



**VECTOR RESOURCES LIMITED
and its Controlled Entities**

ABN 99 107 541 453

Half-Year Financial Report

31 December 2016



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DIRECTORS' REPORT

The Directors of Vector Resources Limited (the "Company" or "Vector") and its controlled entities (the "Group") submit herewith the financial report for the six months ended 31 December 2016 ("half-year").

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Gary Castledine	Non-executive Chairman
Mr Michael Hendriks	Non-Executive Director
Mr Jason Brewer	Executive Director (appointed 16 January 2017)
Mr Neville Bassett	Non-executive Director and Company Secretary

DIVIDENDS

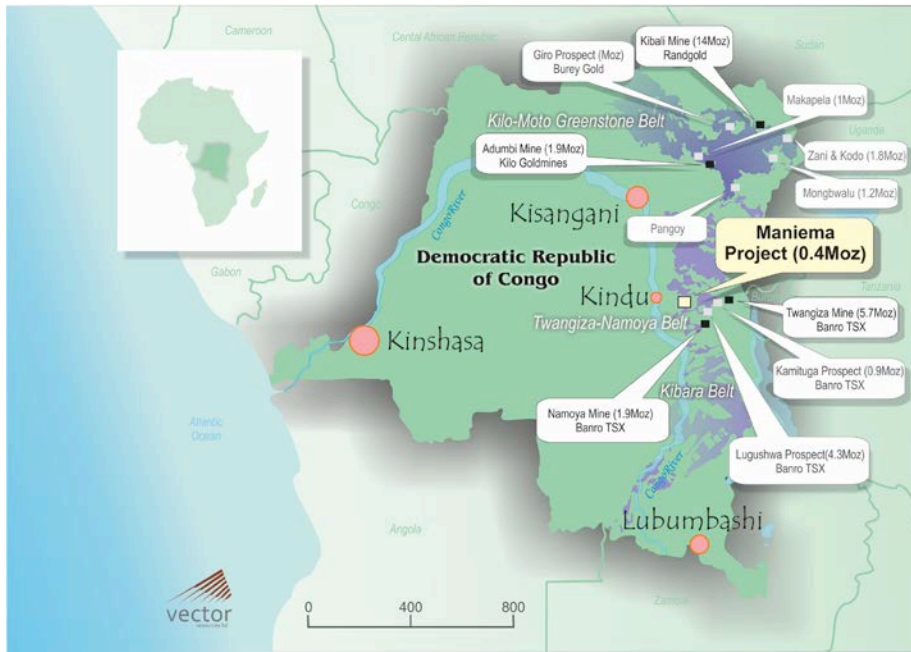
No dividends were paid or declared during the period. No recommendation for the payment of dividends has been received.

REVIEW AND RESULTS

During the half-year, the Group made a loss of \$361,504 (2015: \$7,269,507) including a fair value loss on embedded derivative of nil (2015: \$6,780,000), amortised cost of embedded derivative of nil (2015: \$178,139) and loss from discontinued operations of nil (2015: \$142,323).

ACQUISITION OF MANIEMA GOLD PROJECT

During the Half Year, at the Annual General Meeting held on 30 November 2016, shareholders overwhelmingly voted in favour of all resolutions associated with the Company's proposed acquisition of a 70% interest in the Maniema Gold Project, located in the Maniema Province in the Democratic Republic of Congo.

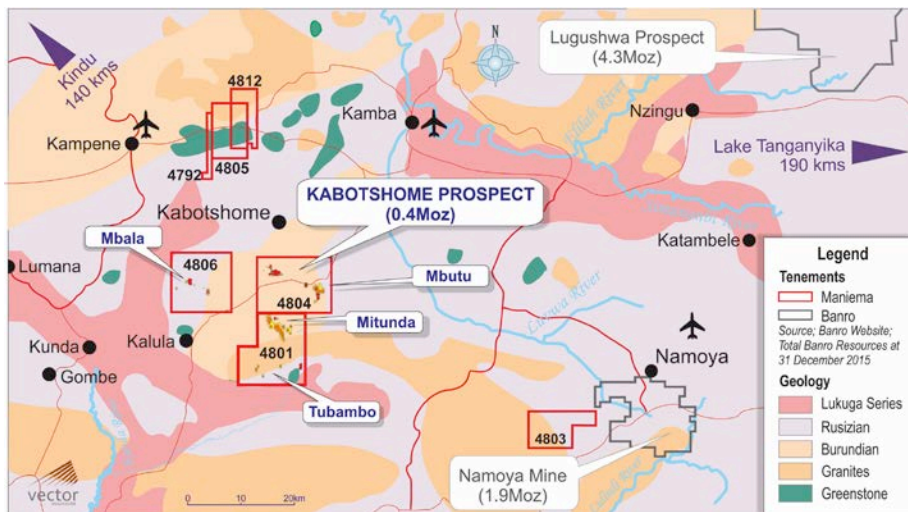


Location of the Maniema Gold Project

The Maniema Gold Project is located in the Maniema Province of the Democratic Republic of Congo.

The Project is located in the under explored Twangiza-Namoya Gold corridor and in the northern part of the Kibara Belt, which hosts two gold mining operations owned by TSX-listed Banro Corporation.

During the Half Year, the Company and its consultants accompanied by an in-country Congolese exploration and management team completed site investigations and a thorough technical due diligence review of the Maniema Gold Project. A site visit in September and October 2016, provided the Company with a greater understanding of the historical exploration activities completed between 2011 and 2013, which included geophysics, stream sediment sampling, soil geochemistry, trenching and drilling. It was also an opportunity to identify the additional work programs necessary to advance the project in 2017.



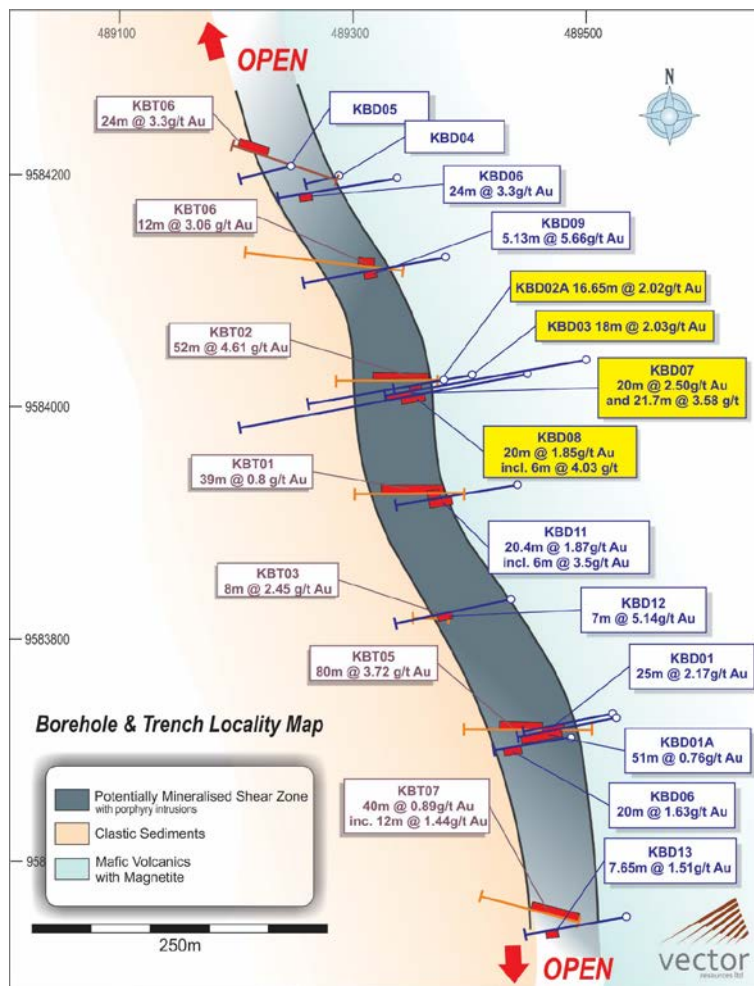
Location of the Maniema Gold Project's Seven Exploration Licenses

The Project comprises seven granted exploration licences which cover an area of over 500km² ("Licenses")

These include PR4792, PR4801, PR4803, PR4804, PR4805, PR4806 and PR4812

The Licenses contain five main prospects; Kabotshome, Mbutu, Mitunda, Mbala and Tubambo that have been defined within the project area from previous exploration. The Kabotshome Project is the most advanced.

A total of 17 holes have been drilled along the main target at the Kabotshome Gold Prospect. All drill holes intersected gold mineralisation along the Kabotshome structure.



Simplified geological map showing drill hole and trench localities at the Kabotshome Gold Prospect

This mineralisation was generally 15m to 25m wide with a grade range of 1.5 to 2.5g/t gold.

Best grades were reported where the main shear zone identified at surface intersects the sediments as shown in KBD07 which reported 20.25m @ 2.5g/t gold (from 319m) including 8m @ 4.03g/t gold and 21.7m @ 3.58g/t gold (from 354m) including 5.7m @ 8.74g/t gold. Nearly all intersections reported a higher-grade, narrower interval (between 5 and 7 metres), with grades of 5-8g/t gold and up to 118.5 g/t (refer ASX:ERN Announcement 18 March 2013).

High grade mineralisation is associated with a higher degree of pyrite mineralisation, brecciation and occasionally free gold.

The Company confirmed during the Half Year that it had completed its technical due diligence on the Maniema Gold project and would be proceeding with the acquisition. Work completed by the Company's technical consultants during the period confirmed the integrity of the historical exploration and diamond drilling work completed at the main Kabotshome Gold Prospect that identified over 800m strike length of gold mineralisation which remains open in all directions.

The Company's site investigations had further highlighted the potential for additional mineralisation east of the main Kabotshome Gold Prospect from extensive artisanal alluvial workings, with the extent and tenor of this mineralisation determined to now be a priority of the future exploration work program

During the Half Year, the Company's consultants commenced resource modelling to determine a JORC 2012 compliant resource for the Kabotshome Gold Prospect.

CAPITAL RAISING TO COMPLETE THE ACQUISITION OF THE MANIEMA GOLD PROJECT

During the Half Year, the Company announced that it would be proceeding with an A\$1,650,000 capital raising to complete the acquisition of the Maniema Gold Project and to fund its future

exploration obligations on and up-front cash consideration payments to the vendors. The proposed capital raising comprised:

- (a) a non-renounceable pro-rata offer to existing Shareholders of one new Share for every Share held at an issue price of \$0.001 per new Share (**Rights Issue**) to issue up to 1,349,071,146 Shares to raise up to \$1,349,071 (before costs); and
- (b) a placement at an issue price of not less than \$0.001 per Share, to sophisticated investors to raise an amount which is equal to A\$1,650,000 less the total amount raised pursuant to the Rights Issue (including any placement of the shortfall from the Rights Issue).

On 31 October 2016, the Company completed an unsecured \$300,000 loan facility with Perth based, 1620 Capital Pty Limited, that was to be used by the Company to fund working capital costs and due diligence costs associated with the acquisition of the Maniema Gold Project. The facility, which was provided on an interest free basis, was negotiated by Sanlam Private Wealth Australia and was to convert into shares issued under the proposed placement as part of the Company's \$1,650,000 capital raising.

On 13 December 2016, the Company despatched the Rights Issue Prospectus to shareholders to issue up to 1,349,071,146 Shares and raise \$1,349,071 through a non-renounceable pro-rata offer of one new Share for every Share held at an issue price of \$0.001 per new Share.

The Rights issued closed on 22 December 2016, with valid applications from shareholders for 515,619,915 Shares to raise \$515,620. The Company further received commitments for 100% of the 833,451,231 Shortfall Shares to raise the balance of \$833,521 on the same terms as the Rights Issue Prospectus.

EVENTS SUBSEQUENT TO THE HALF YEAR

Subsequent to the Half Year, on 10 January 2017, the Company announced that it had completed the acquisition of the Maniema Gold Project and had completed all legal, financial and technical due diligence, and executed all joint venture documentation including the incorporation of the Company's Congolese subsidiary and the incorporation of the joint venture company.

The Company also confirmed that it had completed its \$1,650,000 capital raising, paid the initial cash consideration for the acquisition and has allotted the shares associated with capital raising and the acquisition on the following basis:

- 1,349,071,146 Shares issued under the Company's non-renounceable pro-rata Rights Issue offer to existing shareholders and placement of Shortfall Shares;
- 300,928,854 shares issued through the conversion of the interim loan facility that was secured on 31 October 2016;
- 2,000,000,000 shares issued as consideration for the acquisition of the 70% interest in the Maniema Gold Project; and
- 250,000,000 shares to the Company's advisors in consideration for services provided in relation to the Acquisition and the Capital Raising.

On 16 January 2017, the Company announced the appointment of highly experienced mining executive, Mr Simon Youds, as Chief Executive Officer and Mr Peter Stockman, as Senior Consulting Geologist. Mr Jason Brewer was also appointed a Director of the Company. The appointments followed completion of the Company's acquisition of the Maniema Gold Project and have allowed the Company to immediately commence its exploration and development activities on site.

The Company further announced on 17 January 2017, a maiden Inferred Mineral Resource estimate for the Maniema Gold Project's most advanced prospect, the Kabotshome Gold Prospect of 6,966,000 tonnes at 1.9g/t Au for 421,000oz with a 20g/t Au top-cut.

The resource was determined following extensive review and verification of historical exploration work, geological database and certified sampling and testwork documentation by the Company's technical consultants and competent person. Further detailed resource modelling and estimation work is ongoing for the Kabotshome Prospect aimed at both increasing the resource size and upgrading the confidence levels.

Maniema Gold Project – Kabotshome Gold Prospect: Mineral Resource (January 2017)			
Classification	Tonnes (t)	Grade (Au g/t)	Gold (ozs)
Inferred	6,966,000	1.88	421,000

Kabotshome Gold Prospect Mineral Resource reported with a 20g/t Au top-cut

Maniema Gold Project – Kabotshome Gold Prospect: Mineral Resource (January 2017)			
Classification	Tonnes (t)	Grade (Au g/t)	Gold (ozs)
Inferred	6,966,000	2.17	486,000

Kabotshome Gold Prospect Mineral Resource reported with no top-cut

The Mineral Resource estimate has been reported in accordance with the guidelines of the JORC Code (2012 edition). 100% of the contained gold in the Kabotshome Gold Prospect Mineral Resource is in the Inferred Mineral Resource category.

Competent Person Statement

The information in this release that relates to sampling techniques and data, exploration results, geological interpretation and Exploration Targets, Mineral Resources or Ore Reserves has been compiled by Mr Peter Stockman who is a full time employee of Stockman Geological Solutions Pty Ltd. Mr Stockman is a member of the Australasian Institute of Mining and Metallurgy. Stockman Geological Solutions is engaged by Vector Resources Ltd as a consultant geologist.

Mr Stockman has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Stockman consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

AUDITORS' INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors Grant Thornton Audit Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year report. This Independence Declaration is set out on page 7 and forms part of this *Directors' Report* for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors.



Mr Gary Castledine

Date: 16 March 2017
Perth, Western Australia

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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 review of Vector Resources Limited for the half-year ended 31 December 2016, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 16 March 2017

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Notes	31 Dec 2016 \$	31 Dec 2015 \$
Other Income	2a	359	1,839
Fair value gain/(loss) on embedded derivative		-	(6,780,000)
Travel and Promotion		-	(40)
Impairment of financial assets		(20,997)	29,395
Consulting fees		(862)	(25,498)
Compliance and regulatory expenses		(122,204)	(67,802)
Due diligence costs		(85,037)	(42,500)
Finance costs	2b	(15,017)	(178,139)
Directors' fees		(78,000)	(33,750)
Occupancy expenses		(360)	(6,364)
Other expenses		(39,386)	(24,325)
Loss before tax		(361,504)	(7,127,184)
Income tax		-	-
Loss for the period		(361,504)	(7,127,184)
Loss for the year from discontinued operations	5	-	(142,323)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		2,030	-
Other comprehensive income for the period, net of tax		2,030	-
Total comprehensive loss for the period		(359,474)	(7,269,507)
Loss Attributable to:			
Members of the parent entity		(361,504)	(7,269,507)
		(361,504)	(7,269,507)
Other comprehensive loss attributable to:			
Members of the parent entity		(359,474)	(7,269,507)
		(359,474)	(7,269,507)
<i>Basic earnings per Share</i>			
Loss from continuing operations		(0.00025)	(0.00564)
Loss from discontinued operations		-	(0.00011)
Total		(0.00025)	(0.00575)
<i>Diluted earnings per Share</i>			
Loss from continuing operations		(0.00025)	(0.00564)
Loss from discontinued operations		-	(0.00011)
Total		(0.00025)	(0.00575)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Notes	31 Dec 2016 \$	30 Jun 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	152,583	173,252
Cash and cash equivalents – restricted in trust	4	770,000	-
Other receivables		22,443	23,565
Other current assets	6	186,591	-
Total Current Assets		1,131,617	196,817
Non-Current Assets			
Financial assets	7	-	20,997
Total Non-Current assets		-	20,997
Total Assets		1,131,617	217,814
LIABILITIES			
Current liabilities			
Trade and other payables	8	989,196	16,099
Borrowings	9	300,000	-
Total Current Liabilities		1,289,196	16,099
Total Liabilities		1,289,196	16,099
NET ASSETS/(DEFICIENCY)		(157,579)	201,715
EQUITY			
Share capital	10	38,340,151	38,340,151
Reserves		-	-
Other components of equity		16,728	14,698
Accumulated losses		(38,514,638)	(38,153,134)
TOTAL EQUITY/(DEFICIENCY)		(157,759)	201,715

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	Share Capital \$	Option Reserve \$	Other Components of Equity \$	Accumulated Losses \$	Total \$
Balance at 1 July 2015	25,120,727	2,502,913	-	(33,536,165)	(5,912,525)
Loss for the period	-	-	-	(7,269,507)	(7,269,507)
Other Comprehensive Income for the period	-	-	-	-	-
Total Comprehensive loss for the period	-	-	-	(7,269,507)	(7,269,507)
Convertible note conversion	12,950,000	-	-	-	12,950,000
Proceeds from share issue	280,000	-	-	-	280,000
Share issue expenses	(10,576)	-	-	-	(10,576)
Balance as at 31 Dec 2015	38,340,151	2,502,913	-	(40,805,672)	37,392
	Share Capital \$	Option Reserve \$	Other Components of Equity \$	Accumulated Losses \$	Total \$
Balance at 1 July 2016	38,340,151	-	14,698	(38,153,134)	201,715
Loss for the period	-	-	-	(361,504)	(361,504)
Other Comprehensive Income for the period	-	-	2,030	-	2,030
Total Comprehensive loss for the period	-	-	2,030	(361,504)	(359,474)
Share issue expenses	-	-	-	-	-
Balance as at 31 Dec 2016	38,340,151	-	16,728	(38,514,638)	(157,759)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	31 Dec 2016	31 Dec 2015
	\$	\$
Cash flows from operating activities		
Receipts from customers	-	-
Interest received	359	1,842
Payment to suppliers and employees	(95,798)	(112,900)
Net cash from discontinued operations	-	-
Net cash flows used in operating activities	<u>(95,439)</u>	<u>(111,058)</u>
Cash flows from investing activities		
Payments for exploration, evaluation and development	-	(89,448)
Payments for foreign assets	(53,808)	-
Acquisition costs	(103,930)	-
Due diligence costs	(52,475)	(42,500)
Proceeds from sale of Golden Iron Resources Ltd	-	50,000
Net cash flows used in investing activities	<u>(210,213)</u>	<u>(81,948)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	280,000
Cost of share issue	-	(9,750)
Proceeds from borrowings	300,000	-
Finance costs	(15,017)	-
Net cash flows provided by financing activities	<u>284,983</u>	<u>270,250</u>
Net increase/(decrease) in cash and cash equivalents	(20,669)	77,244
Cash and cash equivalents at beginning of period	173,252	307,221
Included in disposal group	-	-
Cash and cash equivalents at end of period	<u>152,583</u>	<u>384,465</u>

The accompanying notes form part of these financial statements.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Accounting Policies

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standard AASB 134: Interim Financial Reporting*. Compliance with *Australian Accounting Standards* ensures that the financial statements and notes also comply with *International Financial Reporting Standards*.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Vector Resources Limited and its controlled entities ('Group') during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2016 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim financial reports are consistent with those followed in preparation of the Group's annual financial statements for the year ended 30 June 2016. A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change the accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the Group

There are no standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group has not early adopted any of the standards, interpretations or amendments that have been issued but are not yet effective.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going Concern

The Group made a loss of \$361,504 (2015: \$7,269,507) including a fair value loss on embedded derivative of nil (2015: \$6,780,000), amortised cost of embedded derivative of nil (2015: \$178,139) and loss from discontinued operations of nil (2015: \$142,323) for the half year ended 31 December 2016 and had a net cash outflow from operating activities of \$95,439 (2015: \$111,058).

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 during the twelve month period from the date of this report. Such additional funding, as the company has successfully accessed previously, can be derived from either one or a combination of the following:

- Raising additional capital to fund the Group's ongoing operational and working capital requirements;
- Debt finance including convertible notes issues;

Subsequent to the end of the half-year, the Group completed a capital raising of \$1,650,000 (before costs) as announced on 14 September 2016 (refer Note 13), consequently the Board considers that the Group is a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

On 31 October 2016, the Group completed an unsecured \$300,000 loan facility with Perth based, 1620 Capital Pty Limited, that was to be used by the Group to fund working capital costs and due diligence costs associated with the acquisition of the Maniema Gold Project. The facility, which was provided on an interest free basis, was converted into shares issued as part of the Company's \$1,650,000 capital raising.

The Rights issue closed on 22 December 2016, with valid applications from shareholders for 515,619,915 Shares to raise \$515,620. The Group further received commitments for 100% of the 833,451,231 Shortfall Shares to raise the balance of \$833,521 on the same terms as the Rights Issue Prospectus. The shares were issued subsequent to 31 December 2016.

The Group has also taken steps to further reduce operating and overhead costs, including relocation to shared office space and staff redundancies.

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 the Group 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at Fair Value Through Profit or Loss (FVTPL), that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Available-for-sale financial assets

Available-for-sale (AFS) 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. All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses, which are recognised in profit or loss.

Reversals of impairment losses for AFS securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which requires a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three (3) levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
-

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

All financial assets are determined to be Level 1.

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2016. The only exception is the estimate of fair value with regards to the financial liabilities recognised in the current period. The fair value must be estimated for recognition and measurement for disclosure purposes. The financial liability was settled by way of conversion to shares in January 2017.

NOTE 2: LOSS FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	Consolidated Group	
	31 December 2016	31 December 2015
	\$	\$
<i>a. Non-operating activities</i>		
Interest income	359	1,839
	359	1,839
<i>b. Finance costs</i>		
Finance costs	(15,000)	(178,139)
Interest	(17)	-
	(15,017)	(178,139)

NOTE 3: SEGMENT 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 the Board on a regular basis.

During the current period the Group has two operating segments being Iron Ore and Gold exploration located in Western Australia and West Africa. 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 Performance	Iron Ore		Gold		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Other income	-	-	-	-	359	1,839	359	1,839
Fair value gain on embedded derivative	-	-	-	-	-	(6,780,000)	-	(6,780,000)
Travel and promotion	-	-	-	-	-	(40)	-	(40)
Change in fair value of financial assets	-	-	-	-	(20,997)	29,395	(20,997)	29,395
Employee benefits expenses	-	-	-	-	(12)	(1,248)	(12)	(1,248)
Consulting fees	-	-	-	-	(850)	(24,250)	(850)	(24,250)
Compliance and regulatory expenses	-	-	(17,654)	-	(104,550)	(67,802)	(122,204)	(67,802)
Due diligence costs	-	-	-	-	(85,037)	(42,500)	(85,037)	(42,500)
Finance costs	-	-	-	-	(15,017)	(178,139)	(15,017)	(178,139)
Directors' fees	-	-	-	-	(78,000)	(33,750)	(78,000)	(33,750)
Occupancy costs	-	-	-	-	(360)	(6,364)	(360)	(6,364)
Other expenses	-	(50)	(2,989)	-	(39,397)	(24,275)	(39,386)	(24,325)
	-	(50)	(20,643)	-	(340,861)	(7,127,134)	(361,504)	(7,127,184)
Operating losses from discontinued operations	-	-	-	(142,323)	-	-	-	(142,323)
Loss for the period	-	(50)	(20,643)	(142,323)	(340,861)	(7,127,134)	(361,504)	(7,269,507)

	Iron Ore		Gold		Unallocated		Total	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	\$	\$	\$	\$	\$	\$	\$	\$
Segment Assets								
Exploration Expenditure								
Opening balance	-	-	-	-	-	-	-	-
Acquisition costs	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Other assets	-	2,721	103,930	-	1,027,687	215,093	1,131,617	217,814
Total Assets	-	2,721	103,930	-	1,027,687	215,093	1,131,617	217,814
Segment liabilities	-	-	-	-	(1,289,196)	(16,099)	(1,289,196)	(16,099)
Net Assets	-	2,721	103,930	-	(261,509)	198,994	(157,579)	201,715

NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated 31 December 2016 \$	Consolidated 30 June 2016 \$
Cash and cash equivalents		
Cash at bank	140,583	161,252
Funds held in trust (i)	770,000	-
Secured Credit Card Bond	12,000	12,000
	<u>922,583</u>	<u>173,252</u>

(i) At 31 December 2016, the Company had received funds in relation to applications for shares issued under an offer pursuant to an offer document. Pursuant to the Corporations Act 2001, the funds received from prospective investors under application for shares must be held separately from the operating funds of the Company and are unable to be utilised by the Company for operational matters until the shares are issued. The funds were held on Trust and are considered to be restricted at balance date. Subsequent to balance date the funds have been received by the Company on the issue of shares in January 2017.

NOTE 5: ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 13 March 2015 the Company entered into a binding term sheet with Longflex Southern Cross Mining Limited and Riverglens Corporation Pty Ltd (**Longflex**) (**Agreement**) for the disposal of its entire interest in the share capital of Golden Iron Resources Ltd (**Golden Iron**), the holder of the Company's portfolio of mineral interests, being the main undertaking of the Company (**Disposal**).

The key terms of the Disposal are as follows:

- (i) Completion of the Disposal is subject to and conditional on:
 - (a) The Company obtaining shareholder approval for the Disposal pursuant to ASX Listing Rule 11.2; and
 - (b) Satisfactory completion of due diligence by Longflex; and
 - (c) Completion of a formal share sale agreement on terms reasonably acceptable to Vector and Longflex;
- (ii) The consideration to be paid by Longflex for the Disposal is the sum of \$455,000.

The Company obtained Shareholder approval on 4 May 2015.

On 8 December 2015, the Company announced that it had terminated the Agreement with Longflex.

The Company has entered into a new agreement with Toil Resources Pty Ltd for the disposal of Golden Iron Resources Ltd on terms no less favourable and for the same consideration payable pursuant to the Longflex Agreement.

On 12 February 2016, the Company announced that they had completed the disposal of its interest in the share capital of Golden Iron Resources Ltd.

Opening loss of the Company and subsidiaries' until the date of disposal and the profit and loss from re-measurement and disposal of assets and liabilities classified as held for sale is summarised as follows:

NOTE 5: ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

	Consolidated Group	
	31 December 2016	31 December 2015
	\$	\$
Operating sales revenue	-	-
Cost of sales	-	-
	-	-
Other income	-	-
Impairment of exploration and evaluation	-	-
Exploration expenditure not capitalised	-	(142,323)
Occupancy costs	-	-
Other expenses	-	-
	-	(142,323)
Loss for the period from discontinued operations	-	(142,323)

The major classes of assets and liabilities of the Company included in the disposal group classified as held for sale are as follows:

	Consolidated Group	
	31 December 2016	30 June 2016
	\$	\$
Non-current assets:		
Property, plant and equipment	-	-
Exploration and evaluation expenditure assets	-	-
Current assets		
Inventories	-	-
Other receivables	-	-
Cash and cash equivalents	-	-
Assets classified as held for sale	-	-
Trade and other payables	-	-
Liabilities classified as held for sale	-	-

Cash flows generated by the Company and subsidiaries for the reporting periods under review until the disposal are as follows:

	Consolidated Group	
	31 December 2016	31 December 2015
	\$	\$
Operating activities	-	-
Investing activities	-	-
Cash flows from discontinued operations	-	-

NOTE 6: OTHER CURRENT ASSETS

	Consolidated 31 December 2016	Consolidated 30 June 2016
	\$	\$
Prepayments (i)	103,930	-
Payments for foreign assets (ii)	55,343	-
Prepaid share issue costs	27,318	-
	<u>186,591</u>	<u>-</u>

(i) Subsequent to 31 December 2016, the Group completed the acquisition of a 70% interest in the Maniema Gold Project, located the Maniema Province in the Democratic Republic of Congo. As the conditions precedent to the transaction had not completed at balance date they have been classified as a prepayment which will convert to a exploration asset once final licenses are issued to the area of interest.

(ii) Two companies were incorporated in the Democratic Republic of Congo. Vector Resources Congo (100% interest) was registered in November 2016 and Maniema Gold Company (70% interest) was registered in January 2017. The two entities have been established to facilitate the acquisition of the Maniema Gold Project which was completed in January 2017. At balance date, working capital totalling \$55,343 had been transferred to the entities. No other transactions have taken place for the period to 31 December 2016. The funds transferred were held by the entities in-country solicitors whilst administrative matters were being finalised and hence have not been included in the cash balance at balance date.

NOTE 7: FINANCIAL ASSETS

	Consolidated 31 December 2016	Consolidated 30 June 2016
	\$	\$
Available for Sale Financial Assets	314,951	314,951
\$Provision for impairment	(314,951)	(293,954)
	<u>-</u>	<u>20,997</u>

Available for sale financial assets have been valued based on the market value at the year end. Considered to be a level 1 valuation expert. Given the significant decline in market value at 31 December 2016, the Group has recognised an impairment charge of \$20,997 in the current period.

NOTE 8: TRADE AND OTHER PAYABLES

	Consolidated 31 December 2016	Consolidated 30 June 2016
	\$	\$
<i>Current</i>		
Trade payables	115,869	11,163
Other payables	19,327	4,936
Due to Directors and related entities (ii)	84,000	-
Share applications (i)	770,000	-
	<u>989,196</u>	<u>16,099</u>

NOTE 8: TRADE AND OTHER PAYABLES (continued)

(i) On 13 December 2016, the Company despatched a Rights Issue Prospectus to shareholders to issue up to 1,349,071,146 Shares and raise \$1,349,071 through a non-renounceable pro-rata offer of one new Share for every Share held at an issue price of \$0.001 per new Share.

The Rights issue closed on 22 December 2016, with valid applications from shareholders for 515,619,915 Shares to raise \$515,620. The Company further received commitments for 100% of the 833,451,231 Shortfall Shares to raise the balance of \$833,521 on the same terms as the Rights Issue Prospectus.

The shares were issued in January 2017 and the funds held on Trust were released to the Company.

(ii) Relates to accrued Directors fees at 31 December 2016.

NOTE 9: BORROWINGS

	Consolidated 31 December 2016	Consolidated 30 June 2016
	\$	\$
Unsecured Loan	300,000	-
	<u>300,000</u>	<u>-</u>

The unsecured \$300,000 loan facility is provided by 1620 Capital Pty Limited and was provided on an interest free basis, was negotiated by Sanlam Private Wealth Australia and was to be converted into shares issued under the proposed placement as part of the Company's \$1,650,000 capital raising. This occurred in January 2017.

NOTE 10: SHARE CAPITAL

	Consolidated 31 December 2016	Consolidated 30 June 2016
	\$	\$
At the beginning of the reporting period	38,340,151	25,120,727
Fully paid ordinary shares issued from conversion of convertible note	-	12,950,000
Fully paid ordinary shares issued from capital raising	-	280,000
Share issue costs	-	(10,576)
At reporting date	<u>38,340,151</u>	<u>38,340,151</u>

	Number of shares	Number of shares
Opening balance	1,349,071,146	404,071,146
Settlement of convertible note	-	925,000,000
Issued during the period	-	20,000,000
Closing balance	<u>1,349,071,146</u>	<u>1,349,071,146</u>

NOTE 11: DIVIDENDS

No dividends have been paid or declared in respect of the half year ended 31 December 2016.

NOTE 12: COMMITMENTS AND CONTINGENCIES

The Group is not committed to minimum statutory exploration work requirements on the area of interest acquired in the Democratic Republic of Congo post balance date. Any expenditure in the future can be reduced by selective relinquishment of exploration tenure. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is very difficult to forecast the nature and amount of future expenditure.

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to the reporting date that require disclosure, other than:

- On 10 January 2017, the Company announced that it had completed the acquisition of a 70% interest in the Maniema Gold Project and had completed all legal, financial and technical due diligence, and executed all joint venture documentation including the incorporation of the Company's Congolese subsidiary and the incorporation of the joint venture company.
- The Company also confirmed that it had completed its A\$1,650,000 capital raising, paid the initial cash consideration for the acquisition and has allotted the shares associated with capital raising and the acquisition on the following basis:
 - a. 1,349,071,146 Shares issued under the Company's non-renounceable pro-rata Rights Issue offer to existing shareholders and placement of Shortfall Shares;
 - b. 300,928,854 shares issued through the conversion of the interim loan facility that was secured on 31 October 2016;
 - c. 2,000,000,000 shares issued as consideration for the acquisition of the 70% interest in the Maniema Gold Project; and
 - d. 250,000,000 shares to the Company's advisors in consideration for services provided in relation to the Acquisition and the Capital Raising.
- Following the completion of conditions precedent, including the above, a further \$246,000 was paid as consideration (\$54,000 paid during the period to 31 December 2016) upon the establishment of the Joint Venture Company.
- On 16 January 2017 the Company appointed a CEO and a senior consulting geologist to oversee the commencement of the Project.
- On 16 January 2017 the Company announced it had appointed Mr Jason Brewer to the Board as a representative of African Royalty Company Pty Ltd.
- On 27 February the Company released a Notice of General Meeting to approve a share consolidation and approve the establishment of an employee incentive plan. The General Meeting will be held on March 29, 2017.

NOTE 14: CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2016, the Group has entered a binding heads of agreement to acquire the rights to acquire 70% interest in the Maniema Gold Project. In addition to the payments made in Note 6 and in Note 13, the agreement includes the cash payment of \$600,000 to the vendor should the Joint Venture develop the project. The likelihood of meeting this milestone was unable to be determined at the date of this report.

The heads of agreement also requires the Company, upon completion of the assignment of 70% interest in the Maniema Gold Project, to make the following payments:

- a. Issue of up to an initial amount of \$1,500,000 fully paid ordinary shares
- b. Issue an addition \$500,000 fully paid ordinary shares on establishment of a JORC (2012 code) resource in excess of 1 million ounces at a cut off grade of 2.5g/t.
- c. Upon the Project commencing production, the Company will pay a Royalty of 1% on all bullion or other mineral sales made from the Project.

NOTE 15: RELATED PARTY DISCLOSURES

During the period the Company has incurred Directors fees. These have been accrued for in Note 8.

The Maniema Gold Project was acquired from an entity which Mr Jason Brewer is a Director.

DIRECTORS' DECLARATION

The Directors declare that:

- the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - i. give a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date; and
 - ii. comply with *Accounting Standard AASB 134 Interim Financial Reporting*.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

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



Mr Gary Castledine
Chairman

Perth, 16 March 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VECTOR RESOURCES LIMITED

We have reviewed the accompanying half-year financial report of Vector Resources Limited (the Company), which comprises the consolidated financial statements being the consolidated statement of financial position as at 31 December 2016, and 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 half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The Directors of Vector Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vector Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vector Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements that highlights the consolidated reported a net loss of \$361,504 and a cash outflow from operating activities of \$95,439 for the half year ended 31 December 2016. These conditions, along with other matters as set forth in the consolidated financial half year financial report 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. Our opinion is note modified in relation to this matter.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 16 March 2017