



## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2018

31 JULY 2018

### HIGHLIGHTS FOR THE QUARTER

- Vector confirmed execution of key documentation for the purchase of its 60% interest in the world class Adidi-Kanga Gold Project in the Democratic Republic of Congo
- Key documentation executed, includes the Share Sale & Purchase Agreement AND the Shareholders Agreement, executed between the Company, Mongbwalu Goldfields Investments Limited and Mongbwalu Investments Holdings 6 Limited
- Completion of the Adidi-Kanga acquisition is subject to the successful completion of the various conditions precedent, which include an agreed Work Plan for the completion of the Definitive Feasibility Study ("DFS"), Escrow Agreement, Loan Repayment Agreement, Codebition (Co-Debtor) Agreement and the issue of a US\$20m Standby Letter of Credit in relation to an existing debt for the Project – to be completed by the end of August 2018 (all currently being advanced)
- Incorporation of a new DRC-based joint venture company with the DRC State gold mining company Société Minière de Kilo Moto and a restructure of its associated operating agreements, is also required and is well advanced and scheduled to be completed by the end of August 2018
- DFS planning work has commenced and the DFS will be completed under an accelerated due to the Project being permitted for development, with Environmental and Social Impact Assessments completed and financial guarantees in place with the appropriate regulatory and administrative bodies
- Funding for the completion of DFS, initial Tranche 1 US\$5 million cash payment due to Mongbwalu Goldfields Investments Limited and additional working capital is currently being finalised and is proposed to be provided by a US\$20m loan facility from London Gold LLC – this funding will satisfy the funding requirements for the Adidi-Kanga Project through to completion of the DFS
- The Company has continued to advance negotiations with DRC state-owned gold mining company Société Minière de Kilo Moto throughout the quarter to finalise joint venture and partnership agreements over the Kibali South and Nizi Gold Projects – with negotiations and documentation on-track for completion during the September 2018 quarter
- Diamond drilling program at the Maniema Gold Project continued throughout the quarter with the Company currently awaiting the full results from drill samples dispatched to ALS in Johannesburg

The Board of Vector Resources Limited ("**Vector**" or the "**Company**") is pleased to provide the following operations report and quarterly cash flow report (Appendix 5B) of its activities during the three months ended 30 June 2018.



## ADIDI-KANGA GOLD PROJECT ACQUISITION

Vector is pleased to advise that subsequent to the quarter end, it executed the key acquisition documents for its purchase of a 60% interest in the world-class Adidi-Kanga Gold Project ("**Adidi-Kanga**" or the "**Project**") in the Democratic Republic of Congo ("**DRC**")(**ASX Announcement 24 July 2018**).

These legally binding agreements form the basis for the purchase of Vector's interest in the Project, the structure for the joint venture ("**JV**") between the various parties and the operation of that JV to complete a Definitive Feasibility Study ("**DFS**") to develop the Project.



**Figure 1:** The Adidi-Kanga Gold Project Camp and Location to Mongbwalu Town and Airstrip

In December 2017, the Company announced that it had entered into a Heads of Agreement with Fimosa Capital Limited ("**Fimosa**") and Mongbwalu Gold Mines S.A. ("**MGM**"), to establish a new JV to develop the Adidi-Kanga Project (**ASX Announcement 22 December 2017**).

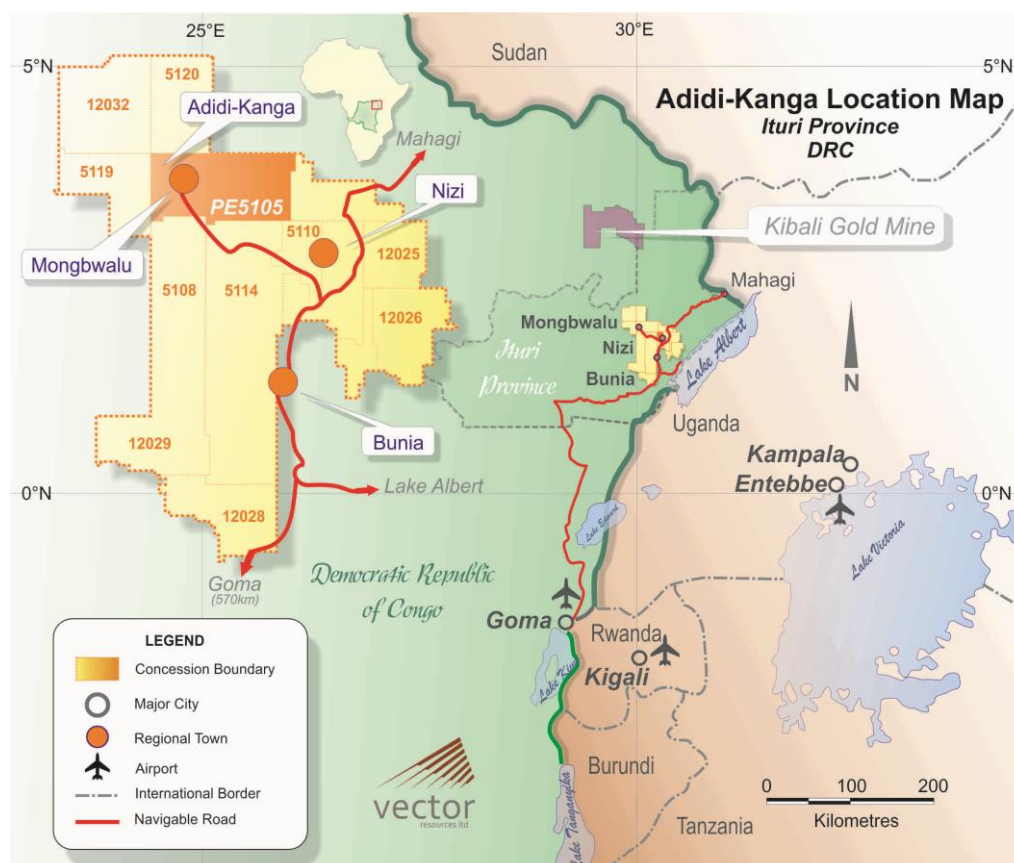
In January 2018, the Company completed its legal and technical due diligence on the Project, noting no significant or material issues and that the Vector Board had approved the Company to advance to the documentation stage of the deal (**ASX Announcement 15 January 2018**).

During the Quarter, the Company and Mongbwalu Goldfields Investment Limited ("**MGI**") have been working to finalise and execute the sale and JV documentation required to be able to advance the Project through completion of a DFS, to a positive Decision to Mine and the successful development of the Project.

These two key agreements executed subsequent to the quarter end, the Share Sale and Purchase Agreement ("**Sale Agreement**") and Shareholders Agreement ("**Shareholders Agreement**") remain subject to various conditions precedent and execution of ancillary documentation that are nearing completion and which are to be satisfied by the end of August 2018.

### Adidi-Kanga Gold Project Background

The Adidi-Kanga Gold Project is located in the Moto goldfields, 84km north-west of the town of Bunia, the provincial capital of the Ituri Province of the DRC.



**Figure 2:** Location of the Adidi-Kanga Gold Project on PE5105 in the Ituri Province of the DRC

The Adidi-Kanga Gold comprises granted Mining License PE5105, one of 13 licenses extending over 5,033km<sup>2</sup> that were the subject of extensive exploration activities by AngloGold Ashanti.

Between 2005 and 2013, AngloGold Ashanti completed significant exploration and development activities at the Project, which included 173,276m of drilling 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 a number of SAMREC compliant Resources between 2010 and 2013 for the Project and which have been reported previously by the Company in its ASX Release on 22 December 2017.





**Figure 3:** Adidi-Kanga Gold Project - Mongbwalu Gold Project Development Site

In February 2018, the Company completed its internal review of the 2013 Mineral Resource Estimate reported by AngloGold Ashanti under SAMREC, with independent verification completed by BM Geological Services. The verification process resulted in an upgrade in the Mineral Resource Estimate to 15.0Mt @ 6.6g/t Au for 3.2Moz of contained gold, reported in line with JORC (2012) Guidelines. The Mineral Resources Estimate includes 46% in Indicated Category for 6.9MT @6.74g/t AUD for 1.5Moz and 8.1MT @ 6.6g/t Au for 1.7Moz in the Inferred Category (ASX Announcement 5 February 2018).

A Feasibility Study for the development of the Adidi-Kanga Project was also completed 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 approx. US\$70m and included such items as crushers, ball mill, Knelson concentrator, compressors, mobile crusher, pumps, screens and mobile mining equipment. The estimated cost of approx. US\$70m is based on historical purchase records of AngloGold Ashanti and the Company has not yet performed a market valuation of this equipment.

The Company will require further electrical and mechanical assessments prior to determining the full value and extent of potential use of this equipment in future operations.

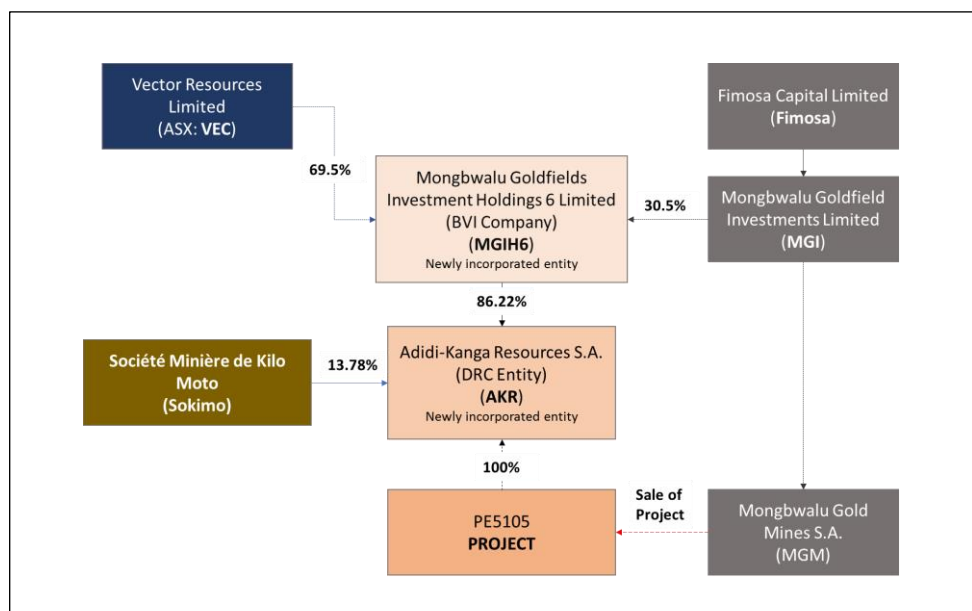


**Figure 4, 5 and 6:** Mechanical plant, equipment and storage and camp facilities at the Adidi-Kanga site

The review of the status of the Adidi-Kanga Gold Project has confirmed that the Project is already permitted for development, with Environmental and Social Impact Assessments completed and financial guarantees in place with the appropriate regulatory and administrative bodies. This confirmation was an important step in the process to ensure that the Company could achieve the completion of a DFS in a short timeframe.

## New Joint Venture Structure

Vector will hold an initial 60% interest in the Project, as illustrated in Figure 6 below.



**Figure 7:** The Adidi-Kanga Gold Project Joint Venture and Ownership Structure

Vector's interest in the Project is to be held through a 69.5% interest in the BVI joint venture company, Mongbwalu Goldfields Investment Holdings 6 Limited ("MGIH6"). The balance of the joint venture company is held by Fimosa's wholly owned subsidiary MGI.

Under the Shareholders Agreement, Vector's interest in the Project can increase to 86.22% if MGI exercise their option under the Shareholders Agreement for the sale of all of MGI's shares and its loan accounts at Fair Market Value to the Company. This option can be triggered by MGI at any time after a positive Decision to Mine has been made.

A new DRC based joint venture company, Adidi-Kanga Resources S.A. ("AKR") has also been established to own and operate the Project. MGIH6 will hold an 86.22% interest in AKR, (providing Vector with a 60% Project interest), with the remaining 13.78% shareholding held by DRC State gold mining company, Société Minière de Kilo Moto DRC ("SOKIMO").

AKR will hold Mining License PE5105 and all Project assets, including the approx. US\$70m of equipment previously ordered and delivered to the Project site in 2013 by AngloGold Ashanti.

In addition, as part of the structuring of the JV, US\$150m of existing shareholder loans owing to Fimosa from the historical expenditure on the Project will be transferred to AKR and will be

for the economic benefit of (i.e. repayable to) the MGIH6 shareholders. The transfer of this loan represents a significant future benefit to the shareholders of MGIH6 and thus 69.5% to be repaid through future profits of the Project to Vector.

It is expected that this loan will incur an annual interest charge of 10% and Vector will be assigned 69.5% of the value of this loan in line with its shareholding in MGIH6. The repayment of this loan will be made from future surplus cash flows from the operations of AKR. The repayment will only occur after normal operating costs and external financing costs have been paid, sustaining CAPEX requirements have been provided for and the repayment of the shareholder loans that will be incurred to complete the DFS and for initial development obligations have been repaid in full. As such, it will be the final shareholder loan to be repaid from future profits of the operation.

To acquire the 60% interest in the Project, the Company has committed to future milestone payments to MGI (US\$30m – see heading **JV Milestone Payments** below), as well as deferred loan repayments to MGI (US\$60m – see heading **Key JV Obligations** below) that are to be made from surplus cashflows and profits of the operations of the Project through the repayment of shareholder loans.

If all the milestone payments and the deferred payments are achieved and paid to MGI, the Company will pay a total of US\$90m to MGI, with only \$20m payable prior to the commercial sale of gold from the Project.

Upon Completion of the acquisition and issue of the Tranche 1 shares noted below, MGI has the right to appoint up to 2 directors to the Board of Vector.

## **JV Milestone Payments**

Under the terms of the Sale Agreement, Vector is required to make the following cash and share based payments to MGI, noting that all share based payments noted below can be replaced with cash payments at the Company's election:

- i. **Tranche 1** – within 10 business days of the satisfaction of the Conditions Precedent, Vector must pay to MGI US\$5m in cash and at Vector's discretion, either pay MGI a further US\$5m of cash or issue to MGI US\$5m of Ordinary Shares in Vector at a price of A\$0.022/share and based on the prevailing exchange rates.
- ii. **Tranche 2** – within 30 days of a positive Decision to Mine for the Project, Vector must pay MGI a further US\$5m in cash and at Vector's discretion, either pay MGI a further US\$5m of cash or issue to MGI a further US\$5m of Ordinary Shares in Vector based on a VWAP for the 10 trading days prior to the issue date and on the prevailing exchange rates.
- iii. **Tranche 3** – within 10 days of the commencement of commercial sale of gold from the Project, Vector must pay MGI US\$5m in cash and at Vector's discretion, either pay MGI a further US\$5m of cash or issue to MGI US\$5m of Ordinary Shares in Vector based on a VWAP for the 10 trading days prior to the issue date and on the prevailing exchange rates.

Any issue of shares under Tranches 1, 2 or 3 are subject to the Company obtaining all relevant regulatory approvals, including where applicable shareholder approval. If these approvals are not obtained for any reason, the Company must pay the share based consideration in cash.

In addition, if the Company raises additional funding specifically for the Project whilst the Definitive Feasibility Study work is ongoing, 50% of any funds raised in excess of US\$10m will be used to prepay the deferred purchase consideration due to MGI.

In addition, Fimosa will also receive a 2.5% sales royalty from the commencement of gold production to be payable by AKR.

The Company has agreed to place its shares held in MGIH6 into escrow, until all milestone payments and deferred payments have been paid to MGI and the DFS has been delivered and a positive Decision to Mine has been made.

### **Key JV Funding Obligations**

Vector will be solely responsible for the funding and management of the DFS, which is to be completed within 9 months of Completion of the acquisition.

Vector is to fund this DFS up to a minimum amount of US\$10m. This funding will be advanced by the Company via a shareholder loan through MGIH6 to AKR. On repayment of this shareholder loan, 70% of each dollar will be paid to MGI (up to a total of US\$5m) and the remaining 30% will be paid to Vector. After the payment of US\$5m to MGI, all remaining repayments of this shareholder loan are repayable (100%) to Vector.

Upon a positive Decision to Mine, Vector will also be responsible for arranging and sourcing the necessary mine funding to complete the mine development up to a minimum US\$110m. This funding will be advanced by the Company via a shareholder loan through MGIH6 to AKR. On repayment of this second shareholder loan, 70% of each dollar will be paid to MGI (up to a total of US\$55m) and the remaining 30% will be paid to Vector. After the payment of US\$55m to MGI, all remaining repayments of this second shareholder loan are repayable (100%) to Vector.

As part of the arranging and sourcing of the mine development funding, US\$20.0m of existing indebtedness of MGI owed to a local Congolese bank will be refinanced by the Company.

### **Satisfaction of Conditions Precedent and Timetable for Completion of Acquisition**

With the Sale Agreement and Shareholders Agreement executed, the Company and MGI have 45 days from execution, due by the end of August 2018, to satisfy the Conditions Precedent. These include:

- i. Agreeing a work-plan and budget for the exploration and DFS phases of the Project;
- ii. Execution of an Escrow Agreement;
- iii. Execution of a Loan Repayment Agreement;
- iv. Issuance of a Standby Letter of Credit and the execution of a Codebition Agreement in relation to the Project's existing external debt facility; and
- v. Execution of new AKR joint venture and associated documentation and agreements.

The Escrow Agreement governs the escrow of the Company's shares in MGIH6, which are to be held in escrow until (i) the Company has met all its financial obligations to MGI (as detailed above), (ii) the DFS is completed in accordance with the Sale Agreement and Shareholders Agreement and (iii) the shareholders of MGIH6 approve a positive Decision to Mine. If the Company fails to meet any of the requirements of the Escrow Agreement, the Company will forfeit its shares in MGIH6. A final draft of this agreement is under review by the Company's lawyers.

The Loan Repayment Agreement governs the treatment of the US\$150m shareholder loan that is to be transferred to AKR and for which Vector will be assigned 69.5% of the economic benefit. A final draft of this agreement is under review by the Company's lawyers.

Currently it is proposed that London Gold LLC ("**London Gold**") or an agreed alternative party, will issue a Standby Letter of Credit in respect to the US\$20.0m of existing indebtedness owing to a local Congolese bank. It will only be drawn if Vector complete the DFS, shareholders of MGIH6 approve a positive Decision to Mine and Vector is then unable to refinance the existing debt. Provided a satisfactory Standby Letter of Credit is issued, the local Congolese bank will agree to amend the terms of its existing loan agreement to extend the period for repayment of the debt to a date which will fall after the date on which a positive Decision to Mine is approved.

As part of the new joint venture structure, AKR will also become a co-debtor to the existing debt facility, which will be documented by the Codebition Agreement. Final drafts of these agreements are under review by the Company's lawyers.

The incorporation of AKR and its associated operating agreements is also a Condition Precedent, which the Company's DRC lawyers are currently finalising with Fimosa, MGI and SOKIMO.

### **Completion of Acquisition**

The Company has consulted with the Australian Securities Exchange ("**ASX**"), who have confirmed that this acquisition does not constitute a significant change to the Company's nature or scale of operations as outlined in Listing Rule 11.1. Accordingly, shareholder approval is not required to approve this transaction.

However, the Company will be and is obliged to hold a General Meeting of its Shareholders as soon as practical to approve the issue of shares required under Tranche 1 at an issue price of A\$0.022 and at the prevailing exchange rate on Completion.

The Company anticipates that the General Meeting of its Shareholders will be held in early September 2018 and will mail the Notice of Meeting and Explanatory Memorandum to Shareholders in early August 2018.

The Conditions Precedent are due to be satisfied by the end of August 2018 and the Company will update shareholders on its progress in satisfying the Conditions Precedent and all other matters regarding the acquisition.





## SOKIMO ACQUISITIONS, KIBALI SOUTH AND NIZI GOLD

On 7 December 2017, the Company announced that it had signed two agreements with SOKIMO under which the Company would finalise its due diligence and key terms for joint venture and partnerships to be established for the exploration and development of the Kibali South and Nizi Gold Projects located in the Ituri and Kilo Provinces in north-eastern DRC (refer **ASX Announcement 7 December 2017**).

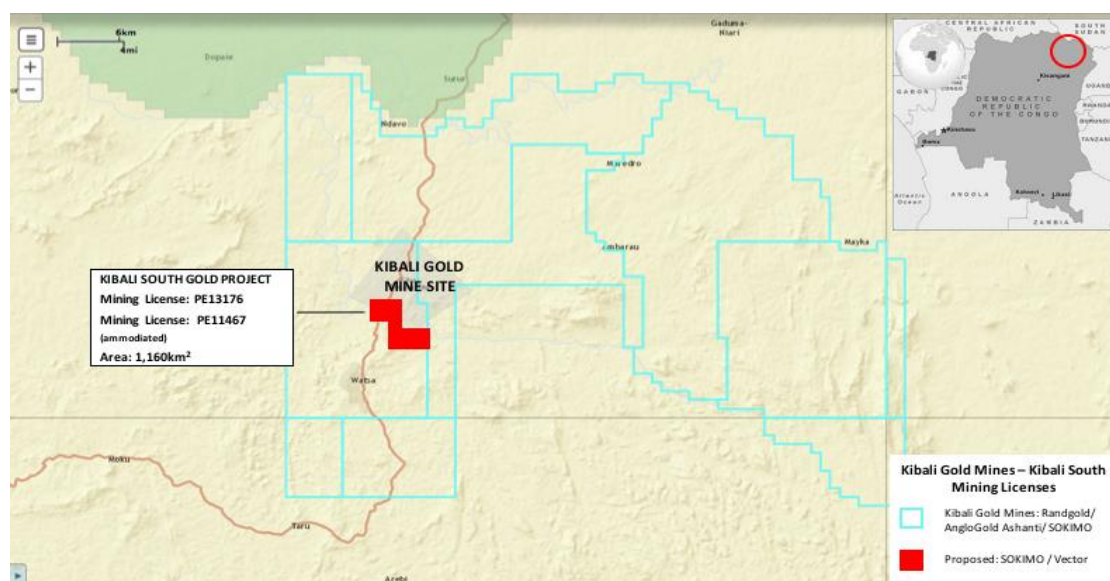
Since executing those agreements, the Company has announced that it has completed its technical and legal (DRC) due diligence and will continue commercial, JV and partnership negotiations with SOKIMO (refer **ASX Announcement 26 February 2018**).

The Company is currently finalising the key terms for the commercial, JV and partnership terms that will govern the arrangements and the Company is expecting to sign a joint venture agreement for the Kibali South Gold Project and an Ammodiation Agreement for the Nizi Gold Project. The Ammodiation Agreement will act as a formal lease over the tenements and will govern the future production from the asset, as a partnership between SOKIMO and Vector.

The Company has held numerous meetings with SOKIMO in the DRC and Johannesburg and has made significant progress on the key commercial terms for these partnerships. The Company is confident that they will be able to release details of the executed commercial terms within the September 2018 quarter and as soon as possible.

### *The 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 8:** Location of the Kibali South Gold Project relative to the Kibali Gold Mine its licenses

The Kibali South Gold Project is situated on two permit areas, Mining License PE13176 and Mining License PE11467, which is located immediately adjacent to the Kibali Gold Mine and within 1 to 2km's from the processing plant and main pit. It is surrounded by 10 Mining Licenses, that cover an area of 1,836km<sup>2</sup> and which are held by Kibali Goldmines, a joint venture between Randgold Resources Limited (45%), AngloGold Ashanti 45%) and SOKIMO (10%).

Kibali Goldmines operates the Kibali Gold Mine, which is Africa's largest gold mining operation.

SOKIMO hold 100% of PE13176 upon which the majority of the Kibali South Gold Project is located, having received an amodiation from Kibali Goldmines in respect to the portion of PE11467 that holds the balance of the Kibali South Gold Project.

In line with Listing Rule 5.12 and Listing Rule 3.1, the Company views the size and nature of the mineralisation and the amodiation of the mineralisation from the Kibali Goldmines as being capable of 'a stand-alone mine' making this information material to release to market under Listing Rule 3.1.

Resource estimation work completed by previous owners of the Kibali South Gold Project between 2009 and 2011 was assessed in 2014 by Coffey South Africa, a reputable global resource consultancy to be sufficient to quote a Mineral Resource under the South African Code for the reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code) 2007 Edition amended July 2009. The SAMREC code uses similar categories as the JORC code so can be considered on a similar basis to the categories used by the JORC Code.

The mineral resource over the Kibali South Gold Project has been calculated as 28.1Mt at an average grade of 1.63g/t of gold for 1.47 million ounces at a 0.5g/t cut-off, all of which is in the Inferred Category.

*These estimates are considered foreign and are not reported in line with JORC (2012) Code. A Competent Person has not done sufficient work to classify these estimates under JORC (2012) Code. It is uncertain that following further work the foreign estimates will be able to be reported as mineral resource in accordance with JORC (2012) Code. The Competent Person acknowledges that this mineral resource is foreign. The Competent Person confirms that the above SAMREC Mineral Resource is an accurate and reliable representation of the available information.*

### ***The Nizi Gold Project***

The Nizi Gold Project is located in the Kilo Province of the DRC approx. 120km south-east of the Kibali South Gold Project and 25km from the town of Bunia. It is situated on Mining License PE5110, which is the site of the previously operated King Leopold Mine, that was mined during Belgium colonial times between 1908 to the 1960's.

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. These drill programs have defined potential oxide mineralisation. The base data from these drilling programs has not yet been made available to Vector, however, the composite grades and drill

hole collars already provided to the Company on a project plan has allowed an initial Exploration Target to have been estimated by the Company.

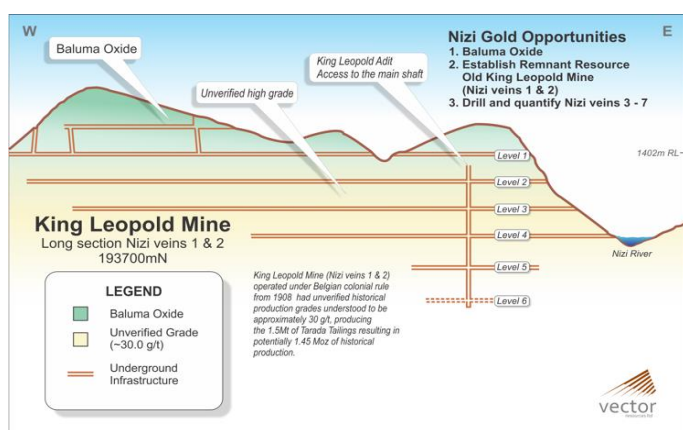
The Exploration Target for the Baluma Gold Oxide Project is 8.0 - 10.5 Mt at a grade range of 0.8g/t to 3.1g/t for 271,000 oz to 1,052,000 oz ("**Exploration Target**").

*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 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.*

On completion of a partnership agreement for Nizi, 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 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 9:** Historical King Leopold Mine Cross section 193700 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 remanent mineralisation at the King Leopold Gold Mine and Veins 3-7 has not been possible at this stage requiring further geological investigation. Refer to **ASX Announcement 7 December 2017**, in relation to estimated historical production from the King Leopold Mines.



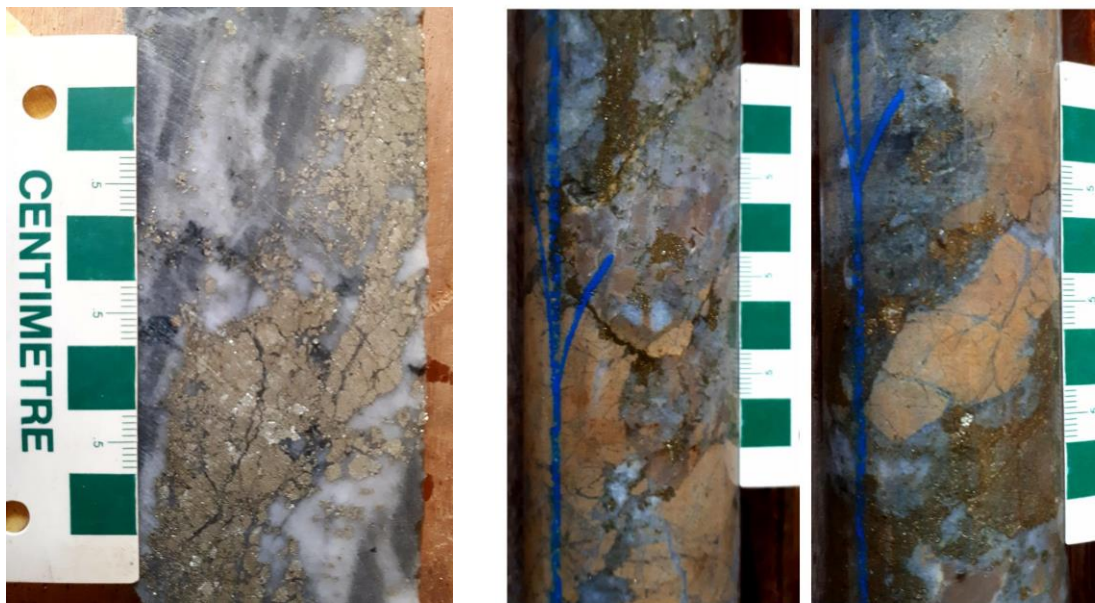
## MANIEMA GOLD PROJECT

During the Quarter, the Company continued to advance its exploration activities at its 70% owned Maniema Gold Project, located in the Maniema Province in the DRC. The Maniema Gold Project 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).

### KABOTSHOME DRILLING UPDATE

During the June Quarter, the Company successfully drilled 998.5 diamond drill metres at its Kabotshome Prospect at the Maniema Gold Project completing KBDD002, KBDD003, KBDD004 and with KBDD005A (noted KBDD005A was completed in the first week July 2018).

KBDD002 was extended beyond planned depth of 280m to 348.05m to test the full width of quartz sulphide mineralisation intersected at the base of the hole. Various quartz breccia intersections and minor visible gold have been intersected consistent with previous results and require sample export and assaying.



**Figure 10, 11 and 12:** KBDD003 brecciated Quartz Vein with massive sulphide and dolerite fragments

KBDD003 intersected 2 zones of interest containing sulphide mineralisation with quartz breccia between 142.3-167m with visible gold observed at 143.7m. The second zone of massive sulphides and quartz breccia occurred between 177.08-214.45m.

KBD004 commenced drilling in early May 2018 and was completed in mid-May 2017, with a total depth drilled of 258m. Three zones with sulphide and quartz veins were intersected and the core awaits sampling at Vector's core yard.





**Figure 13 and 14:** KBD002 sulphide mineralisation near end of hold AND KBDD005 drill set up

KBDD005 was drilled to 127.5m in May 2018, however, deep weathering and cavities potentially from historical artisanal activity known to have occurred in the area caused the hole to be abandoned and redrilled as KBDD005A.



**Figure 15 and 16:** K235m Carbonaceous Schist with quartz veins and minor sulphide AND core cutting KBDD005A collared nearby at a steeper angle to reach the designed target and cementation allowed the hole to be completed to plan. A series of zones with sulphide and quartz vein were intersected between 160-260m.

The diamond core has been transported to the Maniema core yard adjacent to Vector's Mingana Exploration camp. Holes KBDD002 and KBDD003 have been sampled and are being prepared for export and transport to ALS in Johannesburg for sample preparation and assaying at its laboratory in the next period.

Vectors geological team note that the gold mineralisation at Kabotshome is fine grained with occasional visible gold seen in the core and requires assay to establish the actual gold distribution. Not all quartz veining, breccia or sulphide occurrences contain gold at Kabotshome, however there is a strong relationship in this deposit. As each hole is completed Vector's geologists' understanding of the relationships behind the gold distribution at this complex gold prospect continues to advance. The Company plans to report the current 6-hole program once the assays have been received.

The observations by the Company's geologists and results so far have provided the confidence in planning the subsequent drilling in the overall program in line with the Company's plans for a feasibility study this includes improved drill definition through closer drill patterns to improve geological confidence.



The initial 6 holes planned for the 4,000 drill metre program was planned to test the depth and strike extensions both north and south and provide some infill data for Vector's current Kabotshome inferred resource of 7.0 million tonnes at 1.88 g/t for 421,000oz Gold (**ASX Announcement 17 January 2017**).

**Figure 17:** KBDD002 sample awaiting export, 204 samples including QAQC – 432kg's

Current drill-rig capacity has limited Vector's geologist's intent to fully test the deeper wider zones. Subsequent holes have intersected the mineralised structures as planned and await sampling, sample dispatch and assay to confirm gold mineralisation. The deep wider higher grade gold mineralisation intersections witnessed in historical drilling will require larger drill rig capacity currently being planned.

The addition of a precious metals x-ray fluorescence (XRF) analyser unit at the Mingana camp to provide guidance on gold grades in Mitunda concentrates will improve Vector's geologists in understanding the gold distribution at Mitunda. Further sampling is proposed once a reliable access road is established.





## CORPORATE ACTIVITIES

### Adidi-Kanga Funding Established

As previously announced in the December 2017 quarter the Company has received a commitment to fund (via debt) of US\$10m from London Gold. Furthermore, as reported in the Company's March 2018 Quarterly Activities Report, the Company has been advancing discussions to increase this debt facility from US\$10m to US\$20m. London Gold have now confirmed the increased US\$20m facility limit, with documentation now underway.

London Gold is a privately held company registered in Nevada, USA. London Gold was established to develop, operate, produce, refine and sell gold bullion from gold mine concessions in the USA, Canada and Africa. To fund the acquisition and investment in gold projects, London Gold have secured significant funding through the issuance of senior secured notes to a range of sophisticated investors.

This funding will provide the required US\$5m of cash consideration due to MGI on completion of the Agreements, as well as being able to fully fund the US\$10m of exploration and DFS expenditure required for the Project.

The key terms of the proposed funding include:

- i. To be funded in two equal tranches (US\$10m each);
- ii. Tranche 1 (US\$10m) to be drawn on Agreement Completion;
- iii. Tranche 2 (US\$10m) to be drawn on confirmation of the Project EPCM;
- iv. Term of 36 months from first draw down;
- v. Annual interest coupon of 6%;
- vi. Interest payable quarterly in arrears – can be paid in Vector shares at Vectors discretion;
- vii. Facility fee of 15,000,000 ordinary Vector shares payable on initial drawdown; and
- viii. Right to purchase up to 15% of Vector's share of the production from the Project, at a discount of 2% to the prevailing market price.

In addition, and in response to feedback from market participants, the Company is reviewing the opportunity to use this US\$20m facility to pay the Tranche 1 share based component of US\$5m in cash, which is an option available at the Company's discretion.

During the Quarter the Company further drew upon standby working capital debt funding of US\$0.57 million (including lending costs) to supplement its existing cash balances and further fund certain aspects of the Company's DRC businesses and acquisition opportunities. As at the Quarters end, the Company had drawn the full US\$0.57m.

– ENDS –

**Simon Youds**

Chief Executive Officer

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**About Vector Resources Limited**

Vector Resources Limited (ASX:VEC) is an Australian Securities Exchange ("ASX") listed gold exploration and development company focused on the Maniema Gold Project in the Democratic Republic of Congo ("DRC"), as well as a number of key acquisitions that are underway also in the DRC that include a 60% interest in the world class Adidi-Kanga Gold Project.

The Maniema Gold Project was acquired by the Company in December 2016. The Project is located in the world renowned and under explored Twangiza-Namoya Gold corridor. The Project comprises seven granted exploitation licences: PR4792, PR4801, PR4803, PR4804, PR4805, PR4806 and PR4812 and which cover an area of over 500km<sup>2</sup> and include seven main prospects; Kabotshome, Mbutu, Mitunda, Mbala, Eveche, Lukele and Tubambo that have been defined within the project area from previous and recent exploration. The Kabotshome Gold Prospect is the most advanced with an Inferred Mineral Resource (JORC 2012) estimate of 7.0 million tonnes at 1.88g/t gold for 421,000 ounces of gold (ASX Announcement 17 January 2017).

**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.

**Forward looking statements**

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may



in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

### Tenement Information as required by Listing Rule 5.3.3

The following is a table setting out the information as required by ASX Listing Rule 5.3.3, namely:

1. Mining tenements held at the end of the Quarter and their location;
2. Mining tenements disposed during the Quarter and location;
3. Beneficial percentage interests held in farm-in or farm-out agreements at end of Quarter; and
4. Beneficial percentage interests held in farm-in or farm-out agreements acquired or disposed of during the Quarter.

Location	Tenement	Interest at beginning of quarter (%)	Interests relinquished, reduced or lapsed (%)	Interests acquired or increased (%)	Interest at end of quarter (%)
Democratic Republic of Congo – Maniema Province	PR4792	70	-	-	70
	PR4801	70	-	-	70
	PR4803	70	-	-	70
	PR4804	70	-	-	70
	PR4805	70	-	-	70
	PR4806	70	-	-	70
	PR4812	70	-	-	70