



ABN 99 107 541 453

***Notice of General Meeting***

***Explanatory Statement***

***and***

***Proxy Form***

**Date of Meeting**

Friday, 21 September 2018

**Time of Meeting**

9.00 am (WST)

**Place of Meeting**

Ground Floor – London Room, London House  
216 St Georges Terrace  
Perth WA 6000

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## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Members of Vector Resources Limited (**Vector** or the **Company**) will be held on Friday, 21 September 2018, commencing at 9.00am (WST) at the London Room, Ground Floor, 216 St Georges Terrace, Perth, Western Australia.

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

### AGENDA

#### **Resolution 1: Ratification of Prior Issue of Shares**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 180,000,000 Shares at an issue price of \$0.018 each on the terms and conditions set out in the Explanatory Statement forming part of this Notice.*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### **Resolutions 2(a), 2(b) and 2(c): Issue of Debt Conversion Shares**

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

##### ***Resolution 2 (a):***

*That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 50,000,000 Shares to Cuart Investments PCC Ltd (or its nominees) to satisfy debt owed to Cuart Investments PCC Ltd, on the terms and conditions set out in the Explanatory Statement forming part of this Notice.*

##### ***Resolution 2 (b):***

*That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 8,250,000 Shares to Mr Bin Liu (or his nominees) to satisfy debt owed to Bin Liu, on the terms and conditions set out in the Explanatory Statement forming part of this Notice.*

##### ***Resolution 2 (c):***

*That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 8,250,000 Shares to Mr John Boardman (or his nominees) to satisfy debt owed to John Boardman, on the terms and conditions set out in the Explanatory Statement forming part of this Notice.*

**Voting Exclusion:** The Company will disregard any votes cast in favour of resolutions 2(a), 2(b) and 2(c) by a person who is due to participate in the issues of Shares or who will otherwise obtain a material benefit as a result of the proposed issue of Shares pursuant to that resolution or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## SPECIAL BUSINESS

### Resolution 3(a) and 3(b) – Approval to Issue MGI Consideration Shares or MGI Consideration Amount

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

#### **Resolution 3(a):**

*That, subject to Completion of the Adidi-Kanga Gold Project Acquisition occurring, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve a total of US\$5,000,000 of Shares to be issued to Mongbwalu Goldfields Investments Limited (Co Registration Number: 133304) (MGI), or the parties as advised by MGI, as consideration under the Sale Agreement at an issue price of A\$0.022 (MGI Consideration Shares), on the terms and conditions set out in the Explanatory Statement.*

#### **Resolution 3(b):**

*That, subject to Completion of the Adidi-Kanga Gold Project Acquisition occurring, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve a total of US\$5,000,000 of Shares to be issued to private investors to raise cash to fund the consideration due to MGI at a price of no less than A\$0.022 (MGI Consideration Amount) on the terms and conditions set out in the Explanatory Statement.*

**Note:** The Company is seeking Shareholder approval for both Resolutions 3(a) and 3(b), however, Shares will only be issued under one of these Resolutions. That is, if the Company issue the Shares to MGI under Resolution 3(a), it will not issue the Shares under Resolution 3(b) AND alternatively if the Company issue the Shares to private investors under Resolution 3(b), it will not issue shares to MGI under Resolution 3(b).

**Voting Exclusion:** The Company will disregard any votes cast in favour of these resolutions by MGI and any associate of MGI and any person who will participate in the proposed issue of Shares or who will obtain a material benefit as a result of the proposed issue of Shares, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### Resolution 4 – Approval to Issue Medea Natural Resources Shares

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*That for the purposes of Listing Rules 7.1 and for all other purposes, Shareholders approve the issue to Medea Natural Resources Limited (or its nominees) 10,000,000 Shares (Medea Natural Resources Shares) in consideration for its services to the Company as debt and structure finance advisers on the terms and conditions set out in the Explanatory Statement.*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this resolution by any person who will participate in the proposed issue of Shares or who will obtain a material benefit as a result of the proposed issue of Shares, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **Resolution 5: Approval for Future Issue of Shares**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*That, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue up to 300,000,000 Shares on the terms and conditions set out in the Explanatory Statement forming part of this Notice.*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this resolution by any person who will participate in the proposed issue of Shares or who will obtain a material benefit as a result of the proposed issue of Shares, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting at General Meeting**

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company at 5.00pm (WST) on 19 September 2018. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Proxy and voting entitlement instructions are included on the Proxy Form accompanying this Notice of Meeting.

**BY ORDER OF THE BOARD**

**A N Steers**  
**Company Secretary**  
21 August 2018

# EXPLANATORY STATEMENT

## 1. INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at a general meeting of Shareholders to be held at the London Room (Ground Floor), 216 St Georges Terrace, Perth, Western Australia on Friday, 21 September 2018 at 9.00 am (WST).

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

## 2. RATIFICATION OF PRIOR ISSUE OF SHARES

### Resolution 1

#### 2.1 General

On 7 December 2017, the Company announced that it had received firm commitments for a capital raising of \$3,240,000 (before raising costs) through the issue of 180,000,000 Shares at an issue price of \$0.018 per Share.

On 13 December 2017, the Company issued the Shares without prior Shareholder approval out of its 15% annual placement capacity.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

#### 2.2 Technical information required under ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification:

- (a) 180,000,000 Shares were issued;
- (b) the issue price per Share was \$0.018;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated and professional investors pursuant to section 708 of the Corporations Act. None of these subscribers are Related Parties of the Company; and
- (e) funds raised were used to fund the up-front costs associated with the two Société Minière de Kilo Moto (**SOKIMO**) acquisitions announced on 7 December 2017 (an amount of US\$350,000 was paid to SOKIMO and in

addition the Company has paid \$33,000 of due diligence costs) and the Addi-Kanga acquisition announced on 22 December 2017 (US\$500,000 was paid to MGI, and in addition the Company has paid A\$195,000 of due diligence costs), to continue the drilling program at the Maniema Gold Project and general working capital.

## 2.3 Directors' recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 1.

## 3. ISSUE OF DEBT CONVERSION SHARES

### Resolutions 2 (a), 2 (b) and 2 (c)

### 3.1 General

The Company is seeking shareholder approval to issue up to 66,500,000 Shares in Vector Resources under Resolutions 2(a), 2(b) and 2(c), together referred to as the **Debt Conversion Shares**.

The Company is proposing to issue, subject to obtaining shareholder approval, the following Debt Conversion Shares under each resolution:

- (a) Resolution 2(a) - up to 50,000,000 Shares to Cuart Investments PCC Ltd;
- (b) Resolution 2(b) - up to 8,250,000 Shares to Mr Bin Liu; and
- (c) Resolution 2(c) - up to 8,250,000 Shares to Mr John Boardman.

Details of each Resolution are provided below:

#### 3.1.1 Resolution 2(a)

The issue of the Debt Conversion Shares to Cuart Investments PCC Ltd (**Cuart Investments**) is in the proposed satisfaction and conversion of a loan facility provided to the Company by Cuart Investments on 29 May 2018. As at the date of the Notice of General Meeting, the outstanding balance monies owed under the loan facility, including fees and accrued interest, is \$799,168. Interest is charged at 10% per annum and the term will expire on 30 September 2018.

It is the Company's intention, subject to Shareholder approval being obtained and depending on the performance of the Company's share price, to issue up to 50,000,000 Shares to convert part or all of the outstanding debt owed to Cuart Investments. The issue of any Shares in lieu of cash repayment is subject to acceptance of Cuart Investments.

The exact number of Shares to be issued to satisfy the outstanding loan facility will depend on:

- (a) acceptance of the conversion request by Cuart Investments;
- (b) the relevant exchange rate at the date of conversion; and
- (c) the conversion price - which will be the lower of A\$0.0318 and 93% of the volume weighted average price of Shares traded on ASX for the 10 trading days prior to the conversion date.

Cuart Investments is not a Related Party of the Company.

### **3.1.2 Resolution 2(b)**

The issue of Debt Conversion Shares of up to 8,250,000 to Mr Bin Liu will be in either full or part satisfaction of debts owed to Mr Liu for a loan provided to the Company to fund its working capital, with an outstanding balance of \$165,000 as at the date of the Notice of General Meeting and excluding any default interest that may be due.

The Company is proposing to issue the Shares at a price of \$0.02 (deemed issue price) per share and in return Mr Liu will agree to extend the loan to 30 September 2018. It is proposed that any default interest will be forgiven on conversion. The default interest due up to 31 August 2018 is \$2,985.

Mr Liu is a shareholder of the Company, but is not a Related Party of the Company and holds no position in the Company.

### **3.1.3 Resolution 2(c)**

The issue of Debt Conversion Shares of up to 8,250,000 to Mr John Boardman will be in either full or part satisfaction of debts owed to Mr Boardman for a loan provided to the Company to fund its working capital, with an outstanding balance of \$165,000 as at the date of the Notice of General Meeting and excluding any default interest that may be due.

The Company is proposing to issue the Shares at a price of \$0.02 (deemed issue price) per share and in return Mr Boardman will agree to extend the loan to 30 September 2018. It is proposed that any default interest will be forgiven on conversion. The default interest due up to 31 August 2018 is \$2,985.

Mr Boardman is a shareholder of the Company, however, holds no position in the Company.

## **3.2 Listing Rules Information Requirements**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1, in addition to the information contained in this Section and in this Explanatory Statement. The following information is provided to meet the requirements of Listing Rule 7.3:

- (a) The number, issue price and recipients of the Shares to be issued by the Company are:
  - (i) Resolution 2(a) - up to 50,000,000 Shares to Cuart Investments PCC Ltd at an issue price per Share equal to the lower of A\$0.0318 and the 10-trading day VWAP of Shares prior to the issue date;
  - (ii) Resolution 2(b) - up to 8,250,000 Shares to Mr Bin Liu at an issue price per Share of A\$0.02; and
  - (iii) Resolution 2(c) - up to 8,250,000 Shares to Mr John Boardman at an issue price per Share of A\$0.02.
- (b) The Debt Conversion Shares under Resolutions 2(a), 2(b) and 2(c) will be issued progressively and no later than 3 months after the General Meeting.
- (c) The Shares issued will be fully paid ordinary shares in the capital of the Company to be issued on the same terms and conditions as the existing



Shares on issue – the Company will apply for quotation of the Shares on ASX.

- (d) The Debt Conversion Shares are to be issued by the Company for nil consideration in satisfaction of the debts owed by the Company to various parties, as described in Section 3.1 above for each resolution.

### 3.3 Directors' recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolutions 2(a), 2(b) and 2(c).

## 4. APPROVAL TO ISSUE MGI CONSIDERATION SHARES OR MGI CONSIDERATION AMOUNT Resolutions 3(a) and 3(b)

### 4.1 Background

On 24 July 2018, the Company announced the execution of Share Sale and Purchase Agreement (**Sale Agreement**) and Shareholders Agreement (**Shareholders Agreement**) for the purchase of the Company's 60% interest in the Adidi-Kanga Gold Project (the **Project**) in the Democratic Republic of Congo (**DRC**) (the **Acquisition**).

Refer to **Annexure A** of this Explanatory Statement for a copy of the ASX announcement made by the Company in relation to the Acquisition on 24 July 2018, which contains further information relating to the Acquisition and the Sale Agreement and Shareholders Agreement.

The Sale Agreement provides for the sale of 69.5% of the outstanding shares of Mongbwalu Goldfields Investment Holdings 6 Limited (**MGIH6**). MGIH6 holds an 86.22% in the Project. This results in a total interest of 60% of the Project for the Company.

Pursuant to Sale Agreement entered between the Company and MGI, the Company has undertaken to issue to MGI (or an entity, person or associate determined by MGI) US\$5,000,000 of Shares based on a conversion price of A\$0.022 (**MGI Consideration Shares**).

Alternatively, the Company may at its sole discretion, elect to pay MGI US\$5,000,000 in cash in lieu of issuing the MGI Consideration Shares (**MGI Consideration Amount**).

The Company is seeking approval from its Shareholders for Resolutions 3(a) and 3(b), which if both are approved, will allow the Company to issue *either*:

- (1) the MGI Consideration Shares as proposed by Resolution 3(a) (see section 4.1.1 below); or
- (2) raise US\$5,000,000 (net of costs) to pay the MGI Consideration Amount as proposed by Resolution 3(b) from private investors (see section 4.1.2 below).

It is important for Shareholders to understand that approval of Resolutions 3(a) and 3(b) will **not** allow the Company to issue the Shares under both resolutions. That is, the Company will only issue the shares under Resolution 3(a) **OR** Resolution 3(b). If the Company issue the Shares under Resolution 3(b), it will pay MGI an

amount of US\$5,000,000 in cash (the MGI Consideration Amount) in lieu of issuing US\$5,000,000 of Shares directly to MGI.

The Company has proposed these two resolutions to enable the company to reduce the potential dilution on its existing Shareholders if the Company is able to raise the US\$5,000,000 in cash for the MGI Consideration Amount, at a share issue price higher than A\$0.022.

#### 4.1.1 Resolution 3(a)

The total number of MGI Consideration Shares to be issued will be determined by the following formula:

$$\text{MGI Consideration Shares} = \frac{(5,000,000 / \text{ER})}{0.022}$$

Where ER is the AUD/US exchange rate at the time of the issue and published by the Australian and New Zealand Banking Group Limited.

The final conversion requires the application of the relevant exchange rate between the Australian dollar and the United States dollar. This exchange rate is to be based on the average exchange rate for the five business days prior to the date on which the Shares are to be issued. Accordingly, the Company cannot presently state the exact number of Shares that will be issued.

The table below provides an estimated range of the number of Shares that could be issued under the MGI Consideration Shares issue. All numbers are based on the agreed issue price of A\$0.022 per Share.

Exchange Rate	Proposed MGI Consideration Share Issue
Current Exchange Rate: USD:AUD - 0.7250	313,479,624
5% appreciation of the AUD <sup>1</sup>	298,552,023
10% appreciation of the AUD <sup>1</sup>	284,981,476
5% depreciation of the AUD <sup>1</sup>	329,978,551
10% depreciation of the AUD <sup>1</sup>	348,310,693

<sup>1</sup> Appreciation/depreciation based against the Current Exchange Rate quoted above

#### 4.1.1 Resolution 3(b)

As noted above, under the Sale Agreement the Company may elect to pay cash to MGI in lieu of issuing the MGI Consideration Shares to MGI.

As the issue price for the MGI Consideration Shares is set and has been agreed in the Sale Agreement at A\$0.022 per Share, the Company is seeking Shareholder approval to raise US\$5,000,000 via the issue of new Shares to private investors to pay the MGI Consideration Amount if it can this additional cash at a price that is no less than A\$0.022 per Share.

The result of this Resolution, is that the Company will at its election issue the shares to MGI or raise US\$5,000,000 of cash by issuing the same or a lower number of shares to private investors to limit the dilution of the existing Shareholders.

## 4.2 Listing Rules information requirements

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12-month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12-month period, except with the prior approval of shareholders of the company in a general meeting of the precise terms and conditions of the proposed issue.

The effect of Resolution 3, if passed, will be that the issue of Shares will be exempt from the 15% limit under Listing Rule 7.1.

Approval of Resolution 3 will allow the Company to issue the MGI Consideration Shares to MGI and provide the Company with flexibility during the next 12-month period to issue further equity securities to raise further capital if required.

In accordance with Listing Rule 7.3, the following details are provided in relation to Resolution 3:

- (a) The maximum number of MGI Consideration Shares to be issued will be determined in accordance with the formula stated in Section 4.1 above.
- (b) The MGI Consideration Shares issued to MGI and its nominees will be issued on Completion of the Adidi-Kanga Gold Project Acquisition and receipt of approval from Shareholders to issue the Shares under this resolution. The Company will issue the Shares no later than 5 business days after the Meeting.
- (c) Should the Company exercise the option to issue MGI Consideration Shares to other investors to raise not more than US\$5,000,000 to pay MGI in cash, the issue will be made to persons who are professional or sophisticated investors no later than 3 months after the General Meeting and will be issued progressively. None of the professional and sophisticated investors will be Related Parties of the Company.
- (d) The MGI Consideration Shares to be issued to MGI may be issued to MGI and/or MGI's shareholders and advisers in numbers nominated by MGI.
- (e) The MGI Consideration Shares will be issued in consideration for the Acquisition and accordingly will be issued for nil cash consideration and no funds will be raised through the issue of the Shares. As noted above, the Company has the option to use the approval to issue Shares to other private investors that are unrelated to MGI or the Company to raise no more than US\$5,000,000 (net of any costs) at a price of no less than A\$0.022. If this option is used the funds will be used to pay MGI the consideration in cash to the extent the consideration is not paid by the issue of MGI Consideration Shares to MGI.
- (f) The MGI Consideration Shares will be fully paid ordinary Shares in the capital of the Company to be issued on the same terms and conditions as the existing Shares on issue –the Company will apply for quotation of the Shares on ASX.
- (g) The MGI Consideration Shares issued to MGI (or any of its associates) will be escrowed for a period of 12 months from issue date.

## 4.3 Directors' recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 3.

## 5. APPROVAL TO ISSUE MEDEA NATURAL RESOURCES SHARES Resolution 4

### 5.1 Background

The Company has engaged Medea Natural Resources Limited (**Medea Natural Resources**), a capital advisory and structuring firm with its registered office in London, United Kingdom. Medea Natural Resources will undertake structuring work for the Company on all debt and structured finance options for the proposed development of the Adidi-Kanga Gold Project, as well as other potential opportunities. The Company is seeking approval to issue 10,000,000 Shares as a signing and commencement fee (**Medea Natural Resources Shares**). This payment is in lieu of any monthly or ongoing retainer arrangement that is typical for these engagements

The Company considers that the fees payable for the services rendered under the engagement of Medea Natural Resources would typically range between GBP180,000 to GBP225,000, based on a monthly retainer of between GBP20,000 and GBP25,000 and an expectation the engagement would extend for a minimum of 9 months. Accordingly, this would result in an issue price if converted of between A\$0.32 and A\$0.039 per share issued and based on a AUD/GBP exchange rate of 0.565.

Medea Natural Resources is not a Related Party of the Company.

### 5.2 Listing Rules information requirements

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12-month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12-month period, except with the prior approval of Shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

The effect of Resolution 4 if passed, will be that the issue of Shares will be exempt from the 15% limit under Listing Rule 7.1.

Approval of Resolution 4 will allow the Company to issue the Medea Natural Resources Shares, and provide the Company with flexibility during the next 12-month period to issue further equity securities in order to raise further capital if required.

In accordance with Listing Rule 7.3, the following details are provided in relation to Resolution 4:

- (a) The maximum number of Shares to be issued pursuant to Resolution 4 is 10,000,000 Shares.
- (b) The Medea Natural Resources Shares will be issued following receipt of approval from Shareholders to issue the Shares under this Resolution. The Company will issue the Shares no later than 20 business days after the Meeting and will be issued progressively.
- (c) The Medea Natural Resource Shares will be issued to Medea Natural Resources or its nominees in consideration for Medea Natural Resources entering into the debt and structured finance engagement and for the future services to be provided under that engagement. Accordingly, the Medea Natural Resources Shares will be issued for nil cash consideration and no funds will be raised through the issue of the Shares.

- (d) The Medea Natural Resources Shares will be fully paid ordinary Shares in the capital of the Company to be issued on the same terms and conditions as the existing Shares on issue – the Company will apply for quotation of the Shares on ASX.

### **5.3 Directors' recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 4.

## **6. APPROVAL FOR FUTURE ISSUE OF SHARES**

### **Resolution 5**

#### **6.1 Background**

Resolution 5 seeks Shareholder approval for the issue of up to 300,000,000 Shares. The capital raising will be undertaken via the issue of Shares to sophisticated and professional investors pursuant to section 708 of the Corporations Act.

The Company intends to use the funds from the capital raising towards progressing the Company's Maniema Gold Project (including resource definition drilling, assaying and test work), the identification of new project opportunities in the resource sector, costs of the offer and for additional working capital. The level and nature of work undertaken on the Maniema Gold Project will be dependent on the results of first pass drilling.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on commencement of that 12-month period.

The effect of Resolution 5 will be to allow the Directors to issue the Shares comprising the capital raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

#### **6.2 Listing Rules information requirements**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the placement:

- (a) the maximum number of Shares to be issued is 300,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur progressively;
- (c) the Shares will be issued at a price of at least 80% of the average market price of the Company's shares as traded on ASX over the 5 day period on which sales in the Company's shares are recorded preceding the date of issue of the Shares or, if the Shares are offered pursuant to a prospectus, at least 80% of the volume weighted average market price of the Company's shares as traded on the ASX over the 5 day period on which sales in the Company's shares are recorded preceding the date of issue of the prospectus;
- (d) the placement will be made at the discretion of the Directors. It is intended that the allottees will be sophisticated and professional investors pursuant

to section 708 of the Corporations Act. No related party of the Company will be permitted to participate in the capital raising;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company to be issued on the same terms and conditions as the Company's existing Shares – the Company will apply for quotation of the Shares on ASX; and
- (f) the Company intends to use the funds raised from the capital raising towards progressing the Company's Maniema Gold Project (including resource definition drilling, assaying and test work), the identification of new project opportunities in the resource sector, expected costs and purchase consideration for additional project acquisitions in the DRC, costs of the offer and for additional working capital. It is not expected that these funds will be used, if raised, for the Adidi-Kanga acquisition, exploration or DFS activities.

### **6.3 Directors' recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 5.

## DEFINITIONS

In this Notice and Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

**Acquisition** means the acquisition by the Company of a 60% interest in the Project pursuant to the Transaction.

**Associate** has the meaning set out in the Listing Rules.

**ASX** means ASX Limited ABN 98 008 624 691.

**Board** means the board of Directors of the Company.

**Chairperson** means the Chairperson of the Meeting.

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

**Completion** means completion of the Acquisition under the Sales Agreement and Shareholders Agreement.

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

**Cuart Investments** means Cuart Investments PCC Ltd.

**Debt Conversion Shares** means the Shares to be issued under Resolutions 2(a), 2(b) and 2(c) of this Meeting, for the conversion of existing debts owed by the Company to the parties noted at each resolution.

**Directors** means the current directors of the Company.

**DRC** means the Democratic Republic of Congo.

**Explanatory Statement** means this Explanatory Statement.

**Future Issue of Shares** means the Shares that may be issued under Resolution 5 of this Meeting.

**Listing Rules** means the official listing rules of ASX.

**Maniema Gold Project** means the 70% owned gold project owned by the Company in the Maniema Province of the DRC, acquired by the Company in December 2016.

**Medea Natural Resources** means Medea Natural Resources Limited, a capital advisory and structuring firm with its registered office in London, United Kingdom.

**Medea Natural Resources Shares** means the Shares to be issued under Resolution 4 of this Meeting to Medea Natural Resources.

**Meeting** means the meeting convened by the Notice of Meeting.

**MGI** means Mongbwalu Goldfields Investment Limited, an entity incorporated in the Seychelles (Company Registration Number 133304).

**MGI Consideration Amount** means the payment of US\$5,000,000 in lieu of issuing the MGI Consideration Shares.

**MGI Consideration Shares** means the first tranche of shares payable to MGI under the Sale Agreement with MGI, as part of the consideration for the acquisition of a 60% interest in the Project.

**MGIH6** means Mongbwalu Goldfields Investments Holding 6 Limited a company incorporated in the British Virgin Islands (Company Registration Number 1571486).

**Notice** or **Notice of Meeting** means the notice of general meeting which forms part of this Explanatory Statement.

**Related Party** has the meaning given to it in the Listing Rules.

**Resolution** means resolution set out in this Notice.

**Project** means the Adidi-Kanga Gold Project.

**Proxy Form** means the proxy form accompanying the Notice.

**Sale Agreement** means the Share Sale and Purchase Agreement entered between MGI and the Company for the sale of 69.5% of the shares outstanding in MGIH6, and the ultimate purchase of a 60% interest in the Project.

**Section** means a section of this Explanatory Statement.

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

**Shareholder** means a holder of a Share.

**Shareholders Agreement** means the agreement entered between MGI, MGIH6 and the Company for the operation of the joint venture between MGI and the Company for the operation of MGIH6.

**SOKIMO** means Société Minière de Kilo Moto DRC, a government owned state mining company based in the DRC.

**Transaction** means the transaction for the Company to acquire a 60% interest in the Project pursuant to the Sale Agreement and Shareholders Agreement.

**US\$** means United States of American dollars.

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

**VWAP** means the volume weighted average price of Shares traded on ASX, excluding block trades, large portfolio trades, permitted trades during the pre-trading hours period, permitted trades during the post-trading hours period, out of hours trades and exchange traded options exercises.

**WST** means Australian Western Standard Time, being the time in Perth, Western Australia.

**\$** means Australian dollars unless expressly stated otherwise.



## PROXY FORM

The Secretary  
Vector Resources Limited  
Suite 16, 83 Mill Point Road  
South Perth WA 6151

I/We (full name)

\_\_\_\_\_

of \_\_\_\_\_

being a member(s) of Vector Resources Limited, hereby appoint as my/our proxy

\_\_\_\_\_

of \_\_\_\_\_

or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the general meeting of the Company to be held at 9.00am on Friday, 21 September 2018 and at an adjournment thereof in respect of \_\_\_\_\_% of my/our Shares or, failing any number being specified, ALL of my/our Shares in the Company.

### RESOLUTIONS

		FOR	AGAINST	ABSTAIN
1	Ratification of Prior Issues of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(a)	Issue of Debt Conversion Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(b)	Issue of Debt Conversion Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(c)	Issue of Debt Conversion Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(a)	Approval to Issue MGI Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(b)	Approval to Issue Shares for MGI Consideration Amount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval to Issue Medea Natural Resources Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Approval of Future Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*Where permitted, the Chairperson intends to vote all undirected proxies in favour of all resolutions.*  
If the member is an individual or joint holder:

\_\_\_\_\_  
Usual Signature

Dated this \_\_\_\_\_ day of

\_\_\_\_\_  
Usual Signature

2018.

### If the member is a Company:

Signed in accordance with the  
constitution of the company  
in the presence of:

\_\_\_\_\_  
Director/Sole Director

\_\_\_\_\_  
Director/Secretary

\_\_\_\_\_  
Sole Director and Sole  
Secretary

Dated this

day of

2018.

## INSTRUCTIONS FOR COMPLETING PROXY FORM

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

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

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

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

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

### LODGING YOUR PROXY FORM

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at the address given below no later than 5.00pm (WST) on 19 September 2018. Any proxy form received after that time will not be valid for the scheduled meeting.

In person: Vector Resources Limited  
Suite 16, 83 Mill Point Road  
South Perth WA 6151

By mail: Vector Resources Limited  
Suite 16, 83 Mill Point Road  
South Perth WA 6151

By email: [info@vectorres.com.au](mailto:info@vectorres.com.au)



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## **ASX ANNOUNCEMENT**

24 July 2018

ASX Market Announcements  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

### **Vector Execute Key Documents for Acquisition of 60% Interest in World Class Adidi-Kanga Gold Mine**

- Share Sale and Purchase Agreement and Shareholders Agreement both executed with Mongbwalu Goldfields Investments Limited and Mongbwalu Goldfields Investment Holdings 6 Limited for the acquisition of a 60% interest in the world-class Adidi-Kanga Gold Mine located in the Ituri Province of the DRC
- Adidi-Kanga Gold Mine, has a JORC (2012) Mineral Resource Estimate of 15.0Mt @ 6.6g/t Au for 3.2Moz of contained gold, which includes 46% in Indicated Category for 6.9MT @6.74g/t Au for 1.5Moz and 8.1MT @ 6.6g/t Au for 1.7Moz in the Inferred Category (ASX Announcement 5 February 2018)
- Previous work completed by AngloGold Ashanti, who between 2005 and 2013 expended over US\$520m on exploration and development activities, includes 173,276m of diamond and RC drilling, completion of a Feasibility Study and the commencement of initial mine construction activities with the purchase and delivery to site of 70% of the mechanical equipment proposed to be installed under the Feasibility Study
- Funding for completion of the Definitive Feasibility Study, initial Tranche 1 US\$5m cash payment to Mongbwalu Goldfields Investments Limited and additional working capital is currently being finalised by the Company and is proposed to be provided by US\$20m loan facility from London Gold LLC
- Settlement of acquisition is subject to the satisfaction of conditions precedent which include the execution of ancillary documentation including an agreed Work Plan for the completion of the DFS, Escrow Agreement, Loan Repayment Agreement, Codebition (or Co-Debtor) Agreement and the issue of a US\$20m Standby Letter of Credit in relation to an existing debt facility for the Project, which the parties plan to complete over the next 45 days
- 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 over the next 45 days
- DFS to commence immediately and will be 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

Vector Resources Limited ("Vector" or the "Company") is pleased to advise that it has executed 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"). 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 to develop the Project.



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

The Company's CEO, Mr Simon Youds commented:

*"The signing of these key agreements is a transformational development for Vector and its shareholders, as it represents a major step in Vector acquiring the majority share of what is a truly world class gold asset."*

*Further, given the body of work completed to date by AngloGold Ashanti, the Adidi-Kanga Project is capable of rapid development, and it is our clear intention to immediately commence an accelerated DFS program.*

*I would like to thank the Vector team and our partners for their tireless work and commitment over recent months to get this documentation completed, which has brought us a step closer to bringing this remarkable opportunity to the market."*

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**).

In recent months, 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 Definitive Feasibility Study, to a positive Decision to Mine and the successful development of the Project.

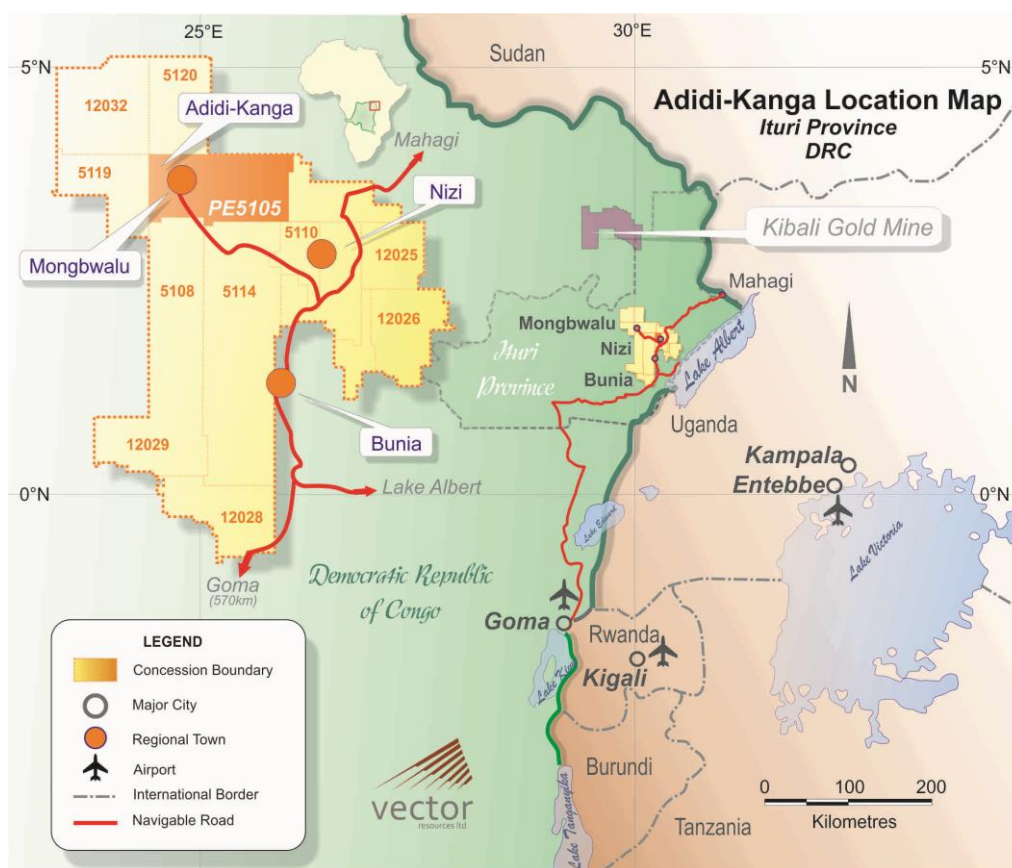


To this end, the Company is now pleased to confirm that the two key agreements required to document the sale, structure and operation of the joint venture have now been executed.

These two key agreements, 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 in the next 45 days.

### 1. 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.



**Figure 3:** The Adidi-Kanga Gold Project - Mongbwalu Gold Project Development Site located on Mining License PE5105

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 have been reported previously by the Company in its ASX Release on 22 December 2017.

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 Au 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.



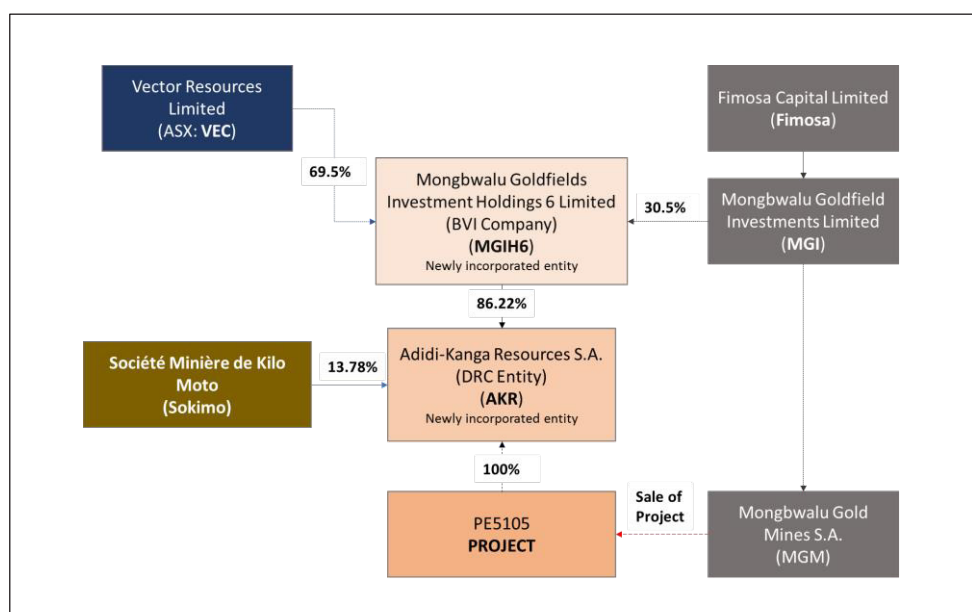


**Figure 3, 4 and 5:** Mechanical plant, equipment and storage and camp facilities at the Adidi-Kanga site

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 Definitive Feasibility Study in a quick timeframe.

## 2. New Joint Venture Structure

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



**Figure 6:** 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 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 the MGIH6 shareholders. The transfer of this loan represents a significant future benefit to the shareholders of MGIH6 and for 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 (see Section 3 below), as well as deferred loan repayments to MGI that are to be made from surplus cashflows and profits of the operations of the Project (see Section 4 below). 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 at Section 3 below, MGI has the right to appoint up to 2 directors to the Board of Vector.

### 3. JV Milestone Payments

Under the terms of the Sale Agreement, Vector is required to make the following cash and share based payments:

- i. **Tranche 1** – within 10 business days of the satisfaction of the Conditions Precedent, the Company must pay to MGI US\$5m in cash and at the Company'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, the Company must pay MGI a further US\$5m in cash and at the Company'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, the Company must pay MGI US\$5m in cash and at the Company'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.

After the issue of the Tranche 1 shares, MGI is anticipated (based on prevailing exchange rates at the date of this announcement) to hold approx. 18% of the total outstanding shares of Vector. Upon issue of the Tranche 2 and Tranche 3 shares (based on prevailing exchange rates at the date of this announcement and assuming an issue price of A\$0.027 per share, being the last traded price prior to the release of this announcement), MGI will hold approx. 28% and 36% respectively. These holdings after Tranches 2 and 3 are assuming no further equity issues by the Company.

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 (as outlined in Section 3) and deferred payments (as outlined in Section 4 below) have been paid to MGI and the DFS has been delivered and a positive Decision to Mine has been made (refer section 5 below for further details of the proposed escrow agreement).

#### 4. Key JV Funding Obligations

Vector will be solely responsible for the funding and management of the Definitive Feasibility Study, 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 again 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.

In addition, 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.

## 5. 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 within which to satisfy the Conditions Precedent. These include:

- i. Agreeing a work-plan and budget for the exploration and Definitive Feasibility Study 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 Company's technical team is well advanced with the initial work-plan and budget for the Project and this is expected to be completed later this month.

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 in sections 3 and 4 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.

## 6. Major Funding Established

As previously announced (**ASX Announcement 22 December 2017**) the Company had 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 and London Gold have now confirmed the US\$20m facility limit. Documentation of this loan facility has commenced and is being finalised by the Company's management and lawyers in Perth.

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 Definitive Feasibility Study 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 and 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.

## 7. Next Steps

The Company has consulted with the Australian Stock 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.

With the Conditions Precedent due to be satisfied within 45 days of executing the agreements, the Company expects Completion of the acquisition to occur by 1 September 2018. The Company will update shareholders on its progress in satisfying the Conditions Precedent and all other matters regarding the acquisition.

-ENDS-

**Simon Youds**  
Chief Executive Officer

**For further information:**

E-mail: [info@vectorresources.com.au](mailto:info@vectorresources.com.au)

Web: [www.vectorres.com.au](http://www.vectorres.com.au) Twitter: @VECResources

Facebook: @VECResources

**About Vector Resources Limited**

Vector Resources Limited (ASX:VEC) is an Australian Securities Exchange listed gold exploration and development company focused on the Maniema Gold Project in the Democratic Republic of Congo.

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.

**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.

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