

REGIONAL GOLD POTENTIAL SIGNIFICANTLY ENHANCED THROUGH FARM-IN AGREEMENT ADJACENT TO NED'S CREEK

- Vango announces strategic farm-in arrangement involving Lodestar Minerals with Vango Mining's tenements immediately north of Lodestar's Contessa and Brumby discoveries at Ned's Creek.
- Lodestar to earn up to 80% of Vango's Yowereena project by meeting minimum expenditure requirements for 12 months while Vango focuses on the development of its K2 gold deposit.
- Agreement further consolidates the key Jenkin Fault structure in an emerging gold region with considerable untested potential.
- High priority historic gold targets at Boundary Fence prospect and numerous untested anomalies from reconnaissance drilling.
- Proposed \$1.2 million funding facility from Lodestar Chairman Ross Taylor to fund extensive, high-impact regional drill programs commencing in April.

Vango Mining Limited ("Vango" or "the Company") (ASX: VAN) is pleased to advise that it has entered into a farm-in agreement (the "Agreement") with West Australian gold explorer Lodestar Minerals Limited ("Lodestar") (ASX: LSR) over the Yowereena tenements ("Yowereena"). Yowereena is located on four granted Mining Leases immediately north of the Contessa and Brumby prospects on Lodestar's 100% owned Ned's Creek project (see Figures 1 and 3).

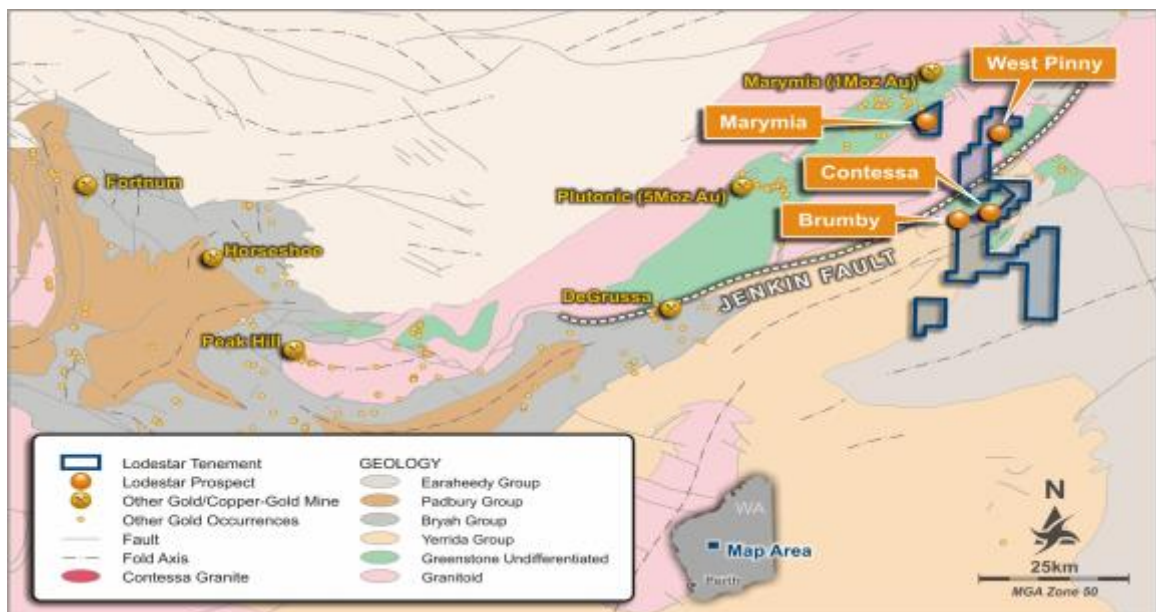


Figure 1: Ned's Creek project, showing prospect locations.

Lodestar's work program at Ned's Creek over the past 12 months has been focused on the Contessa and Brumby gold discoveries and recent results have resulted in the generation of a new geological model. This model indicates the potential for two forms of gold mineralisation within Ned's Creek: higher-grade, diorite and syenite-hosted mineralisation associated with the Contessa granite contact and lower-grade, syenite-hosted mineralisation within the granite structure (see Figure 2). Drilling at Contessa has encountered widespread and significant supergene gold mineralisation in shallow zones and the most recent round of aircore drilling, which intersected anomalous gold in the deeper transition zone (see Lodestar's ASX announcement dated 1st December 2016), suggests a primary source is located nearby.

The Agreement to farm-in to Yowereena will more than double Lodestar's exploration foothold over the Contessa granite from 7 kilometres to 15 kilometres. Lodestar believes the consolidation of this emerging gold target through the Agreement is strategically important and will capitalise on Lodestar's geological understanding of intrusion-related gold in the region. The Agreement requires only relatively minimal financial commitments in the next 12 months (A\$357,000) and Yowereena's existence on four granted Mining

Leases will facilitate an expedited development pathway in the event of a future gold discovery.

Commenting on the Agreement, Lodestar Managing Director Bill Clayton said:

"Lodestar's systematic exploration of the Ned's Creek project has confirmed we are working with a large, mineralised gold system so the ability to secure a controlling position in the interpreted northern extension of the key geological structure makes considerable commercial sense.

"We will continue to build on the work we have done at Ned's Creek in the past four years and apply this knowledge to Yowereena where, together, we see great potential for a larger regional gold play.

"The strong support of this strategy demonstrated by a proposed \$1.2 million financing facility from Chairman and major shareholder Ross Taylor is another important indication of the confidence Lodestar has in its prospective ground position and we look forward to our next drill program in the June quarter."

Yowereena has a number of attractive walk-up, drill ready gold targets. Lodestar's exploration along the southern and western granite contacts is on-going and it is anticipated that additional gold targets will be identified on the northern sheared granite margin within Vango's Yowereena tenements as exploration progresses.

Yowereena Project

The Yowereena project covers 35.7km² on four granted Mining Leases (MLs 52/779, 52/780, 52/781 and 52/782) in the Peak Hill Mineral Field of Western Australia. The southern boundary of the project area abuts the northern boundary of Lodestar's Ned's Creek project (see Figure 3).

The Yowereena area includes a sequence of Archaean supracrustal rocks, including mafic and ultramafic schists, felsic schists and cherts that form part of an extensive belt of deformation associated with the Jenkin Fault, on the southern margin of the Marymia Inlier.

Work completed by Vango and previous explorers at Yowereena has identified a number of high priority gold targets within the project area. Exploration commenced in 1992 to 1993, resulting in the discovery of the Boundary Fence gold prospect. This early work concluded 20 years ago in 1997 with a single phase of RC drilling at Boundary Fence. Between 2000 and 2001, Homestake completed reconnaissance RAB drilling and shallow geochemical drilling to test areas beneath transported cover. Although this work identified a number of significant gold anomalies there has been no follow-up drilling since 2001 and the northern contact of the Contessa granite is completely untested.

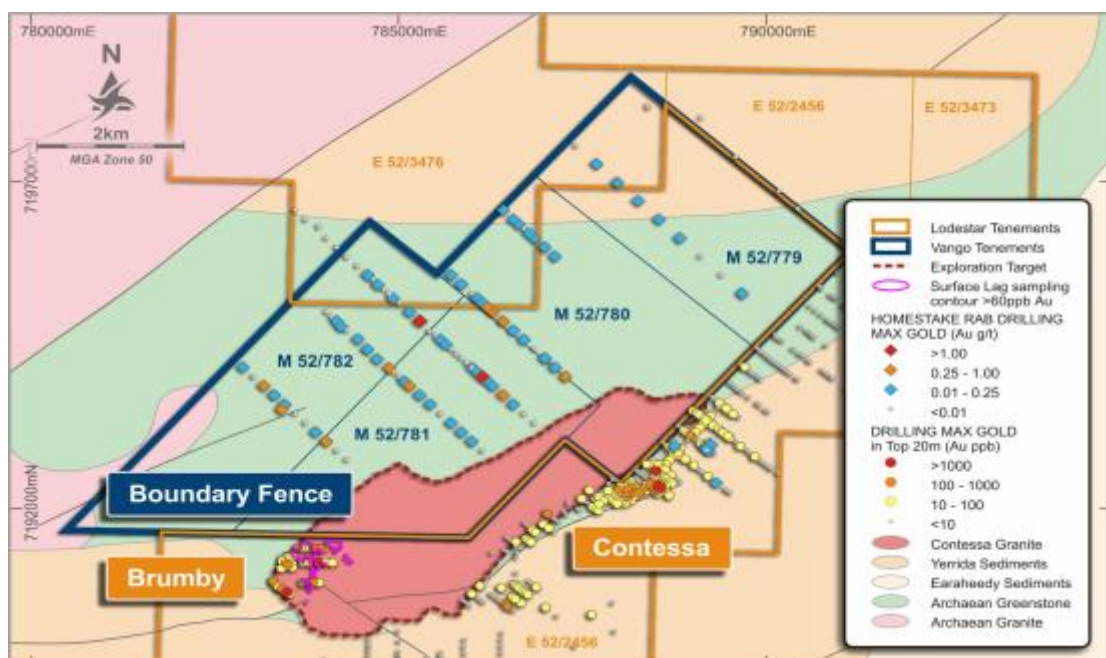


Figure 3: Vango Mining's Yowereena tenements showing the Boundary Fence prospect, Homestake RAB drilling, Lodestar's gold anomalies shown on the southern margin of the Contessa granite and Lodestar's surrounding tenements.

Contessa Granite

One of the key attractions of the Yowereena project area is the northern contact of the Contessa granite which is interpreted to extend from Lodestar's Ned's Creek area into the Vango ground. This northern contact has not been tested for the intrusion-related style of gold mineralisation discovered at Contessa and Brumby. The composition and structural setting of the northern contact is believed to be similar to the southern contact and furthermore is not concealed beneath Proterozoic sedimentary rocks, making it more accessible for surface exploration and drilling. The surface gold anomalies defined by Lodestar at Brumby are interpreted to continue up to Lodestar's tenement boundary, demonstrating that the fertile hydrothermal system extends north along the western granite contact.

Boundary Fence

The Boundary Fence prospect is a 500m long gold in soil anomaly with numerous significant gold drill intersections. RAB drilling completed in 1994 tested the soil anomaly and reported supergene intersections of greater than 1g/t gold¹. The drill intersections listed below are taken from historic company reports (see Table 1 and Figures 3 & 4). These results have not been reported under JORC 2012 reporting standards and cannot be confirmed, but are intended to demonstrate the area's prospectivity:

- 13m at 10.52g/t Au from 45m in YHR-54 (down hole lengths, true thickness not known)
- 7m at 2.08g/t Au from 8m in YHR-61
- 7m at 2.42g/t Au from 29m in YHR-63

The 500m long anomaly, believed to be related to an outcropping quartz reef, was tested by six wide-spaced RC drill holes targeting a shallow-dipping mineralised lode². Drilling did not confirm the previously interpreted shallow

¹ See Yowereena Hill project E52/527 (Sector B) Annual Report for 1993 submitted by Marymia Exploration NL. Western Australia Department of Mines and Petroleum open file report no. A41787 and Yowereena Hill joint venture E52/527 (Sector B) Annual Report for 1994 submitted by Marymia Exploration NL. Western Australia Department of Mines and Petroleum open file report no. A41789.

² See Yowereena Hill joint venture E52/527 (Sector B) Annual Report for 1997 submitted by Marymia Exploration NL. Western Australia Department of Mines and Petroleum open file report no. A51536.

dip to the mineralisation but did report significant additional gold intercepts within the anomaly that remains largely untested below the depth of oxidation. The RC drilling was completed in 1997 and there has been no further work over the prospect.

Homestake

Regional reconnaissance RAB and aircore drilling conducted by Homestake Gold in 2000 encountered anomalous gold across a number of areas. These anomalies have not been followed up. The drilling was conducted by Homestake on traverses spaced 800m and up to 1,400m apart to test areas under shallow transported cover. A number of anomalous intersections (>0.1g/t Au) were reported, up to a maximum 4m at 1.139g/t Au from 76m in YHRB0009³.

³ See Annual Report, Technical Report No. 996 for 2000 submitted by Homestake Gold of Australia Limited. Western Australia Department of Mines and Petroleum open file report no. A62465.

Key Terms of the Agreement

The Agreement between Vango and Lodestar contains the following key terms:

- Lodestar to earn an 80% interest in the tenements by sole-funding the minimum total annual expenditure on all tenements (a total of \$357,000, as listed in Appendix 1) within a 12-month period.
- Tenements to be in good standing.
- Lodestar may withdraw from the Agreement during the 12-month earn-in period and will retain no interest in the tenements.
- Following the earn-in period, Vango has the right to claw back up to a 30% participating interest in the tenements by repaying to Lodestar:
 - An amount equal to the percentage advised in the claw back notice multiplied by the higher of the deemed independent market value of the tenements as at the end of the earn in period and the amount expended by Lodestar in earning its initial interest.
- Once Lodestar has satisfied its earn-in obligations, Vango may elect to contribute on a pro-rata basis or dilute their interest according to the standard industry formula.

Bruce McInnes
Executive Chairman
Vango Mining Limited

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Bill Clayton, Managing Director, who is a Member of the Australasian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, 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, Mineral Resources and Ore Reserves. Mr Clayton consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.



The information in this announcement that relates to previously released exploration results was disclosed under JORC 2012 in the ASX announcement dated 1st December 2016 “Contessa – Brumby Aircore Drilling Results”. This announcement is available to view on the Lodestar website. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.