrowings	20.00	<u>1,599,452</u>		<u>-</u>
		<b><u>1,599,452</u></b>		<b><u>-</u></b>

The Group does not rely on the generation of interest on cash and cash equivalents to provide working capital and as a result does not consider this to be material to the Group, hence, no sensitivity analysis has been performed. Borrowings are made at fixed interest rates. Given the value and short terms nature of the borrowings it was not considered necessary to perform a sensitivity analysis of this loan either.

### Credit risk

Credit risk is the risk of financial loss to the Group if a counter party to a financial instrument fails to meet its contractual obligations. The carrying amount of cash and cash equivalents and trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash and short-term liquid investments are placed with reputable banks and the Group does not have any material credit risk exposure to any single debtor or group of debtors.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as and when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and raising additional capital as and when needed. If the Group does not raise capital in the short term, it can continue as a going concern by reducing planned but not committed exploration expenditure until funding is available and / or entering into joint venture arrangements where exploration is funded by the joint venture partner.

### Remaining contractual maturities

The table below analyses the Group's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	<6 months	>6 - 12 months	> 12 months	Total contractual cash flows	Carrying amount
<b>30 June 2022</b>					
<b>Financial liabilities</b>					
Trade and other payables	2,761,511	-	-	2,761,511	2,761,511
Borrowings	1,599,452	-	-	1,599,452	1,599,452
	<b>4,360,963</b>	<b>-</b>	<b>-</b>	<b>4,360,963</b>	<b>4,360,963</b>
	<6 months	>6 - 12 months	> 12 months	Total contractual cash Flows	Carrying amount
<b>30 June 2021</b>					
<b>Financial liabilities</b>					
Trade and other payables	4,103,616	-	-	4,103,616	4,103,616
Borrowings	-	-	-	-	-
	<b>4,103,616</b>	<b>-</b>	<b>-</b>	<b>4,103,616</b>	<b>4,103,616</b>

### 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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Group has non-controlling investments in listed entities Lodestar Minerals Limited, which are level 1 financial instruments carried at fair value. The group does not have any 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.

## Notes to the Consolidated Financial Statements continued

### 25. Key management personnel disclosures

#### Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2022	2021
	\$	\$
Short-term employee benefits	652,494	947,711
Post-employment benefits	44,996	57,288
Share Based Payments	50,524	675,885
	<u>748,014</u>	<u>1,680,884</u>

### 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Group:

	Consolidated	
	2022	2021
	\$	\$
Audit services – RSM Australia Partners	83,112	77,250
Audit of the financial statements	<u>83,112</u>	<u>77,250</u>

### 27. Contingent liabilities

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.

See Note 3 (v) for additional information in relation to the Directors key judgements in relation to its ongoing litigation with Dampier Gold and Billabong Gold Pty Limited.

## 28. Related party transactions

### Parent entity

Vango Mining Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 30.

### Joint ventures

Interests in joint ventures are set out in note 31.

### Key management personnel

Over the 2022 financial year an amount of \$107,395 was reimbursed to Mr McInnes for GST inclusive travel and accommodation expenditure, initially incurred personally and includes amounts for company contractors, consultants and potential investors.

The Company issued performance options to key management personnel as part of remuneration on 24 June 2019. These performance options are subject to performance hurdles, and as at the date of this report, these hurdle conditions have not been met. The details of these performance options are as follows.

Category	Expiry Date	Exercise Price	Zhou	McInnes	Zhang	Total
C	18/06/2024	\$ 0.30	10,000,000	10,000,000	5,000,000	<b>25,000,000</b>
D	18/06/2024	\$ 0.35	5,000,000	5,000,000	2,500,000	<b>12,500,000</b>
E	18/06/2024	\$ 0.50	5,000,000	5,000,000	2,500,000	<b>12,500,000</b>
F	18/06/2024	\$ 0.60	10,000,000	10,000,000	5,000,000	<b>25,000,000</b>
<b>Total</b>			<b>30,000,000</b>	<b>30,000,000</b>	<b>15,000,000</b>	<b>75,000,000</b>

### Performance Hurdles

**Category C.** Subject to the definition by the Company (or an entity controlled by the Company) of a total (measured, indicated and inferred) JORC 2012-compliant resource of 1,500,000 ounces of contained gold at an average grade greater than or equal to 3 grams per tonne (**Option Vesting Condition C**). Nb. The performance target is 1,500,000 ounces of contained gold at an average grade greater than or equal to 3 grams per tonne. The grade given is a performance hurdle only and has no relationship to the tonnage being targeted; i.e. this is not an exploration target.

**Category D.** The production of 10,000 ounces of gold bars from ore produced by the Company (or an entity controlled by the Company) (**Option Vesting Condition D**).

**Category E.** The production of 50,000 ounces of gold bars from ore produced by the Company (or an entity controlled by the Company) (**Option Vesting Condition E**).

**Category F.** The price of the Company's shares traded on ASX achieving a 20-day volume weighted average price of \$1.00 per share (**Option Vesting Condition F**).

At balance date, the relevant interest of each key management personnel in options of the Company were:

## Notes to the Consolidated Financial Statements continued

	Balance at the start of the year	Acquired	Granted as part of remuneration	Expired	Converted	Balance at end of the year	Vested and exercisable
<b>2022</b>							
Bruce McInnes	40,000,000	-	-	(10,000,000)	-	30,000,000	-
Craig Wallace	-	-	-	-	-	-	-
Shengqiang Zhou	40,000,000	-	-	(10,000,000)	-	30,000,000	-
Zhenzhu Zhang	20,000,000	-	-	(5,000,000)	-	15,000,000	-
Yanchao Guo	-	-	-	-	-	-	-
	<b>100,000,000</b>	-	-	<b>25,000,000</b>	-	<b>75,000,000</b>	-
<b>2021</b>							
Bruce McInnes	40,000,000	-	-	-	-	40,000,000	-
Andrew Stocks	-	-	-	-	-	-	-
Shengqiang Zhou	40,000,000	-	-	-	-	40,000,000	-
Zhenzhu Zhang	20,000,000	-	-	-	-	20,000,000	-
Yanchao Guo	-	-	-	-	-	-	-
	<b>100,000,000</b>	-	-	-	-	<b>100,000,000</b>	-

The total valuations of the performance options at issue date was \$3,142,500 assuming 100 % certainty of achieving all performance hurdles and vesting of all options issued. The possibility of achieving these performance hurdles has been evaluated in the current reporting period, and the Company recognised \$801,104 as a reversal of previous years share based payment expenses against the reserve.

On 5 Nov 2021 the Company issued a total of 130,000,000 Plan Shares for a price of \$0.09 per Plan Share, and provision of a loan to acquire those Shares repayable during the period up to three years commencing on the date the Shares are issued. The details of the Share Loan Plan are as follows.

1. The Company issued 50,000,000 Plan Shares for a price of \$0.09 per Plan Share to Bruce McInnes. Subject to the terms of the Plan, the Plan Shares cannot be sold, transferred, assigned, charged or otherwise encumbered until the following Vesting Conditions are satisfied, unless waived by the Board in accordance with the Plan (such period being the Restriction Period):
  - i. 25,000,000 Shares to be issued and vesting within one month of approval by Shareholders;
  - ii. 25,000,000 Shares to be issued within one month of approval by Shareholders and vesting after the following conditions precedent:
    - a) Bruce McInnes remains a Director until the date the Shares vest;
    - b) and whichever occurs first:
      - A. two years after the date the Shares are issued; and
      - B. the Company's JORC 2012 resource determined by a Competent Person independent to the Company increases to 1.8 million ounces of gold.

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2. The Company issued 40,000,000 Plan Shares for a price of \$0.09 per Plan Share to Shengqiang (Sean) Zhou. Subject to the terms of the Plan, the Plan Shares cannot be sold, transferred, assigned, charged or otherwise encumbered until the following Vesting Conditions are satisfied, unless waived by the Board in accordance with the Plan (such period being the Restriction Period):
    - i. 10,000,000 Shares to be issued and vesting within one month of approval by Shareholders;
    - ii. 10,000,000 Shares to be issued within one month of approval by Shareholders and vesting after the following conditions precedent:
      - a) Shengqiang (Sean) Zhou remains a Director until the date the Shares vest; and
      - b) One year after the date the Shares are issued:
    - iii. 10,000,000 Shares to be issued within one month of approval by Shareholders and vesting after the following conditions precedent:
      - c) Shengqiang (Sean) Zhou remains a Director until the date the Shares vest; and
      - d) Two years after the date the Shares are issued; and
    - iv. 10,000,000 Shares to be issued within one month of approval by Shareholders and vesting after the following conditions precedent;
      - e) Shengqiang (Sean) Zhou remains a Director until the date the Shares vest; and
      - f) Three years after the date the Shares are issued:
  3. The Company issued 40,000,000 Plan Shares for a price of \$0.09 per Plan Share to Zhenzhu (Carol) Zhang. Subject to the terms of the Plan, the Plan Shares cannot be sold, transferred, assigned, charged or otherwise encumbered until the following Vesting Conditions are satisfied, unless waived by the Board in accordance with the Plan (such period being the Restriction Period):
    - i. 20,000,000 Shares to be issued and vesting within one month of approval by Shareholders;
    - ii. 20,000,000 Shares to be issued within one month of approval by Shareholders and vesting after the following conditions precedent ;
      - a) Zhenzhu (Carol) Zhang remains a Director until the date the Shares vest; and
      - b) and whichever occurs first:
        - A. two years after the date the Shares are issued; and
        - B. the Company's JORC 2012 resource determined by a Competent Person independent to the Company increases to 1.8 million ounces of gold.

The Company recognised an amount of \$50,524 as Directors Fees in the Financial Year relating to the amortisation of the initial Fair Value assessment of these fully vested Performance Options and Loan Plan Shares issued to Directors of the Company.

## Notes to the Consolidated Financial Statements continued

The total valuations of the Loan Plan Shares at issue date was \$2,600,000 assuming 100 % certainty of achieving all conditions and vesting of all Loan Plan Shares issued. The fair value of the Loan Plan Shares has been reviewed in the current reporting period, and the company recognised \$562,226 as additional share based payment expenses.

The following table lists the inputs into the model used for the plan shar valuations

2022	Share Loan Plan
Expiry date	5/11/2024
Number	130,000,000
Exercise price	0.09
Dividend yield (%)	0.0%
Expected volatility (%)	57.9%
Risk free interest rate (%)	0.90%
Indicative value per performance Option	0.02
Total indicative value	<b>2,600,000</b>

The Company will review the Fair Value assessment at each reporting date and adjust for movements of the unvested Performance Options and Plan Shares through profit or loss, taking into account any change in circumstance surrounding the holder and the likely achievement of the hurdles.

The following table lists the inputs into the model used for the plan option valuations

2022	A	B	C	D	E	F
Expiry date	18/06/22	18/06/22	18/06/2024	18/06/2024	18/06/2024	18/06/2024
Number	12,500,000	12,500,000	25,000,000	12,500,000	12,500,000	25,000,000
Exercise price	0.25	0.25	0.30	0.35	0.50	0.60
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expected volatility (%)	37.6%	37.6%	56.7%	56.7%	56.7%	56.7%
Risk free interest rate (%)	1.61%	1.61%	1.69%	1.69%	1.69%	1.69%
Indicative value per performance Option	-	0.0167	0.0473	0.0423	0.0307	0.0252
Total indicative value	-	<b>208,750</b>	<b>\$946,000</b>	<b>\$105,750</b>	<b>\$76,750</b>	-

Disclosures relating to key management personnel are set out in note 25 and the remuneration report in the directors' report.

### **Transactions with related parties**

There were no other transactions with related parties in the financial year.

### **Loans to/from related parties**

**Receivable from and payable to related parties**

There was no deferred payment to related parties in the financial year.

**29. Parent entity information**

	<b>Parent</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Current assets	281,093	6,536,135
Total assets	68,475,079	74,454,487
Current liabilities	4,404,834	4,147,487
Total liabilities	7,059,661	12,415,721
Shareholders' equity		
Issued capital	126,439,864	124,229,650
Share-based payments reserve	16,765,362	16,714,838
Accumulated losses	<u>(81,789,808)</u>	<u>(78,905,722)</u>
	<u>61,415,418</u>	<u>62,038,766</u>
Loss for the year	<u>(2,884,086)</u>	<u>(4,814,038)</u>
Total comprehensive loss for the year	<u>(2,884,086)</u>	<u>(4,814,038)</u>

**Capital commitments - Property, plant and equipment**

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

**Significant accounting policies**

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Notes to the Consolidated Financial Statements continued

### 30. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

Name of entity	Country of incorporation	Equity holding	
		2022 %	2021 %
Dampier Plutonic Pty Ltd	Australia	100.00	100.00
Tanami Northern Gold Pty Ltd	Australia	100.00	100.00
Nicholson East Pty Ltd	Australia	100.00	100.00
Nicholson West Pty Ltd	Australia	100.00	100.00
Suplejack Pty Ltd	Australia	100.00	100.00
Coolan Yard Pty Ltd	Australia	100.00	100.00
Ord River Resources (PNG) Pty Ltd	Australia	100.00	100.00
Aileigh Pty Ltd	British Virgin Islands	100.00	100.00
Carpe Diem Limited	Papua New Guinea	100.00	100.00
Tampara Limited	Papua New Guinea	100.00	100.00
Rotokas Limited	Papua New Guinea	100.00	100.00

### 31. Interests in joint ventures

No interests in joint ventures were accounted for using the equity method of accounting for the financial years ending June 2021 and 2022. Information relating to joint ventures is set out below:

Joint venture	Principal activities	Consolidated percentage interest	
		2022 %	2021 %
JV entity – Sino Australian Resources (Laos) Co. Ltd	Exploration of bauxite resources in the Bolaven Plateau, Laos	49.00	49.00

### 32. Events after the reporting date

On 18 July 2022, the Company secured a \$10 million convertible note facility. To date, the Group has received \$7.5 million for Tranche 1 of the note facility. The company repaid the cash advance in Note 18 totalling \$1.5 million and accrued interest of \$88,767 on 17 July 2022.

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

### 33. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2022	2021
	\$	\$
Loss after income tax expense for the year	(2,884,086)	(4,814,038)
Adjustments for:		
Depreciation and amortisation	101,659	83,072
Fair value adjustment on listed investments	(66,025)	160,726
Interest accrued on convertible notes and loans	99,452	-
Fair value loss on issue of shares	9,274	759,339
Expenses recognised on share options	50,524	675,885
Share-based payments	200,939	534,832
Capital gain on listed investments	(592,998)	(657,982)
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	94,678	18,609
Decrease/(increase) in other	-	29,521
Increase/(Decrease) in trade and other payables	487,895	(746,064)
(Decrease)/increase in provisions	-	-
Net cash used in operating activities	<u>(2,498,688)</u>	<u>(3,956,100)</u>

### 34. Changes in liabilities arising from financing activities

	Borrowings
	\$
<b>Balance as at 1 July 2020</b>	<u>3,174,266</u>
Repayment	(751,266)
Converted to shares	<u>(2,423,000)</u>
<b>Balance as at 30 June 2021</b>	-
Net cash flows provided by financing activities	1,500,000
Interest accrued at 20% per annum	<u>99,452</u>
<b>Balance as at 30 June 2022</b>	<u>1,599,452</u>

## Notes to the Consolidated Financial Statements continued

### 35. Earnings/(loss) per share

	Consolidated	
	2022	2020
	\$	\$
Loss after income tax expense for the year attributable to the owners of Vango Mining Limited	<u>(2,884,086)</u>	<u>(7,152,690)</u>
Basic loss per share (cents)	(0.24)	(1.01)
Diluted loss per share (cents)	<u>(0.24)</u>	<u>(1.01)</u>
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	<u>1,177,806,454</u>	<u>709,412,534</u>

Basic earnings/(loss) per share (EPS) is calculated by dividing the net profit/(loss) attributable to ordinary shareholders for the reporting period, after excluding any costs of servicing equity (other than ordinary shares), by the weighted average number of ordinary shares of the Company. Other potential ordinary shares have not been included in the calculation of diluted earnings per share as they are not considered dilutive.

## 36. Share-based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee. Please refer to note 28 for details of the performance hurdles that are required to be satisfied before the share options can be exercised.

Set out below are summaries of options granted under the plan:

### 2022

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
24/06/2019	18/06/2022	\$ 0.25	25,000,000	-	-	(25,000,000)	-
24/06/2019	18/06/2024	\$ 0.30	25,000,000	-	-	-	25,000,000
24/06/2019	18/06/2024	\$ 0.35	12,500,000	-	-	-	12,500,000
24/06/2019	18/06/2024	\$ 0.50	12,500,000	-	-	-	12,500,000
24/06/2019	18/06/2024	\$ 0.60	25,000,000	-	-	-	25,000,000
<b>Total</b>			<b>100,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,000,000</b>

### 2021

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year	Granted	Exercised	Others	Balance at the end of the year
24/06/2019	18/06/2022	\$ 0.25	25,000,000	-	-	-	25,000,000
24/06/2019	18/06/2024	\$ 0.30	25,000,000	-	-	-	25,000,000
24/06/2019	18/06/2024	\$ 0.35	12,500,000	-	-	-	12,500,000
24/06/2019	18/06/2024	\$ 0.50	12,500,000	-	-	-	12,500,000
24/06/2019	18/06/2024	\$ 0.60	25,000,000	-	-	-	25,000,000
<b>Total</b>			<b>100,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000,000</b>

## Directors' Declaration

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In the Directors' opinion:

- a) the financial statements and notes set out on pages 48 to 89 and the remuneration report on pages 16 to 23 of the Directors' Report are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(c) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

On behalf of the Board of Directors



Bruce McInnes  
Executive Chairman

30 September 2022

# Independent Auditor's Report



## RSM Australia Partners

### INDEPENDENT AUDITOR'S REPORT To the Members of Vango Mining Limited

Level 13, 60 Castlereagh Street Sydney NSW 2000  
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500

F +61 (0) 2 8226 4501

[www.rsm.com.au](http://www.rsm.com.au)

#### Opinion

We have audited the financial report of Vango Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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# Independent Auditor's Report continued



Key Audit Matter	How our audit addressed this matter
<p><b>Exploration and Evaluation Assets</b> Refer to Note 2 (q) and Note 16 in the financial statements</p>	
<p>At 30 June 2022, the Group held capitalised exploration and evaluation assets of \$48,666,006. They represent 95% of the total assets of the Group at that date.</p> <p>We consider the carrying amount of these assets under AASB6 Exploration for and Evaluation of Mineral Resources due to the significant management judgement involved, including:</p> <ul style="list-style-type: none"> <li>• Whether the exploration and evaluation spend can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest;</li> <li>• the Group's ability and intention to continue to explore the area;</li> <li>• which costs should be capitalised;</li> <li>• the existence of any impairment indicators (such as the potential that mineral reserves and resources may not be commercially viable for extraction, or that the carrying value of the assets may not be recovered through sale or successful development) – and if so, those applied to determine and quantify any impairment loss; and</li> <li>• whether exploration activities have reached the stage at which the existence of an economically recoverable reserve may be determined.</li> </ul>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Obtaining evidence that the Group has valid rights to explore in the specific areas of interest.</li> <li>• Ensuring that the right to tenure of the areas of interest was current through confirmation with the relevant government departments.</li> <li>• Critically assessing and evaluating management's determination that no indicators of impairment exist.</li> <li>• Agreeing a sample of the additions to capitalised exploration expenditure during the year to supporting documentation, and ensuring that the amounts were capital in nature.</li> <li>• Through discussions with the Group's management team, and review of the Group's ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the point where the existence or otherwise of an economically recoverable mineral resource may be determined.</li> <li>• Confirming that management has not resolved to discontinue activities in the specific area of interest.</li> <li>• Assessing the adequacy of the disclosures in the financial statements.</li> </ul>
<p><b>Provision for site rehabilitation</b> Refer to Note 3 (iii) and Note 20 in the financial statements</p>	
<p>As at the reporting date, the Group had a provision of \$3,614,827 relating to its portion of the estimated future cost of rehabilitation and restoration of its areas disturbed as a result of its operations.</p> <p>The provision for site rehabilitation was considered a key audit matter due to the materiality of the</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the process involved in the determination of the site rehabilitation liability.</li> <li>• Obtaining the calculation for the provision for site rehabilitation and verifying that the</li> </ul>



Key Audit Matter	How our audit addressed this matter
balance, and the significant judgements and estimation uncertainty, and the complexity involved in the quantification of the liability.	<p>methodology used is materially in accordance with the requirements of AASB137, Provisions, Contingent Liabilities, and Contingent Assets.</p> <ul style="list-style-type: none"> <li>• Reviewing the work performed by management's experts on the quantification of the provision for rehabilitation, with reference to the requirements of ASA 500 Audit Evidence, which establishes mandatory requirements in relation to using the work of a management's expert.</li> <li>• Reviewing the key assumptions used in the year end calculation and agreeing them to evidence supporting the assumptions used.</li> <li>• Assessing the appropriateness of the disclosures included in the Group financial statements in relation to the provision for site rehabilitation.</li> </ul>

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report continued



## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf)

This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 16 to 23 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Vango Mining Limited., for the year ended 30 June 2022 complies with section 300A of the Corporations Act 2001.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*RSM*

**RSM Australia Partners**

A handwritten signature in blue ink, appearing to read 'G N Sherwood', with the initials 'GNS' written to the right of the signature.

**G N Sherwood**  
Partner

Sydney, NSW  
Dated: 30 September 2022

## Shareholder and Investor Information

### Quoted Shares

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of shareholders or classes of shareholders:

- a. each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- b. on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a Shareholder has one vote (even though he or she may represent more than one member); and
- c. on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those shares (excluding amounts credited).

### Options

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option. Options have no voting rights unless converted into ordinary fully paid shares.

### Classes of Equity Securities on 25 August 2022

Class of Equity Security	If escrowed, end of escrow period	Number of Holders	Number of Equity Securities
Quoted			
Ordinary fully paid shares	Not applicable	3,031	1,096,869,511
Ordinary fully paid shares	Employee Loan Share Plan - escrowed until payment of Plan Loan	6	163,068,121
<b>Total Shares</b>		<b>3,037</b>	<b>1,259,937,632</b>
Unquoted Options			
Exercise price \$0.21		1	9,864,406
Exercise price \$0.112	Not applicable	1	6,000,000
Performance Options (various exercise prices)		3	75,000,000
<b>Total Options</b>		<b>5</b>	<b>90,864,406</b>

## Shareholder and Investor Information continued

### Quoted Share Holdings

20 Largest Holders by Name of Ordinary Shares and their Share Holdings on 25 August 2022

Rank	Name	Number of Shares	% of Issued Capital
1	BNP PARIBAS NOMINEES PTY LTD<IB AU NOMS RETAILCLIENT DRP>	261,671,490	20.77%
2	BNP PARIBAS NOMS PTY LTD <DRP>	133,312,935	10.58%
3	MR YANCHAO GUO	87,127,687	6.92%
4	SHENGQIANG (SEAN) ZHOU	66,123,203	5.25%
5	BRUCE MCINNES	54,428,087	4.32%
6	MR CHRISTOPHER KUZNETSOFF	42,180,485	3.35%
7	ZHENZHU (CAROL) ZHANG	40,000,000	3.17%
8	AKARING PTY LTD <AKARING A/C>	39,509,689	3.14%
9	MR RUOGU MA	32,928,034	2.61%
10	AJ SILKWOOD PTY LTD <AJ SILKWOOD A/C>	30,000,000	2.38%
11	BROOK & VALLEY PTY LTD <BROOK & VALLEY A/C>	29,346,967	2.33%
12	REAL AUSTRALIA PTY LTD <THE JEHIEL FAMILY A/C>	27,960,000	2.22%
13	KRIS SALES	15,159,936	1.20%
14	WGS PTY LTD	13,988,888	1.11%
15	ZHONGZE CHEN	13,592,000	1.08%
16	MR YI LUAN	12,805,484	1.02%
17	JUN LONG TAI PTY LTD <JUN LONG TAI A/C>	11,124,661	0.88%
18	VANDERFOUR PTY LTD <NEW BEES FAMILY A/C>	11,111,112	0.88%
19	MR MARK CAMILLERI	10,998,490	0.87%
20	MR TERRY LESLIE GALLAGHER	9,000,000	0.71%
<b>Top 20 holders of ORDINARY SHARES (TOTAL)</b>		<b>942,369,148</b>	<b>74.79%</b>

### Distribution of Share Holders and Share Holdings on 25 August 2022

Range	Total holders	Number of Shares	% of Issued Capital
1-1,000	873	289,828	0.023%
1,001-5,000	522	1,481,409	0.118%
5,001-10,000	315	2,472,584	0.196%
10,001-100,000	883	33,179,031	2.633%
100,001-9,999,999,999	444	1,222,514,780	97.030%
<b>Totals</b>	<b>3,037</b>	<b>1,259,937,632</b>	<b>100.00%</b>

### Unmarketable Parcels on 25 August 2022

	Minimum Parcel Size	Holders	Number of Shares
<b>Minimum \$ 500.00 parcel at \$ 0.038 per share</b>	13,157	1,806	5,355,383

## Substantial Shareholders on 25 August 2022

Substantial Shareholder	Number of Shares <sup>13</sup>	Proportion of Issued Shares <sup>14</sup>
Mr Yanchao (Hunter) Guo	163,839,254	13.00%
Dr Zhenzhu (Carol) Zhang	160,757,026	12.76%
Mr Shengqiang (Sean) Zhou	96,123,203	7.63%
Mr Bruce McInnes	69,371,373	5.51%
Jianhua Li	64,000,000	5.08%

<sup>13</sup> Disclosures are based on notifications received from Substantial Holders, and the Company's directors in accordance with the Company's Share Trading Policy and ASX Listing Rules.

<sup>14</sup> Based on 1,259,937,632 outstanding issued shares

## Unquoted Options

At 25 August 2022 there were 15,864,406 unquoted unescrowed options with various exercise prices and expiry dates.

Exercise Price	Holder - if over 20% of option class	Grant Date	Vesting Date	Expiry Date	Number
<b>\$0.210</b>	Blue Ocean Equities Pty Ltd	19 Dec 2019	19 Dec 2019	19 Dec 2022	<b>9,864,406</b>
<b>\$0.112</b>	L39 Pty Ltd <No 12 A/C>	20 Aug 2020	20 Aug 2020	20 Aug 2023	<b>6,000,000</b>
<b>Total</b>					<b>15,864,406</b>

## Distribution of Option Holders and Option Holdings on 25 August 2022

Range	Exercise Price \$0.21			Exercise Price \$0.112		
	Total holders	Number of Options	% of Total Options	Total holders	Number of Options	% of Total Options
1-1,000	-	-	-	-	-	-
1,001-5,000	-	-	-	-	-	-
5,001-10,000	-	-	-	-	-	-
10,001-100,000	-	-	-	-	-	-
100,001-Over	1	9,864,406	100.00	1	6,000,000	100.00
<b>Total</b>	<b>1</b>	<b>9,864,406</b>	<b>100.00%</b>	<b>1</b>	<b>6,000,000</b>	<b>100.00%</b>

On 27 August 2021 there were 100,000,000 unquoted performance options outstanding. The performance options were granted on 18 June 2019 to the Company's directors and are not vested, as subject to various performance hurdles. The performance options were approved on 31 May 2019 by shareholders. 25,000,000 unquoted performance options expired on 18 June 2022 (Categories A and B), with 75,000,000 outstanding at 25 August 2022:

Category	Expiry Date	Exercise Price	AJ Silkwood Pty Ltd as nominee for Mr Shengqiang (Sean) Zhou	Mr BA and Mrs K McInnes	Akaring Pty Ltd as nominee for Dr Zhenzhu (Carol) Zhang	Total Number
C	18 Jun 2024	\$0.30	10,000,000	10,000,000	5,000,000	<b>25,000,000</b>
D	18 Jun 2024	\$0.35	5,000,000	5,000,000	2,500,000	<b>12,500,000</b>
E	18 Jun 2024	\$0.50	5,000,000	5,000,000	2,500,000	<b>12,500,000</b>
F	18 Jun 2024	\$0.60	10,000,000	10,000,000	5,000,000	<b>25,000,000</b>
<b>Total</b>			<b>30,000,000</b>	<b>30,000,000</b>	<b>15,000,000</b>	<b>75,000,000</b>

## Shareholder and Investor Information continued

### Distribution of Performance Option Holders and Performance Option Holdings on 25 August 2022

Range	Total holders	Number of Options	% of Total Options
1-1,000	-	-	-
1,001-5,000	-	-	-
5,001-10,000	-	-	-
10,001-100,000	-	-	-
100,001-Over	3	75,000,000	100.00%
<b>Total</b>	<b>3</b>	<b>75,000,000</b>	<b>100.00%</b>

### Mining Exploration Tenements

The Company holds the following exploration and mining licences.

Project	Location	Tenement	% Held	Status
<b>Plutonic Dome</b>	Western Australia	L52/154	100	Application
		P52/1609	100	Application
		M52/183	100	Granted
		M52/217	100	Granted
		M52/218	100	Granted
		M52/219	100	Granted
		M52/220	100	Granted
		M52/226	100	Granted
		M52/227	100	Granted
		M52/228	100	Granted
		M52/229	100	Granted
		M52/230	100	Granted
		M52/231	100	Granted
		M52/232	100	Granted
		M52/233	100	Granted
		M52/234	100	Granted
		M52/235	100	Granted
		M52/246	100	Granted
		M52/247	100	Granted
		M52/257	100	Granted
		M52/258	100	Granted
		M52/259	100	Granted
		M52/269	100	Granted
		M52/270	100	Granted
		M52/278	100	Granted
		M52/279	100	Granted
		M52/291	100	Granted
		M52/292	100	Granted
		M52/293	100	Granted
		M52/299	100	Granted
M52/303	100	Granted		

Project	Location	Tenement	% Held	Status
		M52/304	100	Granted
		M52/305	100	Granted
		M52/306	100	Granted
		M52/320	100	Granted
		M52/321	100	Granted
		M52/323	100	Granted
		M52/366	100	Granted
		M52/367	100	Granted
		M52/369	100	Granted
		M52/370	100	Granted
		M52/396	100	Granted
		M52/478	100	Granted
		M52/572	100	Granted
		M52/593	100	Granted
		M52/654	100	Granted
		M52/748	100	Granted
		M52/779	-	JV
		M52/780	-	JV
		M52/781	-	JV
		M52/782	-	JV
		E52/2071	100	Granted
		E52/2072	100	Granted
		E52/2440	-	JV
		E52/2456	-	JV
		E52/2468	-	JV
		E52/2493	-	JV
		E52/2734	-	JV
		E52/3473	-	JV
		E52/3476	-	JV
		L52/188	100	Granted
		P52/1587	100	Granted
		P52/1588	100	Granted
<b>SARCO</b>	Laos	Yuqida	17.15 <sup>15</sup>	Granted

<sup>15</sup> The SARCO (Sino Australian Resources Co., Limited) is a joint venture between Vango (49%) and NFC-China (51%). LSI66 is 51% owned by SARCO and Yuqida is 35% owned by SARCO (moving to 49% post grant of mining lease).

### JORC compliant Mineral Resource Estimate (ASX Announcement dated 20 May 2020)

There are no material changes in the mineral resources holdings in the period between the date of annual review of the mineral resources and the date of this report (25 August 2022).

## Shareholder and Investor Information continued

### MARYMIA GOLD PROJECT JORC 2012 MINERAL RESOURCE ESTIMATE - MAY 2020

Deposit	Cut-off	Indicated			Inferred			Total		
Mineral Resource	Au g/t	K t	g/t	K oz	K t	g/t	Oz	K t	g/t	K oz
Open Pits	0.5	5,300	1.8	311	2,950	1.6	150	<b>8,250</b>	<b>1.7</b>	<b>461</b>
Underground	3.0	1,142	9.6	352	992	5.9	189	<b>2,134</b>	<b>7.9</b>	<b>541</b>
<b>Total</b>		<b>6,442</b>	<b>3.2</b>	<b>663</b>	<b>3,942</b>	<b>2.7</b>	<b>339</b>	<b>10,384</b>	<b>3.0</b>	<b>1,002</b>

Mineral Resources reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (Joint Ore Reserves Committee Code - JORC 2012 Edition).

Open pit resources reported within optimised conceptual pit shells at A\$2,500/oz gold price above a 0.5 g/t Au cut off and include oxide, transition and fresh material.

Trident underground resources are retained as first reported 18 April 2019<sup>1</sup> above a 3.0 g/t Au cut-off grade, and modelled at a gold price of A\$2,000/oz, on the basis that the information has not materially changed since last reported. Other underground resources reported above a 3.0 g/t Au cut off (with minor 2.5 g/t Au cut-off material included for continuity purposes) and includes fresh material only.

Totals may differ due to rounding, Mineral Resources reported on a dry in-situ basis.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and that in the case of estimates, the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

### Securities Exchange Listing

The Company's ordinary shares are listed on the Australian Securities Exchange. The Company's ASX code for quoted ordinary shares is VAN.

### On-Market Buy Back

There is no on-market buy-back.

### Glossary of Terms

<b>Au</b>	gold
<b>EM</b>	electromagnetic
<b>g</b>	metric gram
<b>g/t</b>	metric gram per metric tonne
<b>km</b>	kilometres
<b>k</b>	thousand
<b>K oz</b>	thousand ounces
<b>tpa</b>	metric tonnes per annum
<b>oz</b>	ounce
<b>RC</b>	reverse circulation drilling, usually in the context of drilling or drill holes
<b>t</b>	metric tonnes





Aurora Place  
Building 1, Level 29  
88 Phillip Street  
Sydney NSW 2000  
Australia