



ASX ANNOUNCEMENT

11 January 2019

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

Vector Completes Acquisition of World-Class Adidi-Kanga Gold Project

- Acquisition of a 60% interest in the world-class Adidi-Kanga Gold Project located in the Ituri Province of the Democratic Republic of Congo completed
- All necessary joint venture documentation and related agreements and approvals have now been received and executed by all parties
- Loan documentation executed with FT General Trading LLC for the provision of up to US\$35m of debt funding to be used for the acquisition, development and working capital costs associated with the Adidi-Kanga Gold Project (ASX Announcement 17 October 2018)
- Financial settlement of the acquisition proceeding, with the Tranche 1 (US\$5m) share issuance to Mongbwalu Goldfields Investment Limited underway and an initial US\$10m drawdown of loan funds under the US\$35 million FT debt facility to pay the Tranche 1 (US\$5m) acquisition payment and fund US\$5m of initial costs associated with the Company's immediate commencement of activities on site and on the Definitive Feasibility Study
- The 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

Vector Resources Limited ("Vector" or the "Company") is pleased to advise that all necessary Joint Venture ("JV") documentation and associated agreements in relation to its proposed acquisition of a 60% interest in the world-class Adidi-Kanga Gold Project located in the Ituri Province of the Democratic Republic of Congo ("DRC") have now been executed.

In addition, all approvals required for the acquisition to be completed and the newly formed JV company to commence site development and Definitive Feasibility Study ("DFS") activities have also been issued and executed.

Accordingly, the Company and Mongbwalu Goldfields Investments Limited ("MGI") are pleased to advise that the transaction, which will result in Vector holding a 60% interest and managing the world-class Adidi-Kanga Gold Project, has now been completed.

Financial settlement of the transaction is well advanced and requires the Company to:

- i. Pay the Tranche 1 acquisition payment of US\$5m in cash to MGI (or its nominee) within 10 business days of Completion; and
- ii. Issue US\$5m of shares in Vector to MGI (or its nominee) at a price of A\$0.022 per share.

The issue of US\$5m of shares in Vector to MGI (or its nominee) was approved at a general of shareholders that was held on 21 September 2018. As this shareholder approval was received more than three months ago, the Company has applied to the Australian Securities Exchange ("ASX") for a waiver under Listing Rule 14.7. This application requests approval to issue the shares to MGI (or its nominees) later than three months after the meeting held and if received the Company would issue the shares to MGI (or its nominees) immediately.

The Company notes that if the ASX do not approve the waiver, the Company will be required to seek shareholder approval as soon as practical and it will seek to do this. The delay in issuing these shares to MGI (or its nominee) does not prevent the completion of this acquisition and as previously advised in its news release of 24 July 2018, if the shareholders do not approve the issue of the shares the Company is able to pay the amount due in cash. This is as agreed with MGI in the Share Sale and Purchase Agreement.

As a result of this pending waiver application, that ASX has requested that the Company remain in a trading suspension. The ASX have indicated that the result of the waiver application will be available by close of business Wednesday, 16 January 2019.

The Tranche 1 payment of US\$5m in cash will be made from loan proceeds under the US\$35m debt facility from FT General Trading LLC ("FT"). The Company and FT have executed the loan agreement in line with the terms disclosed by the Company in its ASX announcement on 17 October 2018, and Vector has already submitted a Loan Utilisation Request for US\$5m.

The Company has also submitted a further Loan Utilisation Request to FT for US\$5m from the available US\$10m Tranche 2 loan amount. These funds are to be used to allow the Company to immediately commence activities on site at the Adidi-Kanga Gold Project and to commence work on the DFS.

Commenting on the Completion of the acquisition, Vector's Chairman, Mr Gary Castledine said:

"The completion of this acquisition and the associated debt funding has been an exhaustive process for the Company, but one well worth the wait and provides the platform for Vector to make the transition into one of Africa's top gold producers.

With an aggressive development strategy mapped out, the team is now eager to focus its resources on completion of the DFS and on undertaking further exploration across the Adidi-Kanga Gold Project area to fully realise the potential that we believe exists.

I would like to thank the Vector team and our partners in the DRC for their tireless work and commitment over the past year to finalise this significant transaction, which is a truly remarkable opportunity for all involved.

We now look forward to working with all key stakeholders in the DRC and with our joint venture partners MGI and SOKIMO and on delivering this world-class gold project for our shareholders and for the communities in the DRC and in the Ituri Province who will benefit from its successful development."

Adidi-Kanga Gold Project Acquisition

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 announced that it had 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**).

On 24 July 2018, the Company announced that it had reached agreement with MGI via the execution of the Share Sale and Purchase Agreement ("**Sale Agreement**") and the Shareholders Agreement ("**Shareholders Agreement**") (together referred to as the "**Agreements**"). These two key Agreements finalised 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 (**ASX Announcement 24 July 2018**).

The completion of the Agreements has been subject to a number of conditions precedent, and the parties initially agreed a period of 45 days under which to complete these conditions precedent. Delays in several of these conditions has resulted in the Company and MGI executing a number of Addendums to the Agreements which provided for an extension of time to complete the conditions precedent.

The conditions precedent, as reported previously by the Company, included:

- 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 Adidi-Kanga Resources SA ("**AKR**") joint venture and associated documentation and agreements.

The execution of the new AKR joint venture and associated documentation and agreements relates to the documentation required in the DRC and the Company has sought to ensure that this documentation was properly executed by all parties, including Société Minière de Kilo Moto (SOKIMO), and with the approval of all relevant government departments.

With the Completion and receipt of the AKR joint venture and associated documentation from SOKIMO, all condition precedents have now been met. The Company was able to confirm the execution and receipt of these documents on 31 December 2018 and as such the Company was immediately placed into a Trading Halt that day.

As stated above, with the Completion of the acquisition now finalised, financial settlement is well advanced and is to be completed in accordance with the administrative provisions of the Agreements.

The Company has previously disclosed all key terms of the Agreements (**ASX Announcement 24 July 2018**) and these and further background on the Adidi-Kanga Gold Project and joint venture structure are also included in the Appendices to this announcement.

-ENDS-

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About Vector Resources Limited

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

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 licenses 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.

APPENDIX A

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.

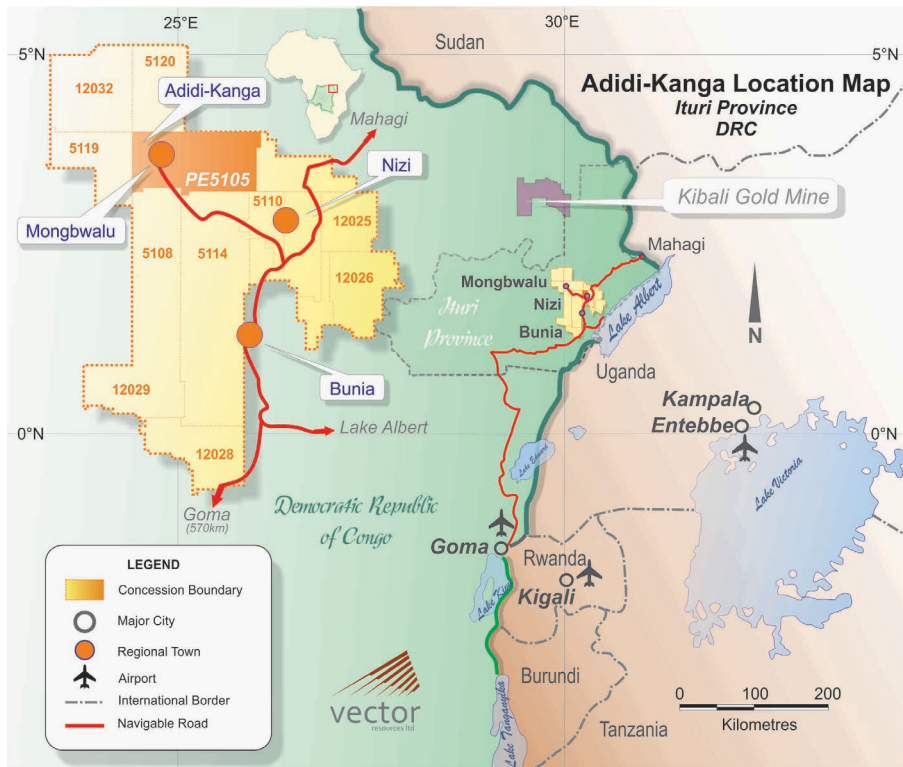


Figure 1: Location of the Adidi-Kanga Gold Project on PE5105 in the Ituri Province of the DRC

The Adidi-Kanga Gold project comprises granted Mining License PE5105, one of 13 licenses extending over 5,033km² that were the subject of extensive exploration activities by AngloGold Ashanti.



Figure 2: The Adidi-Kanga Gold Project - 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 DFS in a quick timeframe.

APPENDIX B

New Joint Venture Structure

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

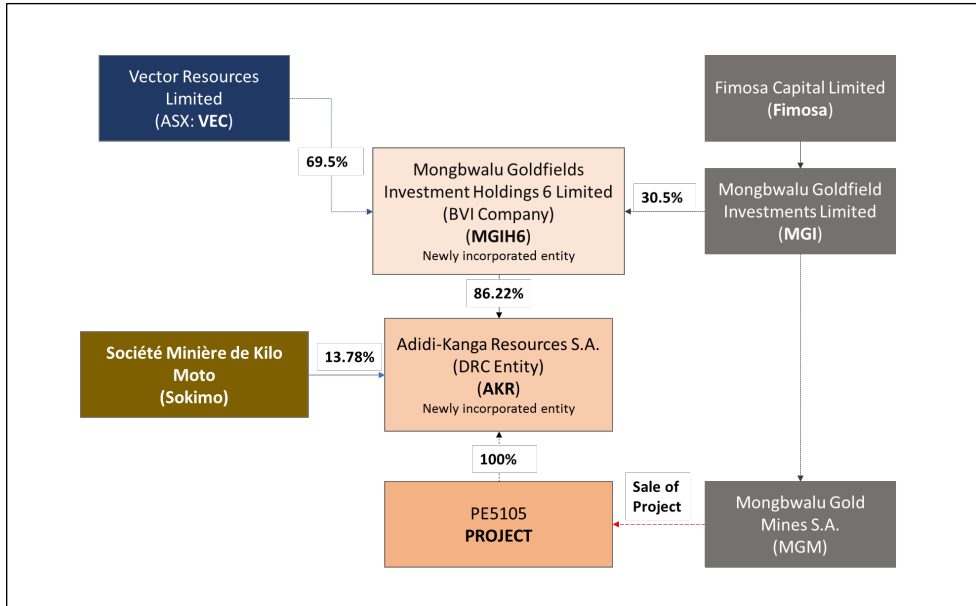


Figure 6: The Adidi-Kanga Gold Project Joint Venture and Ownership Structure

Appendix C

Key Terms of Acquisition and JV Agreements

1. 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.
2. AKR will hold Mining License PE5105 and all Project assets, including the approximately US\$70m of equipment previously ordered and delivered to the Project site in 2013 by AngloGold Ashanti.
3. US\$150m of shareholder loans owing to Fimosa from the historical expenditure on the Project, will be transferred from MGM to AKR and will be for the economic benefit of the MGIH6 shareholders. 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 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.
4. To acquire the 60% interest in the Project, the Company has committed to future milestone payments to MGI:
 - 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.

5. Any additional funding (capital or debt) raised specifically for the Project whilst the DFS work is ongoing, requires the prepayment of 50% of any funds raised in excess of US\$10m (expected cost of the DFS) against the deferred purchase consideration due to MGI.
6. Royalty of 2.5% (sales royalty from the commencement of gold production) to be payable by AKR to MGI.
7. The Company has agreed to place its shares held in MGIH6 into escrow, until all milestone payments (see point 4 above) and deferred payments (see point 8 below) have been paid to MGI and the DFS has been delivered and a positive Decision to Mine has been made.
8. 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 repaid 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 repaid 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\$20m of existing indebtedness of MGI owed to a local Congolese bank will be refinanced by the Company.