

27 October 2014

ASX Market Announcements
By: e-lodgement

Notice of Annual General Meeting and Annual Report

Please be informed that the Notices of Annual General Meeting for Thursday, 27 November 2014 (to be held at Adina Apartment Hotel Perth, 33 Mounts Bay Road, Perth, WA 6000) and the company's Annual Reports have been despatched today.

Copy of the Notice of Annual General Meeting and the Annual Report is attached.

Yours sincerely



Neville Bassett
Company Secretary



Notice of Annual General Meeting

Explanatory Statement

and

Proxy Form

TIME

11.00am (WST)

DATE

Thursday 27 November 2014

PLACE

Adina Apartment Hotel Perth
33 Mounts Bay Road
Perth WA 6000

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of Vector Resources Limited (**Vector** or the **Company**) will be held on Thursday, 27 November 2014, commencing at 11.00am (WST) at the Adina Apartment Hotel Perth, 33 Mounts Bay Road, Perth, Western Australia.

The enclosed Explanatory Statement accompanies and forms part of this Notice of Annual General Meeting.

AGENDA

ORDINARY BUSINESS

Accounts and Reports

To receive and consider the annual financial report for the financial year ended 30 June 2014, together with the reports by directors and auditors thereon.

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

Resolution 1 - Adoption of Remuneration Report

That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report set out in the Company's Annual Report for the financial year ended 30 June 2014 be adopted.

***Note:** The vote on this resolution is advisory only and does not bind the directors of the Company.*

Voting Exclusion Statement:

Pursuant to section 250R(4) of the *Corporations Act*, the Company is required to disregard any votes cast on Resolution 1 (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member (together "prohibited persons").

However, the Company will not disregard a vote if:

- (c) the prohibited person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (d) the vote is not cast on behalf of a prohibited person.

Resolution 2 - Re-election of Director Mr Brian Williams

That, Mr Brian Williams, being a Director of the Company who retires in rotation in accordance with Clause 6.3(c) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.

Resolution 3 – Issue of Convertible Notes

That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Directors be authorised to:

- (a) issue up to 1,850,000 Convertible Notes at a price of \$1.00 per Note; and*
- (b) issue upon the conversion of up to 1,850,000 convertible notes with a face value of \$1,850,000 such number of Shares to be determined at a conversion price of the lesser of:
 - (i) the lowest issue price of new Shares during the conversion period; or*
 - (ii) the price that is 80% of the average market price of the Company's ordinary fully paid shares calculated over the last five days on which sales were recorded before the date of conversion and issue,**

and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting Exclusion Statement:

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD

Neville Bassett
Company Secretary
17 October 2014

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders to which this Notice relates will be held at 11.00am (WST) on Thursday, 27 November 2014 at:

Adina Apartment Hotel Perth
33 Mounts Bay Road
Perth WA 6000

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to *Regulation 7.11.37* of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 11.00am (WST) time on Tuesday, 25 November 2014.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

Sections 250BB and 250BC of the *Corporations Act* provide that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the *Corporations Act* provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the *Corporations Act* provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of members of Vector Resources Limited (“the Company”) in connection with the business to be conducted at the Annual General Meeting of members to be held at the Adina Apartment Hotel Perth, 33 Mounts Bay Road, Perth, Western Australia on Thursday, 27 November 2014 at 11.00am (WST).

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice.

2. 2014 ANNUAL REPORT

In accordance with the requirements of the Company’s Constitution and the *Corporations Act*, the 2014 Annual Report will be tabled at the Annual General Meeting. Shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Report. There is no requirement for a formal resolution on this item.

Representatives from the Company’s auditors, Grant Thornton, will be present to take shareholders’ questions and comments about the conduct of the audit and the preparation and content of the audit report.

Annual Report Online

Shareholders who have not elected to receive a hard copy of the Annual Report can access the report on the Company’s website at www.vectorresources.com.au

3. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

3.1 General

The *Corporations Act* requires that at a listed company’s Annual General Meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors of the Company.

Pursuant to the *Corporations Act*, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company’s 2015 Annual General Meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of the Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company’s 2015 Annual General Meeting. All of the Directors who were in office when the Company’s 2015 Directors’ Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

At the Company’s previous Annual General Meeting the votes cast against the remuneration report considered at that Annual General Meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ended 30 June 2014.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

3.2 Proxy Restrictions

Pursuant to the *Corporations Act*, if you elect to appoint the Chair, or another member of the Key Management Personnel or any Closely Related Party as your proxy to vote on this Resolution 1, ***you must direct the proxy how they are to vote***. Where you do not direct the Chair, or another member of the Key Management Personnel or Closely Related Party on how to vote on this Resolution 1, the proxy is prevented by the *Corporations Act* from exercising your vote and your vote will not be counted in relation to Resolution 1.

4. RESOLUTIONS 2 - RE-ELECTION OF DIRECTORS

Resolutions 2 relates to the re-election of Mr Williams as Director.

In accordance with the requirements of Clause 6.3(c) of the Company's Constitution and the *Corporations Act*, one-third of the directors of the Company retire from office at this Annual General Meeting of the Company. Mr William retires by rotation and, being eligible, offers himself for re-election.

A summary of the qualifications and experience of Mr Williams is provided in the Annual Report.

5. RESOLUTION 3 – ISSUE OF CONVERTIBLE NOTES

Resolution 3 of the Notice seeks Shareholder approval for:

- (a) the issue of up to 1,850,000 Convertible Notes at a price of \$1.00 per Note; and
- (b) the issue upon the conversion of up to 1,850,000 convertible notes with a face value of \$1,850,000 such number of Shares to be determined at a conversion price of the lesser of:
 - (i) the lowest issue price of new Shares during the conversion period; or
 - (ii) the price that is 80% of the average market price of the Company's ordinary fully paid shares calculated over the last five days on which sales were recorded before the date of conversion and issue.

On 28 July 2014 the Company announced that it had arranged for full repayment of its existing secured debt facility, to be replaced by unsecured convertible notes ("Notes") with a face value of \$1,850,000. The issue of the Notes and the conversion of the Notes to Shares is conditional on Shareholder approval. The principle terms of the Notes are as detailed in (c) below.

The number of Shares that may be issued by the Company upon the conversion of Notes may exceed the 15% threshold requiring shareholder approval. To retain the Company's 15% equity security placement capability, shareholder approval is being sought for the issue of Shares on conversion of Notes so as to allow the issue of further securities in the future, without the necessity for Shareholder approval.

In compliance with the information requirements of *ASX Listing Rule 7.3* members are advised of the following particulars in relation to the issue of the Notes and of Shares on conversion of Notes:

- (a) the amount of funds raised by the Notes is \$1,850,000. A Note will convert into the number of Shares calculated by dividing that part of the amount provided as an advance pursuant to the Note, the face value, by the Conversion Price as described in (c) below.
- (b) the Notes will be issued to sophisticated and professional investors as defined in section 708 of the *Corporations Act*.
- (c) The principle terms of the Notes are as follows:

Face Value:	\$1.00 each
Redemption Date:	12 months from date of issue
Coupon Rate:	Nil
Conversion Price:	The lesser of: <ul style="list-style-type: none">(a) the lowest issue price of new Shares during the conversion period; or(b) the price that is 80% of the average market price of the Company's ordinary fully paid shares calculated over the last five days on which sales were recorded before the date of conversion and issue.
Conversion Period:	Convertible, in whole or in part, by the Noteholder at any time from the date of issue and prior to the Redemption Date.
Security:	Unsecured
ASX:	The Company will not apply to ASX for quotation of the Notes. Upon conversion of a Note, the Company will apply for quotation of the Shares issued pursuant to the conversion.

- (d) the terms and conditions of the Shares issued upon conversion of Notes will be the same as the Shares in the Company already on issue and will from the date of issue rank equally in all respects with the then existing Shares.
- (e) Funds raised of \$1,850,000 have been used to repay secured debt of \$1,550,000 and for working capital.
- (f) The issue of Notes will occur on one date, no later than three months after the date of this Meeting. Allotment of Shares will occur progressively upon the conversion of Notes.

6. DEFINITIONS

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASX means ASX Limited ABN 98 008 624 691.

ASX Listing Rules means the official listing rules of ASX.

Board means the current board of directors of the Company.

Constitution means the Company's Constitution.

Closely Related Party of a member of the Key Management Personnel means:

- (a) A spouse or child of the member;
- (b) A child of the member's spouse;
- (c) A dependent of the member or the member's spouse;
- (d) Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) A company the member controls; or
- (f) A person prescribed by the *Corporations Regulations 2001* (Cth).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means this Explanatory Statement.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this Notice of Annual General Meeting including the Explanatory Statement and the Proxy Form.

Remuneration Report means the remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2014.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a fully paid ordinary share in the capital of the Company.

Vector or **the Company** means Vector Resources Limited ABN 99 107 541 453.

PROXY FORM

The Secretary
Vector Resources Limited
PO Box 1325
West Perth WA 6872 Fax: (08) 9381 9888

I/We (full name) _____
of _____
being a member(s) of Vector Resources Limited, hereby appoint as my/our proxy

_____ of _____
or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the Annual General Meeting of the Company to be held at 11.00am (WST) on Thursday, 27 November 2014 and at an adjournment thereof in respect of _____ % of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

RESOLUTIONS

		FOR	AGAINST	ABSTAIN
1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Director Mr Brian Williams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Where permitted, the Chairperson intends to vote all undirected proxies in favour of all resolutions.

If the member is an individual or joint holder:

Usual Signature

Usual Signature

If the member is a Company:

Signed in accordance with the Constitution of the Company in the presence of:

Director/Sole Director

Director/Secretary

Sole Director and Sole Secretary

Dated this _____ day of _____ 2014.

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. A proxy is not entitled to vote unless the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed is either deposited at the registered office of the Company (refer below) or sent by facsimile to that office on fax 08 9381 9888 to be received not less than 48 hours prior to the time of the Meeting.
5. Signing Instructions

Individual: where the holding is one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting.

6. Important for Resolution 1

If the Chair of the Meeting or any member of the Key Management Personnel of the Company or a Closely Related Party of a member of the Key Management Personnel of the Company is your proxy and you have not directed the proxy how to vote on Resolution 1, the proxy will be prevented from casting your votes on Resolution 1. If the Chair, another member of the Key Management Personnel of the Company or Closely Related Party of a member of the Key Management Personnel is your proxy, in order for your votes to be counted on Resolution 1, you must direct your proxy how to vote on Resolution 1.

LODGING YOUR PROXY FORM

To be valid, your proxy form (and any Power of Attorney under which it is signed) must be received at the address given below no later than 11.00am (WST) on Tuesday, 25 November 2014. Any proxy form received after that time will not be valid for the scheduled meeting.

In person: Vector Resources Limited
Suite 4, Henry James Building
8 Alvan Street
Subiaco WA 6008

By mail: Vector Resources Limited
PO Box 1325
West Perth WA 6875

By fax: (08) 9381 9888

Vector Resources Limited

and Controlled Entities

ABN 99 107 541 453



vector
resources ltd

Annual Report

For the year ended 30 June 2014



CORPORATE DIRECTORY

Directors

Gary Castledine	Non-executive Chairman
Glyn Povey	Managing Director
Neville Bassett	Non-executive Director
Brian Williams	Non-executive Director

Company Secretary

Neville Bassett

Registered Office and Principal Office

Suite 4, Henry James Building
8 Alvan Street
Subiaco WA 6008

Tel: +61 (0)8 6188 7800
Fax: +61 (0)8 9381 9888
Email: contact@vectorresources.com.au
Website: www.vectorresources.com.au

Postal Address

PO Box 1325
West Perth WA 6872

Auditors

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
West Perth WA 6005

ASX Code

VEC

Share Registry

Link Market Services Limited
Level 4, Central Park
152 St Georges Terrace
PERTH WA 6000

Tel: +61 (0)8 9211 6670
Fax: +61 (0)8 9211 6660



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REVIEW OF ACTIVITIES

Overview

Vector Resources Limited (“Vector” or the “Company”) is a Western Australian focused resource company. During the financial year, Vector continued to evaluate its asset portfolio and concentrate on the implementation of the trial bulk sample program as part of the Gwendolyn East Cutback Project.

The company carried out major reviews of its projects within the three major hubs of Southern Cross, Leonora and Earahedy Basin during the financial year. These reviews based on additional data allowed the company to determine the potential viability of the projects moving forward for determination of release or retention.

Mt Dimer (M77/427, M77/428, M77/957, M77/958, M77/965, E771992, E77/2050, P77/4081 & P77/4086)

The Mt Dimer Project located in the Archaean Diemals-Marda Greenstone Belt contains proven high-grade quartz hosted gold mineralisation, this ground covers 2,480.6 hectares. During the year, the company carried out reviews on the previous exploration reverse circulation (RC) drilling and the twenty-two potential targets identified through the aeromagnetic and geochemical data. This review interrogated the current open Program of Works (POW) targets, totalling 24,633 metres of RC and air-core drilling. This planned drilling was postponed as the company concentrated on the Gwendolyn Project.

The company continued its environmental monitoring of the two main tenements M77/427 and M77/428 during the year. This monitoring is of historical disturbance and the rate of regrowth on rehabilitated areas. The company re-established a historical monitoring bore of the Mt Dimer tails dam and carried out weed control measures in locations near the existing open pits.

Gwendolyn (M77/1263 & E77/1580)

The Gwendolyn East Cutback Project consist of tenements M77/1263, E77/1580, G77/119 and three miscellaneous licenses covering more than 487 hectares located within a historic mined area. During the year, the company secured the debt funding to carry out a bulk sample program which formed part of the Phase 1 operations of the Gwendolyn East Cutback Project Mining Proposal.

In January 2014, the company completed the grade control program over two of the four pits (A and B) that formed the Gwendolyn East Cutback Project Phase 1. The data from this grade control was used to bolster the previous data set of recent exploration drilling and historic data used to develop the Gwendolyn resource. Refined mine designs were completed in March 2014 and economic modelling showed the viability of commencing the bulk sample program. The main aim of this bulk sample was to test the variability of the deposit based on the coarse gold affect and provide further surplus cash to continue Phase 1 operations and other exploration activities within the company’s portfolio.

Figure 1 & 2: Gwendolyn Pit 'A' Photo During Grade Control – Looking South-east to South-west



Figure 3 & 4: Gwendolyn Pit 'B' Photo During Grade Control – Looking North-east and South-west



In late March 2014, key personnel were mobilised to site in preparation for the arrival of temporary infrastructure and mining equipment. Infrastructure and mine access was completed in the first week of April and mining operations commenced on the 4 April 2014. The planned bulk sample was targeting sufficient tonnes of ore from the two pits for toll processing at the *Greenfields Mill* in Coolgardie to give the company a set of 'Nugget Factor Parameters' to work with on future modelling work.

Mining operations of the bulks samples from Pits A and B were completed on the 4 June 2014 without issue. Additional auger drilling was carried out on each 2.5 metre flitch and tested on-site for gravity content with the aim to gain additional ore on the perimeter of the model blocks.

Figure 5-12: Gwendolyn Pits ‘A&B’ Photos of Some Auger Drilling Results



The results from auger samples were encouraging for the identification of additional material just outside the block boundaries. Mining was sequenced between the two pits to allow time for the auger sampling while maximising equipment utilisation. The use of six-wheeled articulated dump trucks allowed for effective mining parameters allowing a reduction in the strip ratios.

Mining flitches were at 2.5 metres utilising conventional free dig excavator and load haul operations. No drilling or blasting was required during the bulk sample. Site personnel numbers were maintained at low levels with the use of multi-skilled machine operators as part of the Hampton workforce. During the mining operations, the site experienced four major rain events which had no impact on the mining activities due to type of equipment selected.

Figure 13 & 14: Gwendolyn Photos of Pits ‘A&B’ Excavations



Road train haulage operations were scheduled for late in April but access to public road due to rain, delayed the commencement. Haulage operations commenced 6 May 2014, utilising a “B” double plus one configuration. Hampton Mining & Civil Services was contracted to carry out this work at various road train numbers based on maintaining a minimal mine run-of-mine (ROM) stockpile. Road haulage operations were carried out on a continuous 24-hour cycle with vehicle movements varying between eight to sixteen return cycles during a day. Haulage was carried out from the mine site to the *Greenfields Mill* toll processing facility. The first batch of ore processing commenced when 13,000 tonnes of ore were transported to the mill’s ore pad.

Figure 15-19: Gwendolyn Photos of Pits 'A&B' ROM Pads



On the 11 June 2014, the milling campaign commenced at the toll processing facility in Coolgardie. On the 26 June 2014, the first gold pours and GIC balance was completed and reconciled against the model head grades which showed the head grade significantly lower than the model predictions. Haulage was completed on the 2 July 2014 and processed on the 4 July 2014 with a reconciled recovered grade for the bulk sample of 3.35g/t.

The bulk sample campaign produced 3,150 Au ounces with the average mill feed grade achieved significantly below the company's expectations based on the independent assessment from the grade control model. The gold recovery was insufficient to cover the costs of the milling campaign.

Based on the results of the bulk sample, the company has been reviewing the metal balance and reconciling back to the block model. Future mining operations at Gwendolyn are on hold pending completion of the review.

Mt Palmer (E77/1318 & P77/3678)

The Mt Palmer Project comprising an Exploration Licence 77/1318 and a Prospecting Licence 77/3678 is located 32km east of Southern Cross. Mt Palmer is part of the Southern Cross Greenstone Belt of the Yilgarn Block. The 180km long Archaean greenstone belt is host to a number of past and present gold producers. The area has seen historic gold production (315,203 tonnes grading 15.6 g/t for 158,000 ounces of gold) prior to the Second World War.

During the year, the company carried out a review of the ground associated with the Mt Palmer Project and relinquished a portion of ground on E77/1386 as no targets of interest were identified. The company intends to concentrate its focus on the POWs for E77/1318 and P77/3678 consisting of a drilling campaign of 129 RC drill holes.

Great Bingin (M77/1255)

The Great Bingin Project is located approximately 30km north of Bullfinch. The lease lies within an east-west orientated peninsular which is surrounded on all but the western side by Lake Deborah. The company has maintained its approved POW to undertake RC drilling consisting of 52 RC drill holes. This program aims to test the mineralisation at depth, and confirm the extension of mineralisation above and below the old workings and the potential extension of mineralisation along strike.



Athenia (M77/1260)

The Athenia Project consists of a Mining Lease 77/1260 which is located approximately 8km northwest of Southern Cross. This lease covers a group of old shafts and workings that form part of the historic Athenia gold workings. The company has maintained its approved POW for this Project that consists of 29 RC drill holes that are aimed to target the sediment and mafic contact zones.

Earaheedy JV (50% Vector Resources Limited/50% Cazaly Resources Limited)

Vector and Cazaly Resources Limited (ASX:CAZ) (collectively the Earraheedy Joint Venture, "EJV") had a farm-in agreement with Anglo American, covering a large part of the Earraheedy East Iron Project in the Wiluna region of Western Australia. Anglo American had the opportunity to earn 75% interest via staged payments of up to \$51m and the completion of a Bankable Feasibility Study. On 3 April 2014, it was announced that Anglo American had withdrawn from the EJV due to prolonged delays in access to ground for exploration. Anglo American is responsible for all rehabilitation required and the tenements under the EJV were surrendered.

Clampton (E77/1591)

The company's review of the large land holding associated with the Clampton Project identified small targets hoped to be possibly associated with the "Clampton Shear Zone". Further fieldwork during the year identified a very low potential of mineralisation characteristics and no relation to mid-ranged historical mining activities. The company made the decision in May 2014 to surrender this ground from the company's portfolio.

Muriels Extension (M37/611, P37/7580 - P37/7587)

During the year, the company completed a review of the data from aeromagnetic surveys and field programs with the intent to conform historical reports on the area. During this internal and external review, correlations of historic and new data could not be determined and the recommendations of the review were to stop further work and take steps to release the project from the company's portfolio.



DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities (Group) for the financial year ended 30 June 2014.

The names of the Directors and Company Secretary in office at any time during or since the end of the year are:

Glyn Povey	Managing Director
Gary Castledine	Non-executive Chairman
Neville Bassett	Non-executive Director and Company Secretary
Brian Williams	Non-executive Director
Jianhua Sang	Non-executive Director – Resigned 28 November 2013

PRINCIPAL ACTIVITIES

The principal activity of the Group is to identify and acquire interests in and value – add to mineral exploration and mining opportunities both in Australia and overseas.

REVIEW OF OPERATIONS

Operating Activities

A detailed review of the operations of the Group is contained in the *Review of Activities*.

New Opportunities

The Company continues to focus on identifying and securing 'company making' projects and opportunities. The Board has adopted a rigorous methodology for screening and reviewing potential projects.

Result

The net loss of the Group after income tax for the year amounted to \$13,507,383 (2013: loss of \$2,403,094). The loss for the year included impairment of exploration and evaluation of \$3,114,927 (2013: \$1,212,449) and amortisation of capitalised exploration expenditure of \$8,648,970 (2013: Nil).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

The *Independent Auditor's Report* on page 19 contains a statement of material uncertainty regarding continuation as a going concern. For further comment refer to Note 1(x) in the *Notes to the Financial Statements*.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years, other than:

- The company arranged for full repayment of its existing secured debt facility amounting to \$1,550,000, replaced by unsecured convertible notes (Notes). The principle terms of the Notes, conversion of which will be subjected to shareholders' approval, are as follows:

Redemption Date: 12 months from date of issue

Conversion Price: the lesser of:

- the lowest issue price of Shares during the Conversion Period; or
- the price that is 80% of the volume weighted average market price of the company's ordinary fully paid shares calculated over the last 5 days on which sales were recorded before the date of conversion and issue.

Conversion Period: A noteholder may convert at any time prior to the Redemption Date.

Interest Rate: Nil%

The total amount raised from the Notes was \$1,850,000.

- The Company announced an underwritten pro rata non-renounceable rights issue of ordinary fully paid shares.

The terms of the offer will be as follows:

Type of Offer:	Pro-rata non-renounceable
Eligible participants:	Shareholders on the Record Date and whose registered addresses are in Australia or New Zealand
Basis of entitlement:	One (1) new Share for every three (3) existing Shares
Number of existing Shares:	303,053,625
Number of new Shares (full subscription):	101,017,875
Record Date to determine entitlements:	To be advised
Issue price:	\$0.002 per new share

Funds raised from the issue of \$202,035 (before costs) will be used to provide additional working capital, including for the identification and review of potential investment opportunities.

- The company reached agreement with a number of non-related creditors to accept discounted terms on amounts owing for work undertaken on the bulk sample program at the Gwendolyn Gold Project. The total amount of discount received was \$924,258. The reduced payment amount has not been accounted for at 30 June 2014.



4. The company relinquished its interest in the Muriels Extension Project. As a result of the relinquishment, the company is due a refund from a government authority of approximately \$150,000.

DIVIDENDS

There were no dividends paid or declared during or since the end of the financial year.

LIKELY DEVELOPMENTS

The Group will continue mineral exploration activity on its exploration projects with the objective of identifying commercial resources.

The company is taking the opportunity to review its entire tenement portfolio and is assessing new project opportunities that the Board believes will add shareholder value. As part of the review process, the company may look at possible investment opportunities outside of the company's existing principal activity of mineral exploration. Dependant on the nature and scale of any investment, the company may be required, pursuant to *ASX Listing Rules*, to obtain shareholder approval to any transaction and to re-comply with the admission requirements set out in Chapters 1 and 2 of the *ASX Listing Rules*.

ENVIRONMENTAL REGULATIONS

The Group has a policy of at least complying, but in most cases exceeding, its environmental performance obligations. No environmental breaches have been notified by any government agency during the year ended 30 June 2014. The Board believes that the company has adequate systems in place for the management of its environmental regulations.

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

Glyn Povey Managing Director

Mr Glyn Povey was appointed a director of the company on 15 February 2011.

Mr Povey is an experienced senior executive with significant domestic and international experience including roles as a Senior Project Manager in Hong Kong, Director of Operations for a mineral exploration company, and Mine Manager for a number of underground and open cut mines in Australia. Mr Povey was previously Vice-President Operations for *Crosslands Resources Ltd*, a joint-venture between *Murchison Metals Ltd* and *Mitsubishi Development Pty Ltd*.

Interest in Securities

Mr Povey has a direct interest in 3,225,000 ordinary shares and 9,000,000 unlisted options.

Directorships held in other listed companies over the last 3 years – nil.



DIRECTORS' QUALIFICATIONS AND EXPERIENCE (continued)

Gary Castledine Non-executive Chairman

Mr Gary Castledine was appointed a director of the company on 24 February 2009.

Mr Castledine has over 20 years' experience in stockbroking and capital markets. He was a founding director and the head of corporate with Indian Ocean Capital in Perth, Western Australia, a specialist boutique securities dealer and corporate advisory firm. Mr Castledine is currently director/head of corporate with full service boutique stockbroking and investment firm CPS Capital Group Pty Ltd, established in June 2013 through the merger of Indian Ocean Capital and CPS Securities. Mr Castledine's experience has enabled him to gather an extensive suite of clients in a corporate advisory role which has seen him involved in many capital raisings and IPOs across a spectrum of industries. He is currently a member of the Stockbrokers Association of Australia.

Interest in Securities

Mr Castledine has an indirect interest in 4,453,103 ordinary shares and 4,692,857 unlisted options.

Directorships held in other listed companies over the last 3 years:

Mamba Minerals Limited	13 August 2010 to 21 November 2012
Exoma Energy Limited	20 August 2014 to present

Neville Bassett Non-executive Director

Mr Neville Bassett was appointed a director of the company on 22 April 2010.

Mr Bassett is a chartered accountant operating his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. Mr Bassett has been involved with numerous public company listings and capital raisings. His involvement in the corporate arena has also taken in mergers and acquisitions, and includes significant knowledge and exposure to the Australian financial markets. Mr Bassett has experience in matters pertaining to the *Corporations Act*, ASX listing requirements, corporate taxation and finance.

Interests in Securities

Mr Bassett has an indirect interest in 1,800,000 ordinary shares and 1,200,000 unlisted options.

Directorships held in other listed companies over the last 3 years:

Mamba Minerals Limited	13 August 2010 to 13 August 2013
Neurodiscovery Limited	6 August 2010 to 14 March 2012
Ram Resources Limited	22 March 2004 to present
Kairiki Energy Limited	28 September 2010 to 31 March 2011
Meteoric Resources NL	29 November 2012 to present
Exoma Energy Limited	20 August 2014 to present



DIRECTORS' QUALIFICATIONS AND EXPERIENCE (continued)

Brian Williams Non-executive Director

Mr Brian Williams was appointed a director of the company on 15 February 2011.

Mr Williams is experienced as a mining, engineering and infrastructure executive and director with substantial domestic and international (Asia, Europe and Africa) open pit and underground mine development and management experience, including project managing some of the largest underground and open cut gold mines in Western Australia. Mr Williams has held senior management roles at operational and corporate levels within the resources industry in both private and publicly listed companies.

Interest in Securities

Mr Williams has a direct interest in 2,107,972 ordinary shares and 1,741,486 unlisted options.

Directorships held in other listed companies over the last 3 years – nil.

COMPANY SECRETARY

Mr Neville Bassett held the position of Company Secretary throughout the duration of the financial year.

MEETINGS OF DIRECTORS

During the financial year, 17 meetings of directors were held. Attendances by each Director during the year were:

	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Glyn Povey	17	17
Gary Castledine	17	17
Neville Bassett	17	17
Brian Williams	17	17
Jianhua Sang	8	2

NON – AUDIT SERVICES

During the year Grant Thornton Audit Pty Ltd did not perform any other services in addition to their statutory duties. Information in respect to auditor remuneration is disclosed at Note 7.

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The Auditor's Independence Declaration is set out on page 18 and forms part of the *Directors' Report* for the year ended 30 June 2014.

PROCEEDINGS OF BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings against the company, or to intervene in any proceedings to which the company is a part, for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.



No proceedings have been brought or intervened in on behalf of the Company under section 237 of the *Corporations Act 2001*.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and other Key Management Personnel (KMP) of the company in accordance with the *Corporations Act 2001* and its regulations. It also provides the remuneration disclosures required by paragraphs *Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures*, which have been transferred to the Remuneration Report in accordance with *Corporations Regulation 2M.6.04*. These remuneration disclosures have been audited.

For the purposes of this report, Key Management Personnel of the company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly. The Company did not have any other key management personnel other than its Directors.

For the purposes of this Remuneration Report, the term 'Executive' encompasses all Directors and the Company Secretary of the company.

Remuneration Philosophy

The performance of the company depends upon the quality of its Directors and Executives. To prosper, the company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the company embodies the following principles in its remuneration framework:

'The Board as a whole is responsible for considering remuneration policies and packages applicable both to board members and senior executives of the company. The Board remuneration policy is to ensure the remuneration package, which is not linked to the performance of the company, properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.'

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the *ASX Listing Rules* specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The current aggregate remuneration is \$250,000 per year.

REMUNERATION REPORT (AUDITED) (continued)

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a Director of the company.

Non-executive Directors are encouraged by the Board to hold shares in the company. It is considered good governance for directors to have a stake in the Company on whose board he or she sits.

The remuneration of Non-executive Directors for the period ended 30 June 2014 is detailed on page 15.

Managing Director and Executive Remuneration Structure

Based on the current stage in the company's development, its size, structure and strategies, the Board considers that the key performance indicator in assessing the performance of Executives and their contribution towards increasing shareholder value is share price performance over the review period.

Individual and company operating targets associated with traditional financial and non-financial measures are difficult to set given the small number of Executives and their need to be flexible and multi-tasked, as the company responds to a continually changing business environment. Consequently, a formal process of defining Key Performance Indicators (KPI's) and setting targets against the KPI's has not been adopted at the present time.

The proportion of fixed remuneration and variable remuneration is established for each Executive by the Board.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board; having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration industry and external advice. Executives receive their fixed remuneration in cash.

Variable Remuneration – Short-Term Incentive (STI)

The objective of the STI is to link the achievement of corporate and operational objectives over the year with the remuneration received by the Executives charged with achieving that increase. The total potential STI available is set at a level so as to provide sufficient incentive to the Executives to achieve the performance goals and such that the cost to the company is reasonable in the circumstances.

Annual STI payments granted to each Executive depend on their performance over the preceding year and are based on recommendations from the Chief Executive Officer and/or the Chairman following collaboration with the Board. Typically included are measures such as contribution to strategic initiatives, risk management and leadership/team contribution.

The aggregate of annual STI payments available for Executives across the company is subject to the approval of the Board. Payments are usually delivered as a cash bonus. There were no STI payments made during the financial year.

Variable Remuneration – Long-Term Incentive (LTI)

The objective of the LTI plan is to reward Executives in a manner, which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the company's performance.

The level of LTI granted is, in turn, dependent on a number of factors including, the seniority of the Executive and the responsibilities the Executive assumes in the company.

LTI grants to Executives are delivered in the form of options. These options are issued at an exercise price determined by the Board at the time of issue.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

However, under certain circumstances, including breach of employment conditions, the Directors may cause the options to expire prior to their vesting date. In addition, individual performance is more commonly rewarded over time by STIs.

No LTI options were issued during the financial year.

The Managing Director Mr Glyn Povey's executive service contract expired in February 2014 and an extension of the contract is in place.

Managing Director Executive Services Contract

The material terms of the Managing Director's Executive Service Contract in summary are:

- Fixed remuneration:
 - \$100,000 (reduced down from \$350,000 per annum in April 2013) per year plus 9% superannuation;
- Variable remuneration:
 - Short-term incentives (STI) – up to 20% bonus on base annual salary upon successful achievement of the KPI's (to be agreed and ratified by the board); and
 - Long-term incentives (LTI)
 - First Performance Hurdle (identification of 200,000oz JORC resource) - 2,000,000 options, exercisable at 20 cents expiring 3 years from date of issue
 - Second Performance Hurdle (identification of 400,000oz JORC resource) - 2,000,000 options exercisable at 20 cents expiring 3 years from date of issue
 - Third Performance Hurdle (Pre-Feasibility Study in relation to any of the company projects) - 4,000,000 options exercisable at 20 cents expiring 4 years from date of issue
- Termination of Employment
 - The initial term of the contract is for 36 months commencing on 14 February 2011. The contract expired on 14 February 2014. An extension of contract is in place.



REMUNERATION REPORT (AUDITED) (continued)

- The contract may be terminated by the Company with 6 months written notice or by the Managing Director by giving 3 months written notice.

The contract lapsed on 14 February 2014. The Managing Director now invoices on a month to month at the same rate of \$100,000 per annum when based at the Perth office and at a rate of \$2,500 per day when based on-site.

Other Executive Benefits

There are fringe benefits through the provision of company parking bays.

REMUNERATION REPORT (AUDITED) (continued)

Remuneration of key management personnel and the five highest paid executives of the Group

Remuneration for the year ended 30 June 2014 and 2013

		2014					Total	Performance Related
		Short-Term		Post-Employment	Share based Payment			
Directors	Year	Consulting Fees	Directors Fees	Wages & Salaries	Super-annuation	Options		%
		\$	\$	\$	\$	\$	\$	%
G Castledine	2014	25,000	15,000	-	-	-	40,000	-
	2013	25,000	15,000	-	-	-	40,000	-
G Povey	2014	266,878	-	143,273	13,253	-	423,404	-
	2013	-	-	215,521	24,000	-	239,521	-
N Bassett	2014	36,000	40,000	-	-	-	76,000	-
	2013	36,000	40,000	-	-	-	76,000	-
B Williams	2014	-	40,000	-	-	-	40,000	-
	2013	-	40,000	-	-	-	40,000	-
J Sang	2014	-	16,667	-	-	-	16,667	-
	2013	3,000	93,333	-	-	-	96,333	-
D O'Reilly	2014	-	-	-	-	-	-	-
	2013	-	31,250	-	-	-	31,250	-
R Hyndes	2014	-	-	-	-	-	-	-
	2013	3,042	5,069	-	-	-	8,111	-
A Mendoza	2014	-	-	-	-	-	-	-
	2013	-	-	166,376	14,974	-	181,350	-
Total	2014	327,878	111,667	143,273	13,253	-	596,071	-
	2013	67,042	224,652	381,897	38,974	-	712,565	-

¹Glyn Povey's employment contract was amended during the 2013 financial year. Part of the amendment removed entitlement to be paid out of days in lieu. Glyn Povey's wages and salary of \$215,521 for 2013 financial year is made up of salary of \$266,667 minus loss of days in lieu of \$51,156.

REMUNERATION REPORT (AUDITED) (continued)

Details of the director-related entities that received the consulting fees are:

Neville Bassett	Mandevilla Pty Ltd
Glyn Povey	Lost State Pty Ltd

Compensation Options Granted and vested during the year as part of emoluments

No compensation options were issued to Key Management Personnel or Specified Executives during the year (2013: Nil).

Shareholdings – 2014

Number of Shares held by Directors and Specified Executives:

Directors

	Balance 01.07.2013	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.06.2014
Glyn Povey	3,225,000	-	-	-	3,225,000
Gary Castledine	4,216,071	-	-	237,032	4,453,103
Neville Bassett	1,800,000	-	-	-	1,800,000
Brian Williams	2,343,472	-	-	(235,500)	2,107,972
Jianhua Sang ¹	-	-	-	-	-
Total	11,584,543	-	-	1,532	11,586,075

*Net Change Other refers to shares purchased or sold during the financial year.

¹Jianhua Sang resigned from the board on 28 November 2013.

Option holdings – 2014

Number of Options held by Directors and specified Executives:

Directors

	Balance 01.07.2013	Received as Remuneration	Net Change Other*	Balance 30.06.2014	Number Vested / Exercisable
Glyn Povey	9,000,000	-	-	9,000,000	9,000,000
Gary Castledine	4,692,857	-	-	4,692,857	4,692,857
Neville Bassett	1,200,000	-	-	1,200,000	1,200,000
Brian Williams	1,741,486	-	-	1,741,486	1,741,486
Jianhua Sang ¹	-	-	-	-	-
Total	16,634,343	-	-	16,634,343	16,634,343

*Net Change Other refers to options purchased, sold or expired during the financial year.

¹Jianhua Sang resigned from the board on 28 November 2013.

REMUNERATION REPORT (AUDITED) (continued)

No options were exercised during the year by the Directors.

As at 30 June 2014, 150,107,260 listed options (2013: 150,107,260) and 12,000,000 unlisted options (2013: 12,000,000) are on issue.

Transactions with directors' personally related entities

There were no transactions with specified Directors and Executives and their personally related entities other than those detailed in Note 23 to the *Financial Statements*.

END OF AUDITED REMUNERATION REPORT

INDEMNIFYING AND INSURANCE OF DIRECTORS AND OFFICERS

During the current financial year, the company paid a premium to insure the directors and officers of the company against liabilities of costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of directors or officers of the company. The company paid \$19,397 (2013: \$15,207) in respect to premiums to insure the directors and other officers of the company.

OPTIONS AND UNISSUED SHARES UNDER OPTIONS

At the date of this report, 150,107,260 listed options and 12,000,000 unlisted options (2013: 150,107,260 listed options and 12,000,000 unlisted options) have been issued by the company and the number of unissued ordinary shares of the company under option is 162,107,260 (2013: 162,107,260).

There have been no issue of ordinary shares as a result of the exercise of options during or since the end of the financial year.

Optionholders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

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



Gary Castledine
Chairman

DATED at PERTH this 30 September 2014

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Auditor's Independence Declaration To the Directors of Vector Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Vector Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Partner - Audit & Assurance

Perth, 30 September 2014

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Independent Auditor's Report To the Members of Vector Resources Limited

Report on the financial report

We have audited the accompanying financial report of Vector Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Vector Resources Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 (x) to the financial report which indicates that the company incurred a net loss of \$13,507,383 during the year ended 30 June 2014 and, as of that date, the company's current liabilities exceeded its current assets by \$2,242,698. These conditions, along with other matters as set forth in Note 1(x), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 11 to 17 of the directors' report for the year ended 30 June 2014. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Vector Resources Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Partner - Audit & Assurance

Perth, 30 September 2014

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The attached financial statements and notes are in accordance with the *Corporations Act 2001*, and:
 - a. Comply with *Australian Accounting Standards* (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
 - b. Give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Group; and
 - c. Comply with *International Financial Reporting Standards* as disclosed in Note 1.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The Chief Executive Officer and Chief Financial Officer have provided the following declaration required by section 295A of the *Corporations Act 2001*:
 - a. The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. The financial statements, and the notes for the financial year comply with the Accounting Standards; and
 - c. The financial statements and notes for the financial year give a true and fair view.

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



Gary Castledine
Chairman

DATED this 30 September 2014

CONSOLIDATED STATEMENT OF PROFIT OF LOSS AND OTHER COMPREHENSIVE INCOME

		Consolidated	
		Year Ended 30 June 2014	Year Ended 30 June 2013
	Note	\$	\$
Gold sales	4a	1,134,812	-
Cost of sales	4b	(10,786,388)	-
Gross profit (loss)		(9,651,576)	-
Other Income	4c	27,668	59,485
Employee benefits expense		(103,056)	(169,760)
Consulting fees		(80,575)	(277,770)
Administration expenses		(164,603)	(297,171)
Depreciation expense		(13,909)	(37,961)
Finance Costs		(165,000)	-
Impairment of exploration and evaluation	5	(3,114,927)	(1,212,449)
Impairment of financial assets		1,630	(9,099)
Occupancy costs		(19,942)	(25,515)
Directors fees		(100,250)	(160,958)
Other expenses from ordinary activities		(122,843)	(270,701)
Loss on sale of investment		-	(1,195)
Loss before tax		(13,507,383)	(2,403,094)
Income tax	6	-	-
Loss for the year		(13,507,383)	(2,403,094)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(13,507,383)	(2,403,094)
<i>Loss for the year Attributable to:</i>			
Members of the parent entity		(13,507,383)	(2,403,094)
		(13,507,383)	(2,403,094)
<i>Other comprehensive loss for the year attributable to:</i>			
Members of the parent entity		-	-
		(13,507,383)	(2,403,094)
Basic loss per Share		(0.045)	(0.012)
Diluted loss per Share		(0.045)	(0.012)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2014 \$	Consolidated As at 30 June 2013 \$
	Note		
Assets			
<i>Current Assets</i>			
Cash and cash equivalents	8	1,170,714	1,016,796
Other receivables	9	526,570	268,093
Inventories	10	3,257,977	-
Total Current Assets		4,955,261	1,284,889
<i>Non-Current Assets</i>			
Property, plant & equipment	11	128,423	237,281
Financial assets	12	4,479	2,850
Exploration and evaluation expenditure assets	13	6,383,533	16,752,514
Total Non-Current Assets		6,516,435	16,992,645
Total Assets		11,471,696	18,277,534
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	14	5,528,379	419,944
Borrowings	15	1,650,000	-
Provisions	16	19,580	76,470
Total Current Liabilities		7,197,959	496,414
Total Liabilities		7,197,959	496,414
Net Assets		4,273,737	17,781,120
Equity			
Share Capital	17	24,947,264	24,947,264
Reserves	18	2,502,913	2,502,913
Accumulated Losses		(23,176,440)	(9,669,057)
Total Equity		4,273,737	17,781,120

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Consolidated	
	Note	Year Ended 30 June 2014	Year Ended 30 June 2013
		\$	\$
Cash Flow from Operating Activities			
Receipts from customers		1,148,562	-
Interest received		32,013	53,875
Payment to suppliers and employees		(679,564)	(1,223,036)
Payments for production		(688,265)	-
Net Cash Used in Operating Activities	20	(187,254)	(1,169,161)
Cash Flow from Investing Activities			
Payments for exploration, evaluation and development		(1,277,977)	(5,049,363)
Payments for property, plant & equipment		(10,681)	(56,605)
Net Cash Used in Investing Activities		(1,288,658)	(5,105,968)
Cash Flow from Financing Activities			
Finance Costs		(10,000)	-
Proceeds from borrowings		1,650,000	-
Proceeds from issue of shares		-	6,181,571
Share issue costs		(10,170)	(362,213)
Net Cash Provided by Financing Activities		1,629,830	5,819,358
Net Increase (Decrease) in Cash Held		153,918	(455,771)
Cash at the Beginning of the Year		1,016,796	1,472,567
Cash at the End of the Year	8	1,170,714	1,016,796

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Consolidated				
<i>Balance as at 30 June 2012</i>	19,757,534	1,577,903	(7,265,963)	14,069,474
Loss for the period	-	-	(2,403,094)	(2,403,094)
Proceeds from share issue	5,593,665	-	-	5,593,665
Employee share based payments	-	880,167	-	880,167
Broker share based payment	-	44,843	-	44,843
Share issue expenses	(403,935)	-	-	(403,935)
<i>Balance as at 30 June 2013</i>	<u>24,947,264</u>	<u>2,502,913</u>	<u>(9,669,057)</u>	<u>17,781,120</u>
<i>Balance as at 30 June 2013</i>	24,947,264	2,502,913	(9,669,057)	17,781,120
Loss for the period	-	-	(13,507,383)	(13,507,383)
<i>Balance as at 30 June 2014</i>	<u>24,947,264</u>	<u>2,502,913</u>	<u>(23,176,440)</u>	<u>4,273,737</u>

The accompanying notes form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

CORPORATE INFORMATION

The consolidated general purpose financial statements of the Group 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*. Compliance with *Australian Accounting Standards* results in full compliance with the *International Financial Reporting Standards* (IFRS) as issued by the *International Accounting Standards Board* (IASB). Vector Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Vector Resources Limited (Vector or the company) is a public company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Suite 4, Henry James Building, 8 Alvan Street, Subiaco, Western Australia.

The consolidated financial statements for the year ended 30 June 2014 were approved and authorised for issue by the board of directors on 30 September 2014.

The principal activity of the company is exploration for minerals.

1. Summary of Significant Accounting Policies

This financial report includes the consolidated financial statement and notes of Vector Resources Limited and Controlled Entities (the “Group” or “Consolidated Entity”).

a. Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Accounting Standards*, *Australian Accounting Interpretations*, other authoritative announcements of the *Australian Accounting Standards Board* (the “AASB”) and the *Corporations Act 2001*.

Australian Accounts Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with *Australian Accounting Standards* ensures that the financial statements and notes also comply with *International Financial Reporting Standards*. Material accounting policies adopted in the preparation of this financial report are presented below.

They have consistently been applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

This financial report is presented in Australian dollars.

Summary of Significant Accounting Policies (continued)

b. New Accounting Standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013. Information on these new standards is presented below.

AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 *Interests in Joint Ventures (AAS 131)* and AASB Interpretation 113 *Jointly Controlled Entities- Non-Monetary-Contributions by Venturers*. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

AASB 12 Disclosure of interest in Other Entities

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

c. New Accounting Standards for Application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting period, some of which are relevant to the company/Group. The company/Group has decided not to early adopt any of the new and amended pronouncements. The company's/Group's assessment of the new and amended pronouncements that are relevant to the company/Group but applicable in future reporting periods is set out below:

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

Effective date - annual reporting periods beginning on or after 1 January 2018.

*The entity has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018 and the IASB is yet to finalise the remaining phases of its project to replace IAS 39 *Financial Instruments: Recognition and Measurement (AASB 139 in Australia)*.*

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

Effective date - annual reporting periods beginning on or after 1 January 2014.

When AASB 2012-3 is first adopted for the year ending 30 June 2015, there will be no impact on the entity as this standard merely clarifies existing requirements in AASB 132.

Summary of Significant Accounting Policies (continued)

AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets.

Effective date - annual reporting periods beginning on or after 1 January 2014.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarification of existing requirements.

AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

The amendments in AASB 2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 Financial Instruments (or AASB 139 Financial Instruments: Recognition and Measurement where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries.

These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

Effective date - annual reporting periods beginning on or after 1 January 2014.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders

AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038 Life Insurance Contracts, which leaves AASB 10 Consolidated Financial Statements as the sole source for consolidation requirements applicable to life insurer entities.

Effective date - annual reporting periods beginning on or after 1 January 2014.

When this standard is first adopted for the year ending 30 June 2015, there will be no impact on the entity because the parent entity does not meet the definition of 'investment entity'.

Summary of Significant Accounting Policies (continued)

AASB 1031 Materiality (December 2013)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn.

Effective date - annual reporting periods beginning on or after 1 January 2014.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality)

Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations).

Effective date - annual reporting periods beginning on or after 1 January 2014.

When the revised AASB 1031 is first adopted for the year ending 30 June 2015, it is unlikely to have any significant impact on the entity.

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)

These amendments:

- add a new chapter on hedge accounting to AASB 9 Financial Instruments, substantially overhauling previous accounting requirements in this area;
- allow the changes to address the so-called 'own credit' issue that were already included in AASB 9 to be applied in isolation without the need to change any other accounting for financial instruments; and
- defer the mandatory effective date of AASB 9 from '1 January 2015' to '1 January 2017'.

Effective date - annual reporting periods beginning on or after 1 January 2015.

The entity has not yet assessed the full impact of these amendments.

AASB 14 Regulatory Deferral Accounts

AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.

Effective date - annual reporting periods beginning on or after 1 January 2016.

When AASB 14 becomes effective for the first time for the year ending 30 June 2017, it will not have any impact on the entity.

Summary of Significant Accounting Policies (continued)

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- (a) clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and
- (b) amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

AASB 2014-1 Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119))

Part B of AASB 2014-1 makes amendments to AASB 119 Employee Benefits to incorporate the IASB's practical expedient amendments finalised in International Financial Reporting Standard Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) in relation to the requirements for contributions from employees or third parties that are linked to service.

The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. In contrast, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of AASB 119 for the gross benefit.

Effective date - annual reporting periods beginning on or after 1 July 2014.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality)

Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality, which historically has been referenced in each Australian Accounting Standard.

Effective date - annual reporting periods beginning on or after 1 July 2014.

Summary of Significant Accounting Policies (continued)

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)

Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.

Effective date - annual reporting periods beginning on or after 1 January 2016.

When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the entity.

AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.

Effective date - annual reporting periods beginning on or after 1 January 2015.

The entity has not yet assessed the full impact of these amendments.

IFRS 15 Revenue from Contracts with Customers

IFRS 15:

- replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related Interpretations
- establishes a new control-based revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

In the Australian context, the Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian Standard (AASB 15 Revenue from Contracts with Customers), along with a new Exposure Draft (ED) on income from transactions of Not-for-Profit (NFP) entities by September 2014.

Effective date - annual reporting periods beginning on or after 1 January 2017.

When this standard is first adopted for the year ending 30 June 2018, there will be no material impact on the transactions and balances recognised in the financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

Summary of Significant Accounting Policies (continued)

The amendments to IAS 38 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two limited circumstances:

- the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.

Effective date - annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments to IFRS 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in IFRS 3 Business Combinations, should:

- apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except principles that conflict with the guidance of IFRS 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e. the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and
- provide disclosures for business combinations as required by IFRS 3 and other IFRSs.
The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.

Effective date - annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

d. Operating Segments

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the company's chief operating decision maker which, for the company, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the *Statement of Comprehensive Income* and *Statement of Financial Position*. Refer to Note 19 for Segmental Information. The company operates only in the exploration industry in Australia.

Summary of Significant Accounting Policies (continued)

e. Foreign Currency Translation

i. Functional and Presentation Currency

Both the functional and presentation currency of the Company and the Group entities is Australian dollars (A\$).

ii. Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the Consolidated Statement of Financial Position date.

f. Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant, equipment and computers	3 to 5 years
Building improvements	7 years
Motor vehicles	7 years

i. Impairment

The carrying value of property, plant, equipment and motor vehicles are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating unit to which the assets belong are written down to their recoverable amount.

ii. De-recognition

An item of property, plant, equipment or motor vehicle is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the *Consolidated Statement of Comprehensive Income* in the period the item is de-recognised.

g. Exploration and Evaluation Expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- Exploration and evaluation activities are continuing in the area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off or impaired to profit and loss.

h. Impairment of Non-financial Assets

At each reporting date, the company assesses whether there is any indication that a non-financial asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of plant, equipment, exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. 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.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An assessment is also made at each reporting date as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed that carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Summary of Significant Accounting Policies (continued)

i. Cash and Cash Equivalents

Cash and cash equivalents in the *Consolidated Statement of Financial Position* comprise cash at bank and in hand and short-term deposits with an original maturity of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the *Consolidated Statement of Cash Flows*, cash and cash equivalents consist of cash and cash equivalents defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in the current liabilities on the *Consolidated Statement of Financial Position*.

j. Trade and Other Receivables

Trade and other receivables, which generally have 30 – 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts known to be uncollectible are written off when identified. A provision for impairment is raised when there is objective evidence that the company will not be able to collect the debts.

k. Available-for-Sale Financial Assets

Available for sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise of investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as Current Assets.) The fair values for the available for sale assets are determined by the market price of the equities at balance date (see Note 12).

l. Trade and Other Payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

m. Interests in Joint Venture Operations

Interest in joint-venture operations, where material, are brought to account by including in the respective classifications, the Group's share of the individual assets employed and liabilities and expenses incurred.

Details of interests in joint-ventures are shown at Note 27.

n. Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

o. Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in profit and loss on a straight-line basis over the lease term.

p. Gold Sales

Gold sales are measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

Revenue is recognised as interest accrues using the effective interest rate 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.

q. Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

r. Earnings per Share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/(loss) attributable to members of the parent adjusted for:

- Cost of servicing equity (other than dividends) and preference shares dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Summary of Significant Accounting Policies (continued)

s. *Income Tax*

Deferred income tax is provided on all temporary differences at the *Consolidated Statement of Financial Position* date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability 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; or
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where 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.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, 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 assets and unused tax losses can be utilised:

- Except where the deferred income 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; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised 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.

Unrecognised deferred income tax assets are reassessed at each *Consolidated Statement of Financial Position* date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at each *Consolidated Statement of Financial Position* 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 income tax asset to be utilised.

Deferred income tax asset and liabilities are measured at the tax rates that are expected to apply to 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 *Consolidated Statement of Financial Position* date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the *Consolidated Statement of Comprehensive Income*.

t. *Other Taxes*

Revenues, expenses and assets are recognised net of the amount of GST except:

Summary of Significant Accounting Policies (continued)

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the *Consolidated Statement of Financial Position*.

Cash flows are included in the *Consolidated Statement of Cash Flows* on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

u. Employee Benefits

i. Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii. Superannuation

Contributions made by the Group to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

v. Principles of Consolidation

A controlled entity is any entity over which Vector Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the *Consolidated Statement of Financial Position* and in the *Consolidated Statement of Comprehensive Income*.

Summary of Significant Accounting Policies (continued)

w. Comparative Figures

When required by *Accounting Standards*, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

x. Going Concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of Vector's assets and the discharge of its liabilities in the normal course of business.

As at 30 June 2014, the Group had cash and cash equivalents of \$1,170,714, a loss for the year of \$13,507,383 (which includes impairments of exploration and evaluation of \$3,114,927 and amortisation of \$8,648,970) and a net cash outflow from operating activities of \$187,254. The Group has a working capital deficiency at 30 June 2014 of \$2,242,698.

The Board considers that Vector is a going concern and recognises that additional funding is required to ensure that it can continue to fund its operations and further develop its mineral exploration and evaluation assets during the twelve month period from the date of this report. Such additional funding as occurred during the year ended 30 June 2014 as disclosed in Note 15, can be derived from either one or a combination of the following:

- Raising additional capital to fund the Group's ongoing exploration and development program and working capital requirements, as and when required;
- Debt finance including convertible notes issues;
- The farm-down or sale of its mineral interest; or
- The successful commercial exploitation of the Group's mineral interests.

Subsequent to year end, the company has implemented a number of funding measures as further outlined in Note 24 and includes:

- New funding by way of an unsecured convertible notes of \$1,850,000. Funds from the notes were partially used to repay secured loan notes of \$1,550,000 (Note 15);
- Secured loan note holders agreed to waive all rights to be repaid any amounts of either interest or bonus fees of \$165,000;
- An underwritten pro rata non-renounceable rights issue to raise \$202,035;
- Agreement with a number of non-related creditors to accept discounted terms totaling \$924,258 on amounts owing for work undertaken on the bulk sample program at the Gwendolyn Gold Project;
- Relinquishment of the Company's interest in the Muriels Extension project which will result in a refund from a government authority of approximately \$150,000.



Summary of Significant Accounting Policies (continued)

The Company has also taken steps to reduce operating and overhead costs, including the downsizing of office space and staff redundancies. In addition, directors and their related entities have provided their support to the company by undertaking to not call upon the company for payment of outstanding debts of \$409,573 until the company is in a position to repay.

Accordingly, the Directors believe that subject to prevailing equity market conditions, Vector will obtain sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

Should Vector be unable to obtain sufficient funding as outlined above, there is a material uncertainty that may cast significant doubt whether it will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should it not continue as a going concern.

y. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

2. Critical Accounting Estimates and Judgements

The Directors re-evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Judgements – Exploration and Evaluation Expenditure

The Group's policy for exploration and evaluation is discussed in Note 1(g). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the profit or loss. At the date of this report, the Group has sufficient reason to believe rights to explore in specific areas will be granted, expenditure on further exploration for the evaluation of mineral resources in specific areas has been budgeted, exploration in specific areas is on-going and has led to the discovery of viable quantities of mineral resources and the Group has not decided to discontinue such activity and sufficient data exists to indicate that, although a development in a specific area is on-going and has led to the discovery of viable quantities of mineral resources and development in a specific area is likely to proceed, that carrying amount of the exploration and evaluation assets are likely to be recovered in full from successful development or sale. Such capitalised expenditure is carried at reporting date of \$6,383,533 (2013: \$16,754,514) and the amount written off through the profit or loss for projects abandoned amounted to \$3,114,927 (2013: \$1,212,449).

3. Financial Risk Management

a. Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

The Group does not trade in derivatives.

i. Treasury Risk Management

The Board meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

b. Interest Rate Risk

At 30 June 2014, the effect on profit/(loss) and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$	\$
Change in Profit/(Loss)		
Increase in interest rate by 1%	(135,044)	(20,724)
Decrease in interest rate by 1%	135,044	20,724
Change in Equity		
Increase in interest rate by 1%	(135,044)	(20,724)
Decrease in interest rate by 1%	135,044	20,724

The Group's exposure to risk of changes in market interest rates relates primarily to the company's cash balances. The Board constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates.

	Floating Interest Rate		Fixed Interest Rate <1 Year		Non-interest Bearing		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated								
<i>Financial Assets</i>								
Cash and cash equivalents	1,155,140	841,247	-	-	15,574	175,549	1,170,714	1,016,796
Receivables	-	-	526,570	268,093	-	-	526,570	268,093
Other current assets	-	-	-	-	-	-	-	-
Available for sale financial assets	-	-	4,479	2,850	-	-	4,479	2,850
	<u>1,155,140</u>	<u>841,247</u>	<u>531,049</u>	<u>270,943</u>	<u>15,574</u>	<u>175,549</u>	<u>1,701,763</u>	<u>1,287,739</u>
Weighted average interest rate	2.80%	2.80%	1.91%	1.91%				
<i>Financial Liabilities</i>								
At amortised cost								
Payables					5,528,379	419,944	5,528,379	419,944
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,528,379</u>	<u>419,944</u>	<u>5,528,379</u>	<u>419,944</u>

All trades and other payables within the Group are due in less than one (1) year.

c. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date for financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the *Consolidated Statement of Financial Position and Notes to the Financial Statements*.

Receivable balances are monitored on an on-going basis with the result that the Group does not have a significant exposure to bad debts.

The credit risk for counterparties included in trade and other receivables at 30 June 2014 is detailed below:

	Year Ended 30 June 2014	Consolidated Year Ended 30 June 2013
	\$	\$
Trade and Other Receivables		
Trade Debtors	132,753	124,113
Other Receivables	393,817	143,980
	526,570	268,093

Trade and other receivables within the Group are expected to be received as follows:

Less than 6 months	526,570	268,093
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	526,570	268,093

All receivables are not past due and have not been impaired.

d. Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

e. Fair Values

The net fair value of the Group's at-call and short-term deposits with banks, accounts receivables and payables are in line with the carrying values.

No financial assets and financial liabilities are readily traded on organised markets in standard form other than available for sale financial assets.

Financial Risk Management (continued)

The aggregate fair value and carrying amounts of financial assets and financial liabilities at balance date are as follows:

	Consolidated	
	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$	\$
<i>Financial Assets</i>		
Cash and cash equivalents	1,170,714	1,016,796
Trade and other receivables	526,570	268,093
Available for sale financial assets	4,479	2,850
	1,701,763	1,287,739

The fair values are comparable to their carrying amount.

<i>Financial Liabilities</i>		
Trade and other payables	5,528,379	419,944
	5,528,379	419,944

4. Revenue

	Consolidated	
	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$	\$
<i>a. Operating sales revenue</i>		
Gold sales	1,134,812	-
	1,134,812	-
<i>b. Cost of Sales</i>		
Production costs	(5,395,395)	-
Amortisation of costs transferred from exploration and evaluation expenditure	(8,648,970)	-
Inventory movement	3,257,977	-
	(10,786,388)	-
<i>c. Non-Operating Activities</i>		
Interest received	13,918	59,485
Other income	13,750	-
	27,668	59,485

5. Impairment of exploration and evaluation

Impairment of exploration and evaluation

Iron ore assets	(1,045,786)	(871,384)
Gold assets	(2,069,141)	(341,065)
	<u>(3,114,927)</u>	<u>(1,212,449)</u>

6. Income Tax Expense

(a) The components of income tax expense comprise of:

Current Tax	-	-
Deferred Tax	-	-
Under/Over provision from previous years	-	-

(b) The prima facie tax benefit on loss from ordinary activities before tax is reconciled to the income tax as follows:

	Year Ended 30 June 2014	Consolidated Year Ended 30 June 2013
	\$	\$
Prima facie tax (benefit) on operating loss from ordinary activities before tax at 30%	(4,052,215)	(720,928)
Entertainment expenses	31	512
Depreciation expense	4,173	11,388
Impairment of financial assets available-for-sale	489	2,730
Write off capitalised exploration expenditure previously claimed	2,540,827	299,455
Accounting loss on option expiry	-	359
Tax effect on timing difference	501,044	(145,383)
Capital raising and other costs deducted	(64,064)	(68,692)
Capitalised exploration expenditure	(418,674)	(1,362,234)
Depreciation per tax	(4,173)	(11,388)
Future income tax benefits not brought to account	1,492,562	1,994,181
Income tax for the year	<u>-</u>	<u>-</u>

(c) Deferred tax assets/liabilities:

	Consolidated	
	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$	\$
Deferred tax balances		
Deferred tax liabilities:		
Capitalised exploration expenditure	1,915,060	5,025,754
Accrued income	-	4,610
	1,915,060	5,030,364
Deferred tax assets:		
Capital Raising	122,229	187,013
Available for sale financial assets	104,497	104,985
Provisions and accruals	540,463	41,787
Carry forward income tax losses	797,092	4,345,800
Carry forward capital losses	350,779	350,779
Deferred tax assets not recognised	1,915,060	5,030,364
Net deferred tax asset/liability	-	-
Unrecognised deferred tax balances		
Deferred tax assets		
Carry-forward income tax losses	8,396,343	3,355,072
	8,396,343	3,355,072

(d) Tax losses

The company has Australian income tax losses of \$30,644,783 (2013: \$25,669,575) and Australian capital losses of \$1,169,263 (2013: \$1,169,263) for which no deferred tax asset is recognised in the *Statement of Financial Position*. Losses are recoupable subject to relevant Australian taxation statutory requirements being met.

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) The company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilized;
- (b) The Company continues to comply with the conditions for deductibility imposed by law; and
- (c) No changes in income tax legislation adversely affect the company in utilising the benefits.

7. Auditor's Remuneration

Amounts received or due and receivable by the auditors for:

	Consolidated	
	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$	\$
Auditing or reviewing of the financial statements	31,842	36,807
	31,842	36,807
	31,842	36,807

8. Cash and Cash Equivalent

	Consolidated	
	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$	\$
Cash at bank	1,158,714	568,709
Restricted cash (a)	12,000	448,087
Total	1,170,714	1,016,796

Details of interest rates are disclosed in Note 3.

(a) Included in the Cash at Bank above, below are restricted funds relating to bonds:

Environmental Bonds	-	282,000
Property Bond	-	154,087
Credit Card Bond	12,000	12,000
Total	12,000	448,087
	12,000	448,087

9. Trade and Other Receivables

Current

Sundry debtors	526,570	268,093
	526,570	268,093
	526,570	268,093

10. Inventories

Current

Gold bullion – at net realisable value	1,024,035	-
Gold in circuit and mine stock – at net realisable value	2,233,942	-
	3,257,977	-
	3,257,977	-

11. Property, Plant and Equipment

Property Plant & Equipment by category:

	Year Ended 30 June 2014 \$	Consolidated Year Ended 30 June 2013 \$
<i>Buildings and Improvements</i>		
Opening balance	62,319	93,223
Plus: additions	-	2,901
Less: depreciation	(33,910)	(33,805)
Less: disposal	(194,815)	-
Plus accumulated depreciation written back on disposal	185,560	-
	<u>19,154</u>	<u>62,319</u>
<i>Computer Software</i>		
Opening balance	6,890	13,744
Plus: additions	-	1,392
Less: depreciation	(5,947)	(8,246)
Less: disposal	-	-
Plus: accumulated depreciation written back on disposal	-	-
	<u>943</u>	<u>6,890</u>
<i>Plant and Equipment</i>		
Opening balance	15,653	33,413
Plus: additions	10,681	1,090
Less: depreciation	(18,878)	(18,850)
Less: disposal	-	-
Plus: accumulated depreciation written back on disposal	-	-
	<u>7,456</u>	<u>15,653</u>
<i>Motor Vehicles</i>		
Opening balance	118,872	97,474
Plus: additions	-	46,007
Less: depreciation	(25,383)	(24,609)
Less: disposal	-	-
Plus: accumulated depreciation written back on disposal	-	-
	<u>93,489</u>	<u>118,872</u>
<i>Furniture & Fixtures</i>		
Opening Balance	24,184	98,679
Plus: additions	-	-
Less: depreciation	(18,882)	(74,495)
Less: disposal	-	-
Plus: accumulated depreciation written back on disposal	-	-
	<u>5,302</u>	<u>24,184</u>
<i>Computer Equipment</i>		
Opening balance	9,363	12,875
Plus: additions	-	5,215
Less: depreciation	(7,284)	(8,727)
Less: disposal	-	-
Plus: accumulated depreciation written back on disposal	-	-
	<u>2,079</u>	<u>9,363</u>
<i>Total Property, Plant and Equipment</i>		
Opening balance	237,281	349,408
Plus: additions	10,681	56,605
Less: depreciation	(110,284)	(168,732)
Less: disposal	(194,815)	-
Plus: Accumulated depreciation written back on disposal	185,560	-
	<u>128,423</u>	<u>237,281</u>



12. Financial Assets

	Year Ended 30 June 2014	Consolidated Year Ended 30 June 2013
	\$	\$
Available for Sale Financial Assets	316,951	316,951
Provision for impairment	(312,472)	(314,101)
	4,479	2,850

Impairment of these assets has been based on the market value at the year end.

13. Exploration and Evaluation Expenditure

Non-Current

Deferred exploration expenditure, at cost	6,383,533	16,752,514
Exploration expenditure movement:		
Brought forward at beginning of year	16,752,514	13,209,918
Exploration expenditure impaired during the year	(3,114,927)	(1,212,449)
Exploration expenditure amortised during the year	(8,648,970)	-
Exploration expenditure capitalised during year	1,394,916	4,755,045
Carried forward exploration expenditure	6,383,533	16,752,514

The value of the company's interest in exploration evaluation expenditure is dependent upon:

- The continuance of the company's right of tenure of the areas of interest;
- The results of future exploration; or
- The recoupment of costs through successful development and exploitation of the areas of interest or, alternatively, by their sale.

There may exist, on the company's exploration properties, areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the company's exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

14. Trade and Other Payables

	Year Ended 30 June 2014	Consolidated Year Ended 30 June 2013
	\$	\$
<i>Current</i>		
Trade Payables	3,734,514	233,668
Other Payables	1,793,865	186,276
	5,528,379	419,944



15. Borrowings

	Year Ended 30 June 2014	Consolidated Year Ended 30 June 2013
	\$	\$
<i>Current</i>		
Loan Notes – Secured (i)	1,550,000	-
Loan – Unsecured (ii)	100,000	-
	<u>1,650,000</u>	<u>-</u>

(i) Loan Notes – Secured

On 14 January 2014, Vector announced that it had secured a \$3m debt facility to fund its bulk sample campaign. The debt facility is secured by a deed of mortgage over the tenements comprising the Gwendolyn East Cutback Project and a fixed charge over the proceeds of the sale of gold account. The principal terms of the facility are:

Maturity Date: 30 June 2014 (Extended to 31 August 2014)

Interest: 10% flat rate

Bonus fee: 5% flat fee on the company achieving net cash flow from the Project of \$4m;

(ii) a further 5% flat fee on the company achieving net cash flow from the Project of \$8m.

Subsequent to year end, loan note holders agreed to waive all rights under the Note Deed to be repaid any amounts of either interest or bonus fees.

(ii) Loan - Unsecured

The unsecured loan was advanced by a director related entity and has no fixed repayment date and does not incur interest. The entity has agreed not to call upon the company for payment of outstanding loan amount until the company is in a financial position to repay.

16. Provisions

	Year Ended 30 June 2014	Consolidated Year Ended 30 June 2013
	\$	\$
<i>Provision for annual leave</i>		
Opening balance	76,470	52,184
Additional provisions	19,925	51,022
Amount utilised	(76,815)	(26,736)
	<u>19,580</u>	<u>76,470</u>

Provisions (continued)

	Year Ended 30 June 2014	Consolidated Year Ended 30 June 2013
	\$	\$
<i>Provision for days in lieu</i>		
Opening balance	-	64,797
Additional provisions	-	22,536
Amount utilised	-	(30,803)
Reversals	-	(56,530)
	-	-

17. Share Capital

Ordinary Shares

Share capital 303,053,625 (2013: 303,053,625) fully paid ordinary shares.

	Year Ended 30 June 2014	Consolidated Year Ended 30 June 2013
	\$	\$
At the beginning of the reporting period	24,947,264	19,757,534
Fully paid ordinary shares issued during the period	-	5,593,665
Share issue costs	-	(403,935)
At reporting date	24,947,264	24,947,264

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one (1) vote when a poll is called, otherwise each shareholder has one (1) vote on a show of hands.

Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital and options.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.



18. Reserves

Options and Share Based Payments Reserve

	Year Ended 30 June 2014	Consolidated Year Ended 30 June 2013
	\$	\$
At the beginning of the reporting period	2,502,913	1,577,903
Options issued*	-	925,010
At reporting date	<u>2,502,913</u>	<u>2,502,913</u>

**Options issued during July 2012 – June 2013 period.*

	Number of options	Number of options
Opening balance	162,107,260	20,000,000
Issued during the period	-	144,107,260
Forfeited during the period	-	(2,000,000)
Expired during the period	-	-
Closing balance	<u>162,107,260</u>	<u>162,107,260</u>

19. Segmental Information

a. Type and Location

The operating segments are identified by the Directors based on the type of exploration being conducted by the Group. Financial information of these operating businesses is reported to Board on a half yearly basis.

During the year, the Group operated in two mineral exploration segments, gold and iron ore, located in Western Australia. All other activities are considered to relate to the Corporate Head Office.

b. Basis of accounting for purposes of reporting by operating segments

Unless stated otherwise, all amounts reported to the Directors are determined in accordance with accounting policies that are consistent with those adopted in the Annual Financial Statement of the Group.



Segment Information (continued)

Segment Performance	Gold		Iron Ore		Unallocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Operating sales revenue	1,134,812	-	-	-	-	-	1,134,812	-
Cost of sales	(10,786,388)	-	-	-	-	-	(10,786,388)	-
Other income	1,570	-	13,898	-	12,200	59,485	27,668	59,485
Employee benefits expenses	(11,089)	(271)	-	-	(91,967)	(169,489)	(103,056)	(169,760)
Consulting fees	-	-	-	-	(80,575)	(277,770)	(80,575)	(277,770)
Administration expenses	(6,736)	(5,515)	(269)	(230)	(157,598)	(291,426)	(164,603)	(297,171)
Depreciation	-	(833)	-	-	(13,909)	(37,128)	(13,909)	(37,961)
Exploration expenditure	-	-	-	-	-	-	-	-
Finance Costs	-	-	-	-	(165,000)	-	(165,000)	-
Impairment of exploration and evaluation	(2,069,141)	(341,065)	(1,045,786)	(871,384)	-	-	(3,114,927)	(1,212,449)
Impairment of financial assets	-	-	-	-	1,630	(9,099)	1,630	(9,099)
Occupancy costs	67	(1,276)	-	(8)	(20,009)	(24,231)	(19,942)	(25,515)
Directors' fees	-	-	-	-	(100,250)	(160,958)	(100,250)	(160,958)
Other expenses	(11,220)	(9,129)	(9,317)	(593)	(102,306)	(260,979)	(122,843)	(270,701)
Loss on Sale of Investment	-	-	-	-	-	(1,195)	-	(1,195)
	(2,096,549)	(358,089)	(1,041,474)	(872,215)	(717,784)	(1,172,790)	(3,855,807)	(2,403,094)
Loss for the period	(11,748,125)	(358,089)	(1,041,474)	(872,215)	(717,784)	(1,172,790)	(13,507,383)	(2,403,094)



Segment Information (continued)

	Gold		Iron Ore		Unallocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$			\$	\$
Segment Assets								
Exploration Expenditure								
Opening balance	15,751,083	11,424,752	1,001,431	1,785,166	-	-	16,752,514	13,209,918
Exploration expenses	1,350,561	4,667,396	44,355	87,649	-	-	1,394,916	4,755,045
Exploration Written off	(2,069,141)	(341,065)	(1,045,786)	(871,384)	-	-	(3,114,927)	(1,212,449)
Amortisation	(8,648,970)	-	-	-	-	-	(8,648,970)	-
	6,383,533	15,751,083	-	1,001,431	-	-	6,383,533	16,752,514
Other assets	3,657,368	495,283	3,914	67,896	1,426,881	961,841	5,088,163	1,525,020
Total Assets	10,040,901	16,246,366	3,914	1,069,327	1,426,881	961,841	11,471,696	18,277,534
Segment liabilities	(4,046,405)	(42,150)	-	(16,484)	(3,151,554)	(437,780)	(7,197,959)	(496,414)
Net Assets	5,994,496	16,204,216	3,914	1,052,843	(1,724,673)	524,061	4,273,737	17,781,120

20. Cash Flow Information

a. Reconciliation of cash

Cash at the end of the financial year as shown in the *Consolidated Statement of Cash Flows* is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents

	Year Ended 30 June 2014	Consolidated Year Ended 30 June 2013
	\$	\$
Cash at bank and in hand	1,170,714	1,016,796
<i>Reconciliation of loss after income tax to net cash outflow from operating activities</i>		
Loss for the year	(13,507,383)	(2,403,094)
<i>Non-cash flows in loss from ordinary activities</i>		
Depreciation expenses	13,909	37,961
Loss on write off of property, plant and equipment	9,254	-
Options issued in lieu of payment	-	-
Net interest paid included in investing and financing	165,000	-
Impairment of financial assets available for sale	(1,630)	9,099
Loss on sale of investment	-	1,195
Exploration expenditure written off	3,114,927	1,212,449
Amortisation of exploration and evaluation expenditure	8,648,970	-
Movement in inventory	(3,257,977)	-
Write off of other non-current assets	-	-
<i>Changes in assets and liabilities:</i>		
(Increase)/Decrease in receivables	(390,372)	3,309
Increase/(Decrease) in payables	3,553,275	19,843
Increase/(Decrease) in accruals and provisions	1,464,773	(49,923)
Net cash used in operating activities	<u>(187,254)</u>	<u>(1,169,161)</u>

21. Controlled Entities

Controlled Entities included in the consolidated financial statements are listed below. The financial year ends for the controlled entities are the same as the parent entity.

	Principal Activity	Country of Incorporation	Ownership Interest	
			2014 %	2013 %
Golden Iron Resources Ltd	Gold Exploration	Australia	100	100
Louise Minerals Pty Ltd	Mineral Exploration	Australia	100	100
Muriels Extension Pty Ltd	Mineral Exploration	Australia	100	100
Pure Dawn Pty Ltd	Investment	Australia	100	100



22. Commitments and Contingencies

	Consolidated	
	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$	\$
Exploration Expenditure		
No later than one (1) year	348,140	795,170
Longer than one(1) year, but not longer than five (5) years	1,160,760	1,993,240
Longer than five (5) years	2,834,000	3,449,140
	4,342,900	6,237,550

	Consolidated	
	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$	\$
Leasing		
No later than one (1) year	15,153	318,120
Longer than one(1) year, but not longer than five (5) years	-	-
Longer than five (5) years	-	-
	15,153	318,120

Operating Lease

Vector Resources Limited executed a six month agreement for its office on 26 August 2014.



23. Related Party Transactions

Loans made by/(to) Director and Director related entities

The Group owed Directors and companies associated with the Directors amounts relating to funds advanced and services provided.

Balances receivable/(payable) to Directors and Director related companies as at end of year:

	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$	\$
Brillo Investments Ltd	(36,667)	(7,333)
Gary Castledine	(36,667)	(7,333)
Mandevilla Pty Ltd	(183,600)	(13,933)
Yangtze Trust	(11,000)	(7,000)
Lost State Pty Ltd	(141,639)	-

All loans made by the Directors to the company and by the company to a Director related company were made as an unsecured loan and are payable on demand on commercial terms. Parties are related because of common Directors.

Services provided by Director related entities

For services provided by Director Related Entities, refer to *Remuneration Report* disclosed in the *Directors' Report* for Consulting Fees paid to the Directors and their related or associated entities for matters of an administrative nature and conducted on normal commercial terms.

Remuneration of Key Management Personnel

	Consolidated	
	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$	\$
Short-term	582,818	673,591
Post-employment superannuation	13,253	38,974
Option based payments	-	-
	596,071	712,565

24. Events Subsequent to Balance Date

No matters or circumstances have arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years, other than:

- 1) The company arranged for full repayment of its existing secured debt facility amounting to \$1,550,000, replaced by unsecured convertible notes (Notes). The principle terms of the Notes, conversion of which will be subject to shareholder approval, are as follows:

Redemption Date: 12 months from date of issue

Conversion Price: the lesser of:

- (a) The lowest issue price of Shares during the Conversion Period; or
- (b) the price that is 80% of the volume weighted average market price of the company's ordinary fully paid shares calculated over the last 5 days on which sales were recorded before the date of conversion and issue.

Conversion Period: A noteholder may convert at any time prior to the Redemption Date.

Interest Rate: Nil%

The total amount raised from the Notes was \$1,850,000.

- 2) The company announced an underwritten pro rata non-renounceable rights issue of ordinary fully paid shares.

The terms of the offer will be as follows:

Type of Offer:	Pro-rata non-renounceable
Eligible participants:	Shareholders on the Record Date and whose registered addresses are in Australia or New Zealand
Basis of entitlement:	One (1) new Share for every three (3) existing Shares
Number of existing Shares:	303,053,625
Number of new Shares (full subscription):	101,017,875
Record Date to determine entitlements:	To be advised
Issue price:	\$0.002 per new share

Funds raised from the issue of \$202,035 (before costs) will be used to provide additional working capital, including for the identification and review of potential investment opportunities.

- 3) The company reached agreement with a number of non-related creditors to accept discounted terms on amounts owing for work undertaken on the bulk sample program at the Gwendolyn Gold Project. The total amount of discount received was \$924,258. The reduced payment amount has not been accounted for at 30 June 2014.



Events Subsequent to Balance Date (continued)

4) The company relinquished its interest in the Muriels Extension Project. As a result of the relinquishment, the company is due a refund from a government authority of approximately \$150,000.

25. Earnings per Share

	Year Ended 30 June 2014	Consolidated Year Ended 30 June 2013
	\$	\$
Net loss for the year	(13,507,383)	(2,403,094)
Weighted average number of ordinary shares outstanding during the year used in calculations of EPS	303,053,625	199,687,694
EPS – dollars	(0.045)	(0.012)

26. Parent Entity Information

Information relating to Vector Resources Ltd	Year Ended 30 June 2014	Consolidated Year Ended 30 June 2013
	\$	\$
Current Assets	3,973,106	909,714
Total Assets	5,380,180	17,164,261
Current Liabilities	(3,136,231)	(358,285)
Total Liabilities	(3,136,231)	(437,780)
Net Assets	2,243,949	16,726,481
Issued Capital	24,947,264	24,947,264
Option Reserve	2,502,913	2,502,913
Accumulated losses	(25,206,228)	(10,723,696)
Total Shareholder's Equity	2,243,949	16,726,481
Loss of the parent Entity	(14,482,532)	(1,588,547)
Total Comprehensive Loss of the parent entity	(14,482,532)	(1,588,547)

27. Interest in Joint-Ventures

The parent entity has entered into the following joint-venture operations:

Joint Venture Project	Percentage Interest	Principal Exploration
Earaheedy	50% (2013: 50%) (Cazaly Resources Ltd 50%)	Iron Ore

The joint-venture is not a separate legal entity but is a contractual arrangement between the participants for sharing costs and output and do not in themselves generate revenue and profit. Exploration expenditure is the only asset of the joint-ventures. The Group's interest in exploration expenditure in the above mentioned joint-venture is as follows:

	Earaheedy JV	
	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$	\$
Non-current Assets		
Mineral Assets	-	1,001,431
Impairment	-	-
Carrying Amount	<u>-</u>	<u>1,001,431</u>

The recoverability of the carrying amount of the mineral assets is dependent on successful development and commercial exploration alternatively, sale of the respective areas of interest.

All expenditure on this project during the year has been capitalised.

All tenements part of the Earaheedy joint venture have been surrendered during the 2014 year and as such there is no carrying value on the mineral assets.

Earaheedy Joint Venture – Anglo American Farm-in

On 26 September 2011, Vector and Cazaly Resources Limited collectively the Earaheedy Joint-Venture (EJV) signed a farm-in agreement with Anglo American, the global diversified mining house ("Anglo American").

- The farm-in allows Anglo American to earn a 75% interest in the Earaheedy Project
- Staged success payments of up to \$51 million to the EJV
- Anglo American to undertake due diligence exploration program of a minimum of 7,500 metres of reverse circulation or diamond drilling to be completed within 18 months.
- Anglo American will then have the right to earn:
 - An initial 51% interest in the project by paying \$1 million to the EJV and expending \$20 million within 4 years.
 - 75% interest by completing a Bankable Feasibility Study (BFS) and payment of an additional \$5 million to the EJV.
- Following the delivery of a positive BFS, a success payment of \$45 million would be payable to the EJV. The EJV is to have the right to contribute to the project or dilute to a royalty of 1.25% FOB.

On 3 April 2014, it was announced that Anglo American had withdrawn from the EJV due to prolonged delays in access to ground for exploration. Anglo American is responsible for all rehabilitation required and the tenements under the EJV were surrendered.



28. Contingent Consideration for Muriels Extension Tenements

On 31 May 2011, Vector completed the acquisition of the Muriels Extension tenement portfolio and its related mining information (“Muriels Extension”).

The company is to undertake an 18 month work program to determine if the project is worth pursuing. In the event it is – Vector is to issue the vendors 5 million fully paid ordinary shares.

Assuming that the company does elect to issue the 5 million shares to the vendors and continues with the project, the company will then continue to undertake further exploration work with the objective of delineating a JORC compliant resource within 48 months of acquisition.

The company will issue the vendor with an additional 3 million fully paid ordinary shares on the delineation of a JORC compliant resource of 250,000 ounces of gold. If a JORC compliant resource of 500,000 ounces of gold is delineated, then an additional 10 million fully paid ordinary shares will be issued to the vendor.

The value of the fully paid ordinary shares will be calculated on the prior 30 day volume weighted average price of shares from the day of issue.

Subsequent to year end, Vector announced that it had decided to relinquish its interest in the Muriels Extension Project.

29. Share Based Payments

There were no share based payments made during the financial year.

Share Based Payments (continued)

The weighted average exercise price, outstanding options and options exercised are as follows:

2014

	Number of options	Weighted Average Exercise Price
Opening balance	162,107,260	\$0.25
Issued during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Closing balance	<u>162,107,260</u>	\$0.25

The weighted average remaining contractual life of options outstanding at the end of the reporting period was 0.61 years. The exercise price of outstanding options at the end of the reporting period was \$0.25.

2013

	Number of options	Weighted Average Exercise Price
Opening balance	20,000,000	\$0.26
Issued during the period	144,107,260	\$0.25
Forfeited during the period	(2,000,000)	\$0.20
Exercised during the period	-	-
Closing balance	<u>162,107,260</u>	\$0.25

The weighted average remaining contractual life of options outstanding at the end of the reporting period was 1.61 years. The exercise price of outstanding options at the end of the reporting period was \$0.25.

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the *Australian Securities Exchange* (ASX) listing rules as at 26 September 2014.

List of 20 largest shareholders

Ranking	Name	Shares Held	% of total shares
1	EAGLE BRILIANT HOLDINGS LIMITED	51,090,538	16.86%
2	LOBSTER BEACH PTY LTD	13,047,031	4.31%
3	SLADE TECHNOLOGIES PTY LTD	12,402,741	4.09%
4	MR ROBERT PAUL MARTIN & MRS SUSAN PAMELA MARTIN <R & S MARTIN SUPER FUND>	7,980,816	2.63%
5	ORBIT DRILLING PTY LTD	6,884,344	2.27%
6	PERSHING AUSTRALIA NOMINEES PTY LTD	5,116,666	1.69%
7	GOLDBONDSUPER PTY LTD	4,140,000	1.37%
8	TT NICHOLLS PTY LTD	3,500,000	1.15%
9	PERIZIA INVESTMENTS PTY LTD	3,349,532	1.11%
10	RPM SUPER PTY LTD	3,150,000	1.04%
11	SOLEQUEST PTY LTD	3,123,384	1.03%
12	STEV SAND HOLDINGS PTY LTD	3,000,000	0.99%
12	MR KENNETH BULL	3,000,000	0.99%
13	MR GLYN COLIN POVEY	2,925,000	0.97%
14	INTERNATIONAL MINING SERVICES LTD	2,500,000	0.82%
15	MRS WENDY JANELLE HARDCASTLE	2,400,000	0.79%
16	MR JOHN MCGREGOR THOMS & MRS NOLA THOM	2,385,000	0.79%
17	ROBINSON CORP PTY LTD	2,327,964	0.77%
18	MR ROBERT PAUL MARTIN & MRS SUSAN PAMELA MARTIN <RP & 29 MARTIN S/FUND>	2,250,000	0.74%
18	AURO PTY LTD	2,250,000	0.74%
19	BARQUE INVESTMENTS PTY LTD	2,136,180	0.70%
20	BRIAN LLOYD WILLIAMS	2,107,972	0.70%
		141,067,168	46.55%

Substantial Shareholders

Name	Shares Held	% of total shares
EAGLE BRILIANT HOLDINGS LIMITED	51,090,538	16.86%

Distribution of shareholder's holdings

Ordinary shares held	Number of shareholders	Number of Shares
1-1,000	26	2,061
1,001-5,000	48	162,694
5,001-10,000	162	1,462,526
10,001-100,000	615	26,733,988
100,001 and over	310	274,692,356
Total	1,161	303,053,625
Unmarketable Parcels	551	8,397,361

List of 20 largest option holders

Ranking	Name	Options Held	% of total Options
1	EAGLE BRILIANT HOLDINGS LIMITED	51,090,538	34.04%
2	PERSHING AUSTRALIA NOMINEES PTY LTD	6,674,347	4.45%
3	MS JOSEPHINE KATHLEEN PATOIR	5,460,615	3.64%
4	GOFFACAN PTY LTD	5,443,275	3.63%
5	PERIZIA INVESTMENTS PTY LTD	3,325,000	2.22%
6	KAPIRI HOLDINGS PTY LTD	3,305,875	2.20%
7	SLADE TECHNOLOGIES PTY LTD	3,061,150	2.04%
8	MR NICHOLAS DERMOTT MCDONALD	2,700,000	1.80%
9	M & K KORKIDAS PTY LTD	2,000,000	1.33%
10	SOLEQUEST PTY LTD	1,954,677	1.30%
11	KAPIRI HOLDINGS PTY LTD	1,775,000	1.18%
12	RPM SUPER PTY LTD	1,655,787	1.10%
13	MR ROBERT PAUL MARTIN & MRS SUSAN PAMELA MARTIN <NITRO SUPER FUND>	1,500,000	1.00%
14	MR GERALD WELLS	1,482,000	0.99%
15	TT NICHOLLS PTY LTD	1,455,000	0.97%
16	CS FOURTH NOMINEES PTY LTD	1,400,000	0.93%
17	MRS FIONNUALA CATHERINE EDMONDSON	1,314,300	0.88%
18	OVERLAND CORNER WEST PTY LTD	1,305,750	0.87%
19	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	1,250,000	0.83%
20	MR PAUL ANTHONY GREENWOOD	1,200,000	0.80%
20	MR FIONNUALA CATHERINE EDMONDSON	1,200,000	0.80%
		100,553,314	67%



Distribution of option holder's holdings

Options held	Number of Option holders	Number of Options
1-1,000	3	1,750
1,001-5,000	25	86,600
5,001-10,000	10	74,155
10,001-100,000	92	4,216,963
100,000 and over	136	145,727,792
Total	266	150,107,260
Unmarketable Parcels	171	11,245,628

ENQUIRIES

Shareholders with any enquiries about any aspect of their shareholdings should contact the Company's share register as follows:

Link Market Services
Level 4, Central Park
152 St Georges Terrace
Perth WA 6000
Tel: +61 8 9211 6670
Fax: +61 8 9211 6660
Web: www.linkmarketservices.com.au

ELECTRONIC ANNOUNCEMENTS AND REPORTS

Shareholders who wish to receive announcement made to the ASX, as well as receive electronic copies of the Financial Report and Half-Yearly Report, are invited to provide their email address to the company. This can be done in writing to the Company Secretary.

REMOVAL FROM THE PRINTED FINANCIAL REPORT MAILING LIST

Shareholders who do not wish to receive the Financial Report should advise the Share Registry in writing to remove their names from the mailing list. Those shareholders will continue to receive all shareholder information.

CHANGE OF NAME/ADDRESS

Shareholders who are Issue Sponsored should advise the Share Registry promptly of any changes of name and/or address so that correspondence with them does not go astray. All such changes must be advised in writing and cannot be accepted via telephone. Forms can be found on the Share Registry website or obtained by contacting the Share Registry.

Shareholders who are CHES and Broker Sponsored should instruct their sponsoring brokers in writing to notify the Share Registry of any changes of name and/or address.

In case of a name change, the written advice must be supported by documentary evidence.

CONSOLIDATION OF SHAREHOLDINGS

Shareholders who wish to consolidate their separate shareholdings into one (1) account should write to the Share Registry or their sponsoring broker, whichever is applicable.

STOCK EXCHANGE LISTING

The Company's shares are listed on the *Australian Securities Exchange (ASX)*. Details of share transactions and prices published in the financial papers of the daily capital city newspaper under the code VEC.



REGISTERED OFFICE

The Registered Office of the Company is:

Vector Resources Limited
Suite 4, Henry James Building
8 Alvan Street
Subiaco WA 6008

Tel: +61 8 6188 7800
Fax: +61 8 9381 9888
Web: www.vectorresources.com.au
Company Secretary: Mr Neville Bassett

Project	Tenement	Status	Area	Grant / Application Date	Expiry Date	Holder / Applicant
MURIELS EXTENSION						
	M37/661	Granted	332.00Ha	20/03/2008	29/03/2029	Muriels Extension
	P37/7580	Granted	197.73 Ha	20/10/2008	19/10/2016	Muriels Extension
	P37/7581	Granted	199.24 Ha	20/10/2008	19/10/2016	Muriels Extension
	P37/7582	Granted	199.22 Ha	20/10/2008	19/10/2016	Muriels Extension
	P37/7583	Granted	198.90 Ha	20/10/2008	19/10/2016	Muriels Extension
	P37/7584	Granted	197.66 Ha	20/10/2008	19/10/2016	Muriels Extension
	P37/7585	Granted	113.99 Ha	20/10/2008	19/10/2016	Muriels Extension
	P37/7586	Granted	198.32 Ha	20/10/2008	19/10/2016	Muriels Extension
	P37/7587	Granted	193.39 Ha	20/10/2008	19/10/2016	Muriels Extension

GOLDEN IRON						
Mt Dimer						
	L77/83	Granted	2.46Ha	29/03/1990	28/03/2015	Golden Iron Resources
	L77/135	Granted	62.00 Ha	08/09/1993	07/09/2018	Golden Iron Resources
	L77/147	Granted	7.88 Ha	16/11/1994	15/11/2014	Golden Iron Resources
	M77/427	Granted	664.60	30/03/1990	29/03/2032	Golden Iron Resources
	M77/428	Granted	624.65	30/03/1990	29/03/2032	Golden Iron Resources
	M77/957	Granted	54.00 Ha	20/02/2007	19/02/2028	Golden Iron Resources
	M77/958	Granted	52.00 Ha	20/02/2007	19/02/2028	Golden Iron Resources
	M77/965	Granted	634.00	19/03/2007	18/03/2028	Golden Iron Resources
	E77/1992	Granted	3Blks	17/05/2012	16/05/2017	Golden Iron Resources
	E77/2050	Granted	1Blk	22/10/2012	21/10/2017	Golden Iron Resources
	P77/4081	Granted	39-00 Ha	06/07/2012	05/07/2016	Golden Iron Resources
	P77/4086	Granted	31.00 Ha	03/08/2012	02/08/2016	Golden Iron Resources
Gwendolyn						
	E77/1580	Granted	1Blks	12/05/2009	11/05/2014	Golden Iron Resources
	M77/1263	Granted	194.30H	15/05/2012	14/05/2033	Golden Iron Resources
	G77/119	Granted	299.00H	21/02/2013	20/02/2034	Golden Iron Resources
	L77/245	Granted	7.00Ha	27/12/2012	26/12/2033	Golden Iron Resources
	L77/247	Granted	7.00Ha	27/12/2012	26/12/2033	Golden Iron Resources
	L77/248	Granted	96.00Ha	21/02/2013	20/02/2034	Golden Iron Resources
Gt Bingin						
	M77/1255	Granted	169.00H	29/07/2011	28/07/2032	Golden Iron Resources



TENEMENT LISTING (continued)

Project	Tenement	Status	Area	Grant / Application Date	Expiry Date	Holder / Applicant
<i>Athenia</i>						
	M77/1260	Granted	135.00Ha	15/05/2012	14/05/2033	Golden Iron Resources
<i>Mt Palmer</i>						
	E77/1318	Granted	50Blks	25/11/2008	26/11/2015	Golden Iron Resources
	P77/3678	Granted	196.00Ha	29/04/2008	28/04/2016	Golden Iron Resources

CORPORATE GOVERNANCE STATEMENT

The Board of Vector Resources Limited is responsible for the corporate governance of the company. The Board guides and monitors the business and affairs of Vector Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This Statement reports on Vector Resources Limited's key governance principles and practices.

1. Compliance with Best Practices Recommendations

The company, as a listed entity, must comply with the *Corporations Act 2001* and the *Australian Securities Exchanges (ASX) Listing Rules*. The Statement is provided in compliance with **Recommendations** in the *ASX Corporate Governance Council (ASXCG), Second Edition*. The company recognises the publication of the *Third Edition* and intends to comply with the prescribed changes when these take effect for the company's full financial year commencing from 1 July 2014. Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

For further information on corporate governance policies adopted by the company, refer to the corporate governance section of our website: www.vectorresources.com.au

The table below summarises the Company's compliance with the ASXCGC Recommendations:

Principle #	ASXCGC Recommendations	Reference	Comply
<i>Principle 1</i>	<i>Lay solid foundations for management and oversight</i>		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(g), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to Reporting on Principle 1.	2(a), 2(g), 3(b), Remuneration Report	Yes
<i>Principle 2</i>	<i>Structure the Board to add value</i>		
2.1	A majority of the board should be independent directors.	2(d)	Yes
2.2	The Chair should be an independent director.	2(b), 2(d)	Yes
2.3	The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.	2(b), 2(d)	Yes
2.4	The board should establish a nomination committee.	2(c)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(g)	Yes
2.6	Provide the information indicated in the Guide to Reporting on Principle 2.	2(b), 2(c), 2(d), 2(e)	Yes
<i>Principle 3</i>	<i>Promote ethical and responsible decision-making</i>		
3.1	Establish a code of conduct and disclose the code or a summary as to: <ul style="list-style-type: none"> The practices necessary to maintain confidence in the company's integrity; The practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and 	4(a) 4(a)	Yes Yes

CORPORATE GOVERNANCE STATEMENT (continued)

Principle #	ASXCGC Recommendations	Reference	Comply
	<ul style="list-style-type: none"> The responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	4(a)	Yes
3.2	Establish a policy concerning diversity and disclose the policy or a summary.	4(c)	Yes
3.3	Disclose in each Annual Report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	4(c)	No
3.4	Disclose in each Annual Report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	4(c)	Yes
3.5	Provide the information indicated in the Guide to Reporting on Principle 3.	4(a), 4(c)	Yes
Principle 4	<i>Safeguard integrity in Financial Reporting</i>		
4.1	The board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> 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; and Has at least three (3) members. 	3(a) 3(a) 3(a) 3(a)	Yes Yes Yes No
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to Reporting on Principle 4.	3(a)	Yes
Principle 5	<i>Make timely and balanced disclosure</i>		
5.1	Establish written policies designed to ensure compliance with <i>ASX Listing Rule</i> disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to Reporting on Principle 5.	5(a), 5(b)	Yes
Principle 6	<i>Respect the rights of shareholders</i>		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to Reporting on Principle 6.	5(a), 5(b)	Yes
Principle 7	<i>Recognise and manage risk</i>		
7.1	Establish policies for the oversight and management of material business risks and disclose those policies or a summary of those policies.	6(a)	Yes

CORPORATE GOVERNANCE STATEMENT (continued)

7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6(a), 6(b), 6(d)	Yes
7.3	The board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the <i>Corporations Act</i> is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6(c)	Yes
7.4	Provide the information indicated in the Guide to Reporting on Principle 7.	6(a), 6(b), 6(c), 6(d)	Yes
<i>Principle 8 Remunerate fairly and responsibly</i>			
8.1	The board should establish a remuneration committee.	3(b)	Yes
8.2	The Remuneration Committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors • is chaired by an independent chair • has at least three members 	3(b)	Yes
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executive.	3(b) Remuneration Report	Yes
8.4	Provide the information indicated in the Guide to Reporting on Principle 8.	3(b)	Yes

2. The Board of Directors

a. Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the company and takes responsibility for monitoring the company's business and affairs and setting its strategic direction, establishing and overseeing the company's financial position.

The following are regarded as the key responsibilities and functions of the Board:

- to develop, review and monitor the company's long-term business strategies and provide strategic direction to management;
- to ensure policies and procedures are in place to safeguard the company's assets and business and to enable the company to act ethically and prudently;
- to develop and promote a system of corporate governance which ensures the company is properly managed and controlled;

CORPORATE GOVERNANCE STATEMENT (continued)
The Board of Directors (continued)

- to identify the company's principal risks and ensure that it has in place appropriate systems of risk management, internal control, reporting and compliance and that management is taking appropriate action to minimise those risks;
- to review and approve the company's financial statements;
- to monitor management's performance and the company's financial results on a regular basis;
- to appoint, ratify, appraise and determine the remuneration and benefits of the Managing Director;
- to delegate powers to the Managing Director as necessary to enable the day-to-day business of the company to be carried on, and to regularly review those delegations;
- to ensure that the company has in place appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations;
- to determine the appropriate capital management for the company including share and loan capital and dividend payments; and
- to determine and regularly review an appropriate remuneration policy for employees of the company.

Other than as specifically reserved by the Board, responsibility for the day-to-day management of the company's business activities is delegated to the Chief Executive Officer and Executive Management.

Currently the role of Chief Executive Officer is facilitated by Managing Director Mr Glyn Povey and will continue until such time as the scale of operations expands sufficiently to warrant a Chief Executive Officer.

b. Board Composition

The Directors determine the composition of the Board employing the following principles:

- The Board, in accordance with the company's constitution must comprise a minimum three (3) Directors;
- The roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- The majority of the Board should comprise directors who are non-executive;
- The Board should represent a broad range of qualifications, experience and expertise considered to be of benefit to the company; and
- The Board must be 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.

The Board is currently comprised of two (2) non-executive directors, one (1) executive director and one (1) non-executive Chairman. Details of the members of the Board, their experience, expertise, qualifications, terms of office and independent status are set out in the *Directors' Report* of the Financial Report under the heading *Directors' Qualification and Experience*.

The roles of Chairman and Chief Executive Officer are carried out by separate persons.

CORPORATE GOVERNANCE STATEMENT (continued)

The Board of Directors (continued)

The company's constitution requires one-third of the directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The directors to retire at each AGM are those who have been longest in office since their last election. Where directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring directors may offer themselves for re-election.

A director appointed as an additional or casual director by the Board will hold office until the next AGM when they may be re-elected.

Chairman and Chief Executive Officer

The Chairman is responsible for:

- Leadership of the Board;
- The efficient organisation and conduct of the Board's functions;
- The promotion of constructive and respectful relations between Board members and between the Board and management;
- Contributing to the briefing of directors in relation to issues arising at Board meetings;
- Facilitating the effective contribution of all Board members; and
- Committing the time necessary to effectively discharge the role of the Chairman.

The Board complies with *ASX Recommendation 2.2* in that the Chairman, is a non-executive independent director.

The Chief Executive Officer is responsible for:

- Implementing the company's strategies and policies; and
- The day-to-day management of the company's business activities.

The board specifies that the role of the Chairman and the Chief Executive Officer are separate roles to be undertaken by separate people.

c. Nomination Committee

The company does not comply with *ASX Recommendation 2.4*. The company is not of a relevant size to consider formation of a Nomination Committee to deal with the selection and appointment of new Directors and as such a Nomination Committee has not been formed. The role of a Nomination Committee is however carried out by the Board.

CORPORATE GOVERNANCE STATEMENT (continued)
The Board of Directors (continued)

Nominations of new directors are considered by the full Board in accordance with the company's *Selection of New Directors Policy*.

No other evaluations of the Board, its committees and directors took place in the reporting period.

d. Independent Directors

The company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgement.

Directors of Vector Resources 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.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a director:

- Is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- Is employed, or has previously been employed in an executive capacity by the Company or another company member, and there has not been a period of at least three (3) years between ceasing such employment and serving on the Board;
- Has within the last 3 years been a principal of a material professional advisor or a material consultant to the company or another company member, or an employee materially associated with the service provided;
- Is a material supplier or customer of the company or other company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- Has a material contractual relationship with the company or another company member other than as a director.

The company complies with *ASX Recommendation 2.1*, in that there is a majority of independent directors on the Board. The independent directors are Mr Gary Castledine, Mr Brian Williams and Mr Neville Bassett, who the Board has determined independence taking into consideration the above criteria.

The company maintains a mix of directors from different backgrounds with complementary skills and experience.

In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman must be a non-executive director.

e. Avoidance of Conflicts of Interest by Directors

In order to ensure that any interests of a director in a particular matter to be considered by the Board are known, each director is required by the company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

f. Board Access to Information and Independent Advice

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

g. Review of Board Performance

The performance of the Board is reviewed by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which Directors and executives are assessed is aligned with the financial and non-financial objectives of Vector Resources Limited. Directors whose performance is consistently unsatisfactory may be asked to retire. A review, in accordance with this criteria, of the Board, was carried out by the Chairman during the reporting period.

A copy of the Company's *Board Charter* is available on the company's website.

3. Board Committees

a. Audit Committee

The Board has established an Audit Committee in compliance with *ASX Recommendation 4.1*. The audit committee is comprised of the following members:

- Mr Neville Bassett
- Mr Gary Castledine

The company does not fully comply with *ASX Recommendation 4.2* in that the Audit Committee only comprises two (2) members. The Board considers that the nature, scale and complexity of the company's existing operations do not warrant a full complement of Board members on the Audit Committee.

The company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is auditor's policy to rotate engaging partners/Directors on listed companies at least every five (5) years.

CORPORATE GOVERNANCE STATEMENT (continued)
Board Committees (continued)

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Financial Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

The Directors are satisfied that the provision of non-audit services by the auditors, when utilised, is compatible with the general standard of independence for auditors imposed by the *Corporations Act*.

The company has adopted an *Audit Committee Charter* and is available on the company's website.

b. Remuneration Committee

The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Remuneration Committee is comprised of the following members:

- Mr Gary Castledine (Chairman)
- Mr Brian Williams

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for management, reviewing and making recommendations to the Board on the company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking review of management's performance. Non-executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive remuneration.

The company has structured the remuneration of its senior executives, where applicable, such that it comprises a fixed salary, statutory superannuation and, where applicable, participation in the company's employee share option plan. The company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the company's performance.

CORPORATE GOVERNANCE STATEMENT (continued)
Board Committees (continued)

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The company has and may, in the future, grant options to non-executive directors. The Board is of the view that options (for both executive and non-executive directors) are a cost effective benefit for small companies such as Vector Resources Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The Board policy is to remunerate directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the company. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold shares in the company.

The company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

The remuneration received by directors and executives in the current period is contained in the *Remuneration Report* within the *Directors' Report* of the Financial Report.

Other than the statutory superannuation requirements there are no other retirement benefits for non-executive directors.

4. Ethical and Responsible Decision Making

a. Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of the company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The *Code of Conduct* sets out the principles, practices and standards of personal behaviour the company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the *Code of Conduct*. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the *Code of Conduct*.

All Directors, officers and employees are expected to:

- Comply with the law;
- Act in the best interests of the company;
- Be responsible and accountable for their actions; and
- Observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

A copy of the company's *Code of Conduct* is available on the company's website.

b. Policy Concerning Trading in Company Securities

The Board has adopted a *Securities Trading Policy* which complies with the requirements of *Listing Rule 12.12* which regulates dealings by directors, officers and employees in securities issued by the company.

The policy, which is available on the company's website, includes the company's closed periods, restrictions on trading that apply to the company's Key Management Personnel, trading that is not subject to the policy, exceptional circumstances in which Key Management Personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance. The policy provides that employees, directors and officers must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the company without first seeking and obtaining written acknowledgement from the Board.

A copy of the Company's *Securities Trading Policy* is available on the Company's website.

c. Gender Diversity

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. Accordingly, the company has established a *Diversity Policy* which is available on the company's website.

The Board has a commitment to promoting a corporate culture that is supportive of diversity and encourages the transparency of Board processes, review and appointment of directors. The Board is responsible for developing policies in relation to the achievement of measurable diversity objectives and the extent to which they will be linked to the Key Performance Indicators for the Board, Managing Director and senior executives.

The company's strategies may include:

- recruiting from a diverse range of candidates for all positions, including senior executive roles and Board positions;
- reviewing pre-existing succession plans to ensure that there is a focus on diversity;
- encourage female participation across a range of roles across the company;
- review and report on the relative proportion of women and men in the workforce at all levels of the company;
- articulate a corporate culture which supports workplace diversity and in particular, recognizes that employees at all levels of the company may have domestic responsibilities;
- develop programs to encourage a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
- any other strategies that the Board or the Nomination Committee develops from time to time.

At the date of this report, 50% of the company's full-time employees are female. The company also utilises the services of a number of female consultants, in varying roles. No women are currently represented on the Board.

Due to the current size, nature and scale of the company's activities, the Board has not yet developed objectives regarding gender diversity. As the size and scale of the company grows the Board will set and aim to achieve gender diversity objectives as director and senior executive positions become vacant and appropriately qualified candidates become available.

5. Timely and Balanced Disclosure

a. Shareholder Communication

The company believes that all shareholders should have equal and timely access to material information about the company including its financial situation, performance, ownership and governance. The company's *Continuous Disclosure Policy* encourages effective communication with its shareholders by requiring that the company announcements:

- Be factual and subject to internal vetting and authorisation before issue;
- Be made in a timely manner;
- Not omit material information;
- Be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- Be in compliance with *ASX Listing Rules* continuous disclosure requirements; and
- Be placed on the company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the company's website. The company's external auditor attends the company's Annual General Meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the company and the independence of the auditor in relation to the conduct of the audit.

b. Continuous Disclosure Policy

The company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the company. The company's *Continuous Disclosure Policy* described in 5(a) reinforces the company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the *ASX Listing Rules* and overseeing and coordinating information disclosure to the ASX.

6. Recognising and Managing Risk

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established (*Risk Management and Internal Control Policy*). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

a. Board Oversight of the Risk Management System

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- Monthly reporting to the Board in respect of operations and the company's financial position, with a comparison of actual results against budget; and
- Regular reports to the Board by appropriate members of the management team and/or independent advisors, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

b. Risk Management Roles and Responsibilities

The Board is responsible for approving and reviewing the company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

c. Chief Executive Officer and Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer provide to the Board written certification that in all material respects:

- The company's financial statements represent a true and fair view of the company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The company's risk management and internal compliance and control system is operating efficiently and effectively in all material aspects.

d. Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

When evaluating potential acquisitions or investments, the Board undertakes a methodical investigation and due diligence review of each project.



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