

26 August 2016

Letter to Convertible Note Holders

Dear Convertible Note holder

NOTICE TO CONVERTIBLE NOTE HOLDERS - ENTITLEMENT OFFER

We refer to the unsecured convertible redeemable notes issued by Vango Mining Limited ACN 108 737 711 (**Company**) with a face value of \$1.00 each and a maturity date on or about 28 May 2017 which are held by you (**Convertible Notes**).

As announced by the Company to ASX on 26 August 2016, the Company intends to lodge a prospectus on or around 5 September 2016, offering eligible shareholders the opportunity to acquire options (**Options**) over fully paid ordinary shares in the capital of the Company (**Shares**) through a pro-rata non-renounceable entitlement issue of one (1) Option for every two (2) Shares held on the record date at an issue price of \$0.001 per Option, with each Option having an exercise price of \$0.06 and expiring on 15 March 2018, to raise up to \$187,792 (before expenses) (**Entitlement Offer**). The Options are expected to be listed subject to compliance with ASX Listing Rules.

The Entitlement Offer is fully underwritten by KS Capital Pty Limited (ACN 124 761 557)(AFSL No. 316880).

Your Convertible Notes do not contain any right to participate in the Entitlement Offer. In accordance with the terms and conditions of your Convertible Notes, you are granted a period of at least 10 business days before the Record Date under the Entitlement Offer to convert your Convertible Notes. This letter informs you of the Company's intention to undertake the Entitlement Offer, for the purposes of you being able to convert your Convertible Notices in accordance with their terms and be issued with the associated Shares prior to the Record Date for determining entitlements in relation to the Entitlement Offer.

Should you wish to convert your Convertible Notes and thereby be eligible to participate in the Entitlement Offer (in respect of the Shares allotted and issued to you upon exercise of your Options), you must deliver to the registered office of the Company **by no later than 9 September 2016** the following:

- 1 a completed conversion notice in the form attached to the deed poll containing the terms and conditions attaching to your Convertible Notes specifying the number of Convertible Notes to be converted (**Conversion Notice**); and
- 2 either:
 - (a) your original Convertible Note certificate(s); or
 - (b) a statutory declaration from you declaring that your Convertible Note certificate(s) has or have been lost, stolen, defaced or destroyed, and containing an indemnity in favour of the Company in respect of any claim, action, damage, loss, liability, cost, charge, expense outgoing or payment arising from that declaration, on terms satisfactory to the Company.

Each Conversion Notice must relate to the conversion of Convertible Notes with an aggregate face value of which is at least \$10,000 and a multiple of \$5,000, unless the relevant conversion is of all Convertible Notes registered in your name. Each Conversion Notice must comply with any other terms which your Convertible Notes may require.

Conversion Notices are available from Mark Camilleri, Company Secretary, on +61 407 666 937.

Only shareholders with a registered address in Australia are eligible to participate in the Entitlement Offer. Therefore, if you are not a resident of Australia, you will not be entitled to participate in the Entitlement Offer even if you convert your Convertible Notes.

Before deciding whether to convert all or any of your Convertible Notes, you should consider the terms of the Entitlement Offer and, if necessary, consult with your professional advisor.

If you do not wish to convert your Convertible Notes and participate in the Entitlement Offer you do not need to take any action.

Should you have any queries please contact the Company Secretary on +61 407 666 937.

Yours faithfully

Company Secretary
Mark Camilleri