VECTOR RESOURCES LIMITED
and its Controlled Entities

ABN 99 107 541 453

Half-Year Financial Report

31 December 2017

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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 2017 ("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
Mr Neville Bassett	Non-executive Director and Company Secretary (resigned 4 January 2018)

COMPANY SECRETARY

Mr Andrew Steers	Appointed 4 January 2018

DIVIDENDS

No dividends were paid or declared during the period (2016: Nil). No recommendation for the payment of dividends has been received.

REVIEW OF OPERATIONS AND RESULTS

During the half-year, the Group made a loss of $522,894 (2016: $361,504).

VECTOR FOCUSES ON DRC GOLD PROJECTS

The Company continued its focus on the exploration and development of gold assets in the Democratic Republic of Congo ("DRC"), which commenced in January 2017 with the acquisition of its 70% interest in the Maniema Gold Project.

At the date of this report, the Company is progressing several acquisitions and partnerships for further DRC based gold projects. This includes the potential acquisition of 60% of the Adidi-Kanga Gold Project (part of the Mongbwalu Gold Project), as well as joint ventures and partnerships with the Congolese state-owned gold mining company Société Minière de Kilo Moto ("SOKIMO") on the Kibali South and Nizi Gold Projects.

MANIEMA GOLD PROJECT

During the half year, the Company continued to advance its exploration activities at its 70% owned Maniema Gold Project ("Maniema"), located in the Maniema Province in the DRC.

Maniema is located in the world renowned Twangiza-Namoya Gold corridor and in northern part of Kibaran Gold Belt and comprises seven granted exploration licences (in the final stages of being converted to small scale mining leases).

The Company continues to engage with its partner, WB Kasai Investments (a local DRC entity), to establish tribute mining activities around the Namoya West prospect. These activities will see Vector and WB Kasai work with the local artisanal miners to secure safe and responsible gold production, with Vector ultimately responsible for the refining and sale of gold.

In addition, the Company is looking at a small-scale bulk sampling process at its other prospects around Kabotshome with the view of adding additional gold ounces to the process.

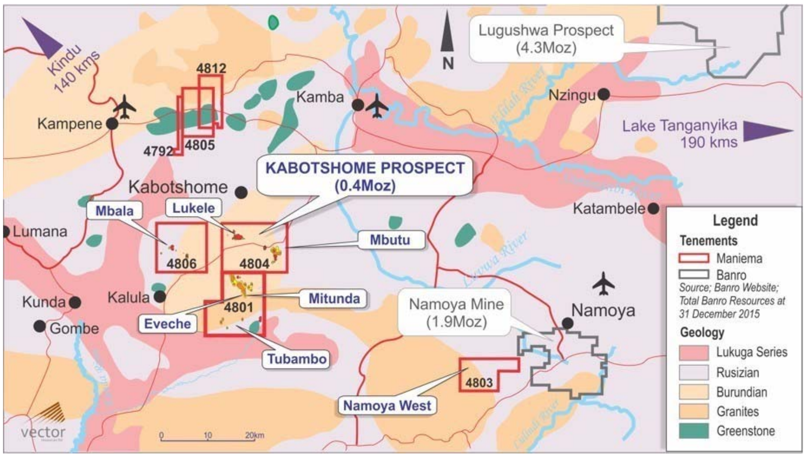

Figure 1 Location of the Maniema Gold Project's Seven Exploration Licenses and Main Gold Prospects

Kabotshome Gold Prospect

During the half year, the Company commenced drilling at Kabotshome under the diamond drilling contract that it has executed with African Drilling Limited ("ADL"). The drilling campaign has been delayed by a number of logistical and mechanical issues, and the Company is now expecting to send its first samples to Johannesburg for testing in March 2018.

The first 6 holes were planned to focus on the Kabotshome Gold Prospect and has been designed as part of an in-fill and extensional program around the existing JORC Inferred Resource of 6.97MT at 1.9g/t Au for 421,000oz and which remains open along strike and at depth (refer **ASX Release 17 January 2017**).

Other Gold Prospects

With activities focused on the current drilling campaign, the Company does not have any material updates to report on the other identified prospects at Maniema.

ACQUISITION OF THE ADIDI-KANGA GOLD PROJECT

On 22 December 2017, the Company announced that it has executed a binding Heads of Agreement for the purchase of its 60% interest in the Adidi-Kanga Gold Project from Mongbwalu Gold Mine SA ("MGM") and Fimosa (refer **ASX Announcement 22 December 2017**).

The Adidi-Kanga Gold Project, a world class gold project, is located in the Moto goldfields in the Ituri Province of the DRC. The Adidi-Kanga Gold Project forms part of the Mongbwalu Gold Project, which comprises 13 licences extending over 5,033km^2. These licences were previously the subject of extensive exploration activities by AngloGold Ashanti, before being acquired by Fimosa in 2013.

The Adidi-Kanga Gold Project sits on granted Mining Lease PE5105 and is currently held by MGM as a joint venture between Fimosa (86.14%) and SOKIMO (13.86%).

Figure 2: The Adidi-Kanga Gold Mine - Mongbwalu Gold Project Development Site located on Mining License PE5105

Between 2005 and 2013, AngloGold Ashanti completed significant exploration and development activities on the Mongbwalu licences. 173,276m of drilling has been completed on a 25m x 50m spacing and up to a 200m x 200m spacing across the broader license area and including 432 RC holes for 52,994m and 572 diamond holes for 119,278m. AngloGold Ashanti reported several historical resources, including SAMREC compliant Resources between 2010 and 2013 for the Adidi-Kanga Gold Mine.

Subsequent to the half year, the Company confirmed that an independent resource verification process by BM Geological Services in Perth, had converted the historical SAMREC Mineral Resource Estimate at Adidi-Kanga, to a JORC (2012) Mineral Resource Estimate of **3.2 million ounces of contained gold** (refer **ASX Release 5 February 2018**).

Figure 3: Drilling core yard at the Adidi-Kanga exploration site

A Feasibility Study for the development of the Adidi-Kanga Mine was also finalised by AngloGold Ashanti, who commenced initial mine construction activities with the purchase and delivery to site of approximately 70% of the mechanical equipment proposed to be installed under the Feasibility Study.

This equipment is documented to have been purchased at an estimated cost of over US$70m and included such items as crushers, ball mill, Knelson concentrator, compressors, mobile crusher, pumps, screens and mobile mining equipment.

The Company has performed an initial inspection of the mechanical and other equipment at the site and were satisfied with the condition and safety of the equipment. Further electrical and mechanical assessments will be required before the Company can fully determine the value of the equipment for future operational plans.


Figure 4 & 5: Mechanical plant, equipment & storage at the Adidi-Kanga site
Figure 6: Adidi-Kanga camp and kitchen area

The review of the status of the Adidi-Kanga Gold Mine has confirmed that the mine is already permitted for development, with Environmental and Social Impact Assessments completed and financial guarantees in place with the appropriate regulatory and administrative bodies.

Subsequent to the end of the half year, the Company confirmed that it has completed its technical & legal due diligence for the Adidi-Kanga Gold Project and reported no significant or material issues or discrepancies (refer **ASX Release 15 January 2018**).

Accordingly, the Vector Board has approved the Company to finalise the joint venture and transaction documentation with the relevant parties. The documentation process and negotiation of final joint venture terms between the parties has been extensive and has taken longer than initially anticipated by the Company. Despite the delays, the documentation process is progressing positively and the Company and the vendors are looking to finalise the documentation as soon as possible.

JOINT VENTURE AND PARTNERSHIP OPPORTUNITIES WITH SOKIMO

In December 2017, the Company announced (refer **ASX Release 7 December 2017**) that it had signed two agreements with SOKIMO under which it was granted 90 days to finalise its due diligence on the Kibali South and Nizi Gold Projects ("**Projects**") located in the Ituri and Kilo Provinces in north-eastern DRC.

Subsequent to the half year and during this 90 day period, Vector's technical management team and consultants completed a number of site visits to both the Kibali South and Nizi Gold Projects in order to assess the historical exploration and resource drilling, review historical production records where applicable, and review all other technical or project related information that was available. In addition, the Company's legal consultants in the DRC completed a review of the granted mining licenses and legal tenure.

Resulting from these reviews, the Company announced (see **ASX Release 26 February 2018**) that it had successfully completed its legal and technical due diligence and formally notified SOKIMO of its decision to proceed with the establishment of a joint venture for the exploration and development of the Kibali South Gold Project and a development Partnership for the exploration and development of the Nizi Gold Project.

It is now proposed that the Company and SOKIMO will proceed and finalise the key agreements and documentation which will incorporate the agreed commercial and joint venture terms following the findings of the legal and technical due diligence.

Kibali South Gold Project

The Kibali South Gold Project is located in the Moto goldfields of the north-east DRC, approx. 560km north east of the city of Kisangani and 150km west of the Ugandan border town of Arua.

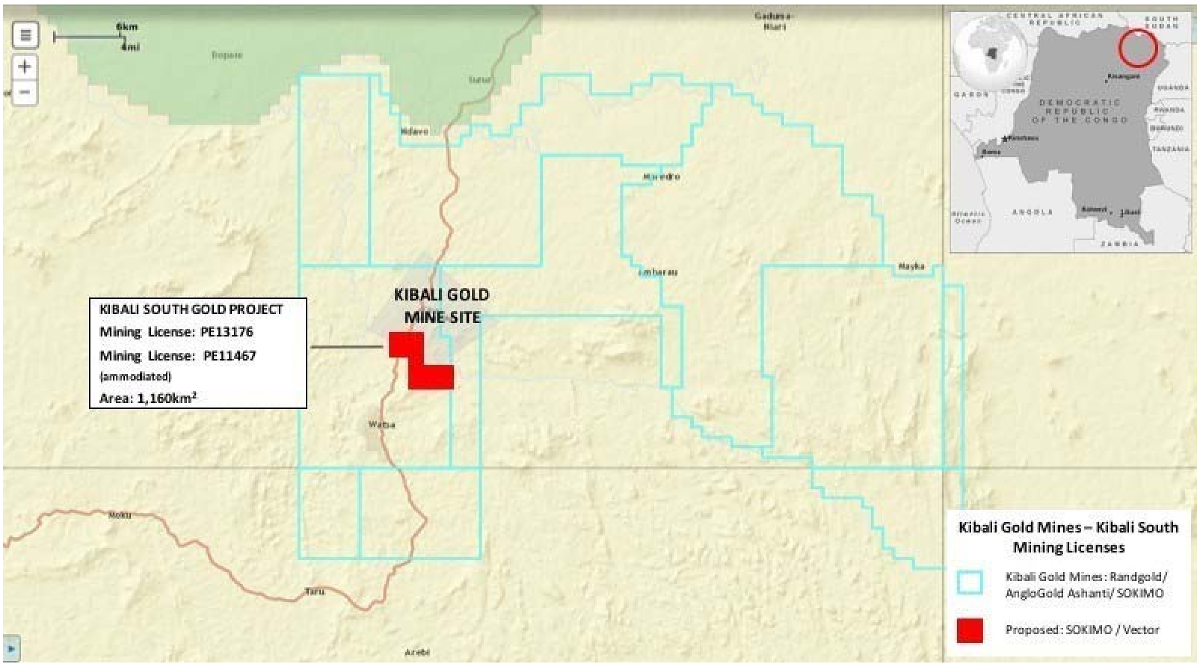

Figure 7: Location of the Kibali South Gold Project relative to the Kibali Gold Mine and Kibali Goldmines licenses

The Kibali South Gold Project is situated on two permit areas, Mining License PE13176 and Mining License PE11467, and is located immediately adjacent to the Kibali Gold Mine, a joint venture between Randgold Resources Limited ("**Randgold**")(45%), AngloGold Ashanti ("**Anglo**")(45%) and SOKIMO (10%). Kibali Goldmines operates the Kibali Gold Mine, which is Africa's largest gold mining operation.

The Kibali South Gold Project covers an area of approximately 5kms by 3kms, near the town of Watsa, south of the Kibali River. It is in very close proximity to the Kibali Gold Mine and associated infrastructure.

SOKIMO hold 100% of PE13176 upon which the majority of the Kibali South Gold Project is located. SOKIMO has received an amodiation from Kibali Goldmines in respect to the portion of PE11467 (one of the main Mining Licenses that makes up the Kibali Gold Mine) that holds the balance of the Kibali South Gold Project.

SOKIMO has signed a *Contract d'Assistance Technique et Financiere* under which Kibali Goldmines must locate, drill and return to SOKIMO new deposits that may be mined economically by them. This is the basis under which part of PE11467 has been "carved-out" and provided to SOKIMO and will now form part of the proposed joint venture with Vector.

Nizi Gold Project

The Nizi Gold Project is located in the Ituri Province of the DRC approx. 120km south-east of the Kibali South Gold Project and 25km from the town of Bunia. The Nizi Gold Project is situated on Mining License PE5110.

The license area is the site of the previously operated King Leopold Mine, that was mined during Belgium colonial times and operated between 1908 to the 1960's. It is estimated that up to 1.45Moz's may have been extracted during the period of operation of the King Leopold Gold Mine.

In addition to the King Leopold Gold Mine several other gold prospects have been identified on the Nizi Gold Project License. This includes the Baluma Gold Oxide Project, which has been partially defined by SOKIMO through two SOKIMO drilling programs, Auger and RAB. The unverified reports from the Auger and RAB programs has allowed an initial Exploration Target to have been estimated by the Company.

The Exploration Target for the Baluma Gold Oxide Project is 8.0 - 10.5 Mt at a grade range of 0.8g/t to 3.1g/t for 271,000 oz to 1,052,000 oz ("**Exploration Target"**).

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. In addition, surface sampling assays and drill sample results may also be discussed in the context of information describing the presence of anomalous metal content. The information relating to an Exploration Target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Mineral Reserves. Hence the terms Resource (s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

To assess the validity of this Exploration Target, the Company anticipates undertaking a drilling program to verify the existing drilling information and to convert the drilling information into a Mineral Resource Estimate. The Nizi Gold Project remains subject to further commercial negotiations with SOKIMO, and as a result the Company is unable to provide timing on when these activities will be concluded. However, the Company anticipates that the drilling program and mineral resource estimate will take approximately 12 months to complete once it has started.

The Exploration Target is based on unverified reports of Auger and RAB drilling conducted under SOKIMO's direction. This has been used by the Company to determine exploration target grade ranges and tonnage ranges for the Exploration Target. Sufficient information is not available to provide a Mineral Resource Estimate.

It is proposed that the Company will complete a more detailed review of the Nizi Gold Project, with particular reference to the King Leopold Gold Mine, where reports indicate that there are 7 veins identified at Nizi of which evidence suggests only 2 (veins 1 and 2) have previously been mined. The Company is confident that the area remains highly prospective for gold based on on-going artisanal mining that also continues in the area.

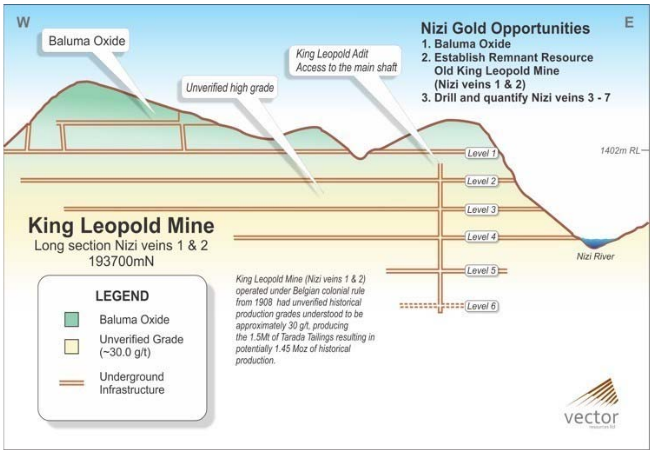

Figure 8: Historical King Leopold Mine Cross section 193700 (refer Nizi Plan Figure 2) showing extent of underground workings

Whilst the Company has established and reported an Exploration Target for the Baluma Gold Oxide Project, an estimation of the potential from the remnent mineralisation at the King Leopold Gold Mine and Veins 3-7 has not been possible at this stage requiring further geological investigation.

The Company will continue to assess the various other prospects within the licence area based on data available from SOKIMO.

CAPITAL RAISING ACTIVITIES

As announced by the Company on 7 December 2017 and as a result of executing the binding agreements with SOKIMO, the Company received firm commitments for a A$3,240,000 (before raising costs) private placement to investors qualifying under Section 708 of the Corporations Act *2001* and the Company used its existing 15% issue capacity under Listing Rule 7.1 to complete the issue. Shares under this private placement were allocated on 14 December 2017.

A total of 180,000,000 new ordinary shares have been issued for gross proceeds of A$3,240,000 (net proceeds of A$3,045,600). The capital raising was oversubscribed and was not underwritten.

The Company has used the proceeds to fund the up-front costs associated with the two SOKIMO agreements and for the Adidi-Kanga Gold Project acquisition, as well as general working capital.

EVENTS SUBSEQUENT TO THE HALF YEAR

No matter or circumstance has arisen since 31 December 2017, which has significantly affected, or may significantly affect the operations of the Company, the result of those operation, or the state of affairs of the Company in subsequent financial years.

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 Estimates 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.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors Ernst & Young, 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 9 and forms part of this *Directors' Report* for the half-year ended 31 December 2017.

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

Mr Gary Castledine

Date: 16 March 2018
Perth, Western Australia

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

As lead auditor for the review of Vector Resources Limited for the half-year ended 31 December 2017, I declare 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.

This declaration is in respect of Vector Resources Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
16 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	31 Dec 2017 $	31 Dec 2016 $
Interest revenue	3a	1,744	359
Travel and Promotion		(41,274)	-
Impairment of financial assets		-	(20,997)
Consulting fees		(62,875)	(862)
Compliance and regulatory expenses		(87,334)	(122,204)
Due diligence costs		(97,180)	(85,037)
Finance costs	3b	-	(15,017)
Directors' fees		(82,200)	(78,000)
Share-based payment expense	9c	(77,878)	-
Occupancy expenses		(660)	(360)
Other expenses		(75,237)	(39,386)
Loss before tax		(522,894)	(361,504)
Income tax		-	-
Loss for the period		(522,894)	(361,504)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(107,036)	2,030
Other comprehensive (loss)/income for the period, net of tax		(107,036)	2,030
Total comprehensive loss for the period		(629,930)	(359,474)
Loss Attributable to:			
Members of the parent entity		(522,894)	(361,504)
Non-controlling interest		-	-
		(522,894)	(361,504)
Other comprehensive loss attributable to: Members of the parent entity		(601,707)	(359,474)
Non-controlling interest		(28,223)	-
		(629,930)	(359,474)
Basic and diluted loss per Share (cents)		(0.043)	(0.025)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	31 Dec 2017	Restated 30 Jun 2017
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,827,635	378,811
Other receivables		1,199,745	10,709
Other current assets		36,925	-
Total Current Assets		3,064,305	389,520
Non-Current Assets			
Property, plant and equipment		13,072	12,688
Exploration and evaluation expenditure	5	7,444,255	6,837,590
Total Non-Current assets		7,457,327	6,850,278
Total Assets		10,521,632	7,239,798
LIABILITIES			
Current liabilities			
Trade and other payables	6	260,000	208,172
Borrowings	7	19,864	19,281
Total Current Liabilities		279,864	227,453
Total Liabilities		279,864	227,453
NET ASSETS		10,241,768	7,012,345
EQUITY			
Share capital	8	48,188,346	44,406,871
Reserves		(479,127)	(478,192)
Accumulated losses		(39,265,158)	(38,742,264)
Total Equity attributable to the owners of the parent		8,444,061	5,186,415
Non-controlling interests		1,797,707	1,825,930
TOTAL EQUITY		10,241,768	7,012,345

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Share Capital	Option Reserve	Other reserves	Accumulated Losses	Attributable to Owners of the Parent	Non-Controlling Interests	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)
Balance as at 31 Dec 2016	38,340,151	-	16,728	(38,514,638)	-	-	(157,579)

	Share Capital	Option Reserve	Other reserves	Accumulated Losses	Attributable to Owners of the Parent	Non-Controlling Interests	Total
	$	$	$	$	$	$	$
Balance at 1 July 2017 – as previously stated	44,406,871	-	(19,157)	(38,742,264)	5,645,450	(55,911)	5,589,539
Restatement (note 13)	-	-	(459,035)	-	(459,035)	1,881,841	1,422,806
Balance at 1 July 2017 – as restated	44,406,871	-	(478,192)	(38,742,264)	5,186,415	1,825,930	7,012,345
Loss for the period	-	-	-	(522,894)	(522,894)	-	(522,894)
Other Comprehensive loss for the period	-	-	(78,813)	-	(78,813)	(28,223)	(107,036)
Total Comprehensive loss for the period	-	-	(78,813)	(552,894)	(601,707)	(28,223)	(629,930)
Issue of ordinary shares	4,027,361	-	-	-	4,027,361	-	4,027,361
Share issue expenses	(245,886)	-	-	-	(245,886)	-	(245,886)
Share-based payment expense	-	77,878	-	-	77,878	-	77,878
Balance as at 31 Dec 2017	48,188,346	77,878	(557,005)	(39,265,158)	8,444,061	1,797,707	10,241,768

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	31 Dec 2017 $	31 Dec 2016 $
Cash flows from operating activities		
Interest received	1,744	359
Payment to suppliers and employees	(418,429)	(95,798)
Due diligence costs	(64,303)	(52,475)
Net cash flows used in operating activities	(480,988)	(147,914)
Cash flows from investing activities		
Payments for exploration, evaluation and development	(700,547)	-
Payments for foreign assets	-	(53,808)
Acquisition costs	(1,119,905)	(103,930)
Net cash flows used in investing activities	(1,820,452)	(157,738)
Cash flows from financing activities		
Proceeds from issue of shares	3,995,361	-
Cost of share issue	(245,886)	-
Proceeds from borrowings	-	300,000
Finance costs	-	(15,017)
Net cash flows provided by financing activities	3,749,475	284,983
Net increase/(decrease) in cash and cash equivalents	1,448,035	(20,669)
Cash and cash equivalents at beginning of period	378,811	173,252
Exchange differences on cash and cash equivalents	789	-
Cash and cash equivalents at end of period	1,827,635	152,583

The accompanying notes form part of these financial statements.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Accounting Policies

The half-year consolidated financial statements is a condensed general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standard AASB 134: Interim Financial Reporting*. The half-year condensed consolidated financial statements of Vector Resources Limited and its controlled (Group) for the six months ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 16 March 2018.

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

It is recommended that this half year financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 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 2017 financial report and comparative half-year.

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the *Australian Accounting Standards Board* (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

Going Concern

The Group made a loss of $522,894 (2016: $361,504) for the half year ended 31 December 2017 and had a net cash outflow from operating activities of $480,988 (2016: $147,914).

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 can be derived from either one or a combination of the following:

- Raising additional capital via the issue of shares; or
- Debt finance including convertible notes issues;

The Group has 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 Vector be unable to obtain sufficient funding as outlined above, there is a material uncertainty that may cast significant doubt whether the Group will be able to continue as a going concern and therefore, whether the Group 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 the Group not continue as a going concern.

NOTE 2: SEGMENT INFORMATION

For management purposes, the Group is organised into one main operating segment being exploration activities undertaken in the Democratic of Congo. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment.

Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

NOTE 3: 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 2017	**31 December 2016**
	$	$
a. Non-operating activities		
Interest income	1,744	359
	1,744	359
b. Finance costs		
Finance costs	-	(15,000)
Interest	-	(17)
	-	(15,017)

NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated Group	
		Restated
	31 December 2017	**30 June 2017**
	$	**$**
Cash and cash equivalents		
Cash at bank	1,827,635	378,811
	1,827,635	378,811

NOTE 5: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Group	
		Restated
	31 December 2017	30 June 2017
	$	$
Opening Balance	6,837,590	-
Acquisition of controlling interest in Maniema Gold Project (i)	-	6,928,571
Exploration expenditure capitalised during the year	706,860	564,784
Foreign currency translation adjustment	(100,195)	(655,765)
	7,444,255	6,837,590

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

- The continuance of the Group'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 Group's exploration properties, areas subject to claim under Native Title or containing sacred sites or sites of significance. As a result, the Group's exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

(i) On 10 January 2017, the Company completed the acquisition of a 70% interest in Maniema Gold Company SA ("MGCSA") which holds the Maniema Gold Project. Under the terms of the agreement:
   a. the Group will pay $600,000 to the vendor should the project go into development;
   b. the Group will issue an additional 100,000,000 shares to the vendors on establishment of a JORC (2012 code) resource in excess of 1 million ounces at a cut of grade of 2.5g/t; and
   c. the Group will pay a royalty of 1% of all bullion and other mineral sales made from the project.

NOTE 6: TRADE AND OTHER PAYABLES

Current		
Trade payables	190,904	152,791
Other payables	25,096	1,181
Due to Directors and related entities (i)	44,000	54,200
	260,000	208,172

(i) Relates to accrued Directors fees at 31 December 2017.

NOTE 7: BORROWINGS

Unsecured Loan	19,864	19,281
	19,864	19,281

The unsecured loan is non-interest bearing and has no fixed term of repayment.

NOTE 8: SHARE CAPITAL

Ordinary Shares

	Consolidated Group	
		Restated
	31 December 2017	30 June 2017
	$	$
At the beginning of the reporting period	44,406,871	38,340,151
Fully paid ordinary shares issued from capital raising	3,995,361	1,349,071
Fully paid ordinary shares issued for services rendered	32,000	-
Fully paid ordinary shares issued to settle loan	-	300,929
Fully paid ordinary shares issued for acquisition	-	4,500,000
Share issue costs	(245,886)	(83,280)
At reporting date	48,188,346	44,406,871

	Number of shares	Number of shares
Opening balance	1,049,814,340	269,814,340
Issued during the period	337,472,151	780,000,000
Closing balance	1,387,286,491	1,049,814,340

NOTE 9: SHARE-BASED PAYMENTS

(a) Employee Incentive Plan

The Group has provided benefits to directors, employees and contractors of the Company in the form of performance rights under the Company's Employee Incentive Plan as approved at the General Meeting on 29 March 2017, constituting a share-based payment transaction. The exercise prices of the performance rights granted for the period ended 31 December 2017 was $nil per right and all performance rights granted have an expiry date of 31 December 2018.

Performance rights granted carry no dividend or voting rights. When exercisable, each performance right is convertible into one ordinary share of the Company with full dividend and voting rights.

Vesting of the performance rights granted is dependent on the specific performance criteria being met. These include:

- Upon certification by an independent competent person on or before 31 December 2018 of a JORC Reported resource or reserve on the Maniema Gold Project of at least 1,000,000 ounces of gold of which at least 25% is in the indicated or better classification (reported in accordance with clause 50 of the JORC Code); or
- Upon certification by an independent competent person on or before 31 December 2018 of a JORC Reported resource or reserve on any project acquired by Vector Resources Ltd of at least 3,000,000 ounces of gold of which at least 25% is in the indicated or better classification (reported in accordance with clause 50 if the JORC Code).

Fair value of performance rights granted

The fair value of the performance rights granted during the year was $0.022 (31 December 2016: nil). The price was calculated by using the Black-Scholes European Option Pricing Model taking into account the terms and conditions upon which the performance rights were granted.

NOTE 9: SHARE-BASED PAYMENTS (continued)

	Consolidated Group
	31 December 2017
Weighted average exercise price (cents)	$-
Weighted average life of the option (years)	1.1
Weighted average underlying share price (cents)	$0.02
Expected share price volatility	128.0%
Risk free interest rate	2.08%

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

(b) Summary of Share-Based Payment

Set out below are summaries of the share-based payment granted:

	31 December 2017		31 December 2016	
	Number of performance rights	Fair value (Cents)	Number of performance rights	Fair value (Cents)
Outstanding as at 1 July	-	-	-	-
Granted	**60,000,000**	**0.02**	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding as at 31 December	**60,000,000**	**0.02**	-	-
Exercisable as at 31 December	-	-	-	-

The weighted average remaining contractual life of share performance rights outstanding at the end of the period was 1.0 years, and the exercise price is $nil.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	Consolidated Group	
	31 December 2017	31 December 2016
Shares and performance rights included in share-based payments expense	77,878	-

NOTE 10: DIVIDENDS

No dividends have been paid or declared in respect of the half year ended 31 December 2017.

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since 31 December 2017, which has significantly affected, or may significantly affect the operation so the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

NOTE 12: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 13: RESTATEMENT OF COMPARATIVE INFORMATION

On 10 January 2017, Vector Resources Limited acquired 70% of the share capital of MGCSA, a company holding certain exploration and development licences in Democratic Republic of Congo. The Group has assessed that it has control over MGCSA.

During the current reporting period the Group reviewed its accounting treatment of the transaction as only the Group's share of the net assets acquired had previously been recognised. A prior period adjustment has been recognised to account for the full value of the net assets acquired and the non-controlling interest therein.

In addition, the group has made adjustments to the carrying amount of exploration assets acquired to reflect the value of the assets in the functional currency of the operation to which the assets relate and to translate the assets into Australian dollars at the applicable period end rate pursuant to the requirements of AASB121: *The Effects of Changes in Foreign Exchange Rates*. Previously the exploration assets acquired had been accounted for at cost in the functional currency of the parent and not in the functional currency of the operation to which the assets relate

The impact of the correction of the errors on the 30 June 2017 comparatives is summarised as follows:

	As at 30 June 2017	Impact of correction of prior period error $	Restated 30 June 2017 $
Statement of Financial Position (Extract)			
Exploration and evaluation expenditure assets	5,414,784	1,422,806	6,837,590
NET ASSETS	5,589,539	1,422,806	7,012,345
Foreign currency translation reserve	(19,157)	(459,035)	(478,192)
Non-controlling interest	(55,911)	1,881,841	1,825,930
TOTAL EQUITY	5,589,539	1,422,806	7,012,345

The Statement of Financial Position amounts other than those mentioned above were not affected by the correction of the prior period errors.

Statement of Comprehensive Income (Extract)			
Operating loss for the year	(633,548)	-	(633,548)
Other comprehensive income for the year - exchange differences	(23,188)	(655,765)	(678,953)
Other comprehensive loss for the year	(37,886)	(655,765)	(693,651)
Total comprehensive loss for the year	(671,434)	(655,765)	(1,327,199)
Total comprehensive loss attributable to the non-controlling interest	(48,449)	(196,730)	(245,179)
Total comprehensive loss attributable to the parent entity	(622,985)	(459,035)	(1,082,020)

The correction of the error did not have any impact on the loss per share.

DIRECTORS' DECLARATION

The Directors declare that:

- the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

    i. giving a true and fair view of the financial position as at 31 December 2017 and the performance for the half-year ended on that date; and

    ii. complying 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 2018

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Independent auditor's review report to the members of Vector Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Vector Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter – material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the Company 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 internal control 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 half-year financial report based on our review. We conducted our review in accordance with 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, anything has come to our attention that causes us to 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 Group's consolidated financial position as at 31 December 2017 and its consolidated financial 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
Perth
16 March 2018