VECTOR RESOURCES LIMITED
and its Controlled Entities

ABN 99 107 541 453

Half-Year Financial Report

31 December 2018

The Directors of Vector Resources Limited (the "Company" or "Vector") and its controlled entities (the "Group") submit herewith the financial report for the six months ended 31 December 2018 ("half-year").

DIRECTORS

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

Mr Gary Castledine	Non-executive Chairman
Mr Michael Hendriks	Non-Executive Director
Mr Jason Brewer	Executive Director (resigned 11 February 2019)
Mr Guy-Robert Lukama	Non-executive Director (appointed 31 January 2019)
Mr Yves Ilunga	Non-executive Director (appointed 31 January 2019)

COMPANY SECRETARY

Mr Andrew Steers

DIVIDENDS

No dividends were paid or declared during the period (2017: Nil). No recommendation for the payment of dividends has been received.

REVIEW OF OPERATIONS AND RESULTS

During the half-year, the Group made a loss after tax of $2,204,287 (2017: $522,894).

VECTOR FOCUSES ON DRC GOLD PROJECTS

Vector (ASX:VEC) is an Australian Securities Exchange ("ASX") listed gold exploration and development company focused on its recently acquired world class Adidi-Kanga Gold Project (60% interest) and the Maniema Gold Project (70% interest) in the Democratic Republic of Congo ("DRC").

The Company received confirmation from its DRC legal counsel that all DRC based documentation and approvals had been received for the acquisition of the Adidi-Kanga Gold Project and the Company was able to confirm the completion of all condition precedents on 10 January 2019. The Company subsequently completed the financial settlement of the first tranche of consideration for this acquisition on 7 March 2019.

ADIDI-KANGA GOLD PROJECT ACQUISITION

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

The 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.

The Project comprises granted Mining License PE5105, one of 13 licenses extending over 5,033km^2 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. This 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 which have been reported previously by the Company in its ASX Release on 22 December 2017.

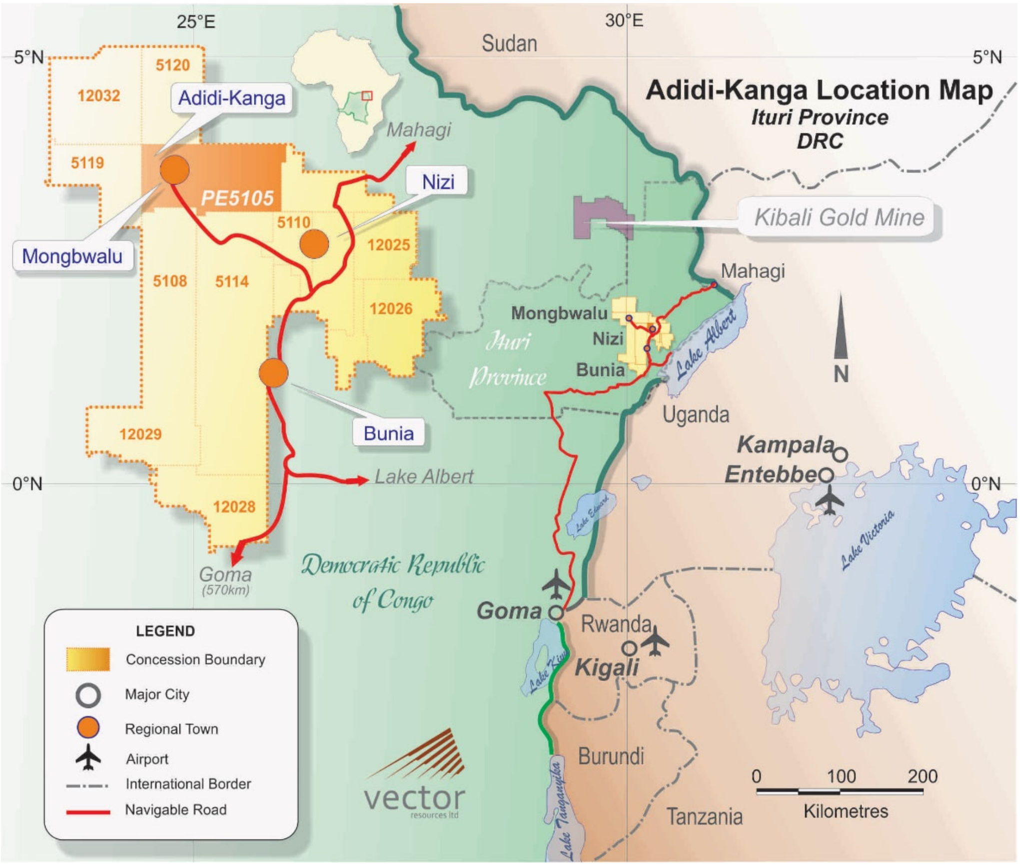

Figure 1: Location of the Adidi-Kanga Gold Project on PE5105 in the Ituri Province of the DRC

Figure 2: 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 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 approximately US$70 million 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$70 million 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.

The review of the status of the Project has confirmed that it 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 ("DFS") in a short timeframe.

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

New Joint Venture Structure

Vector will hold an initial 60% interest in the Project.

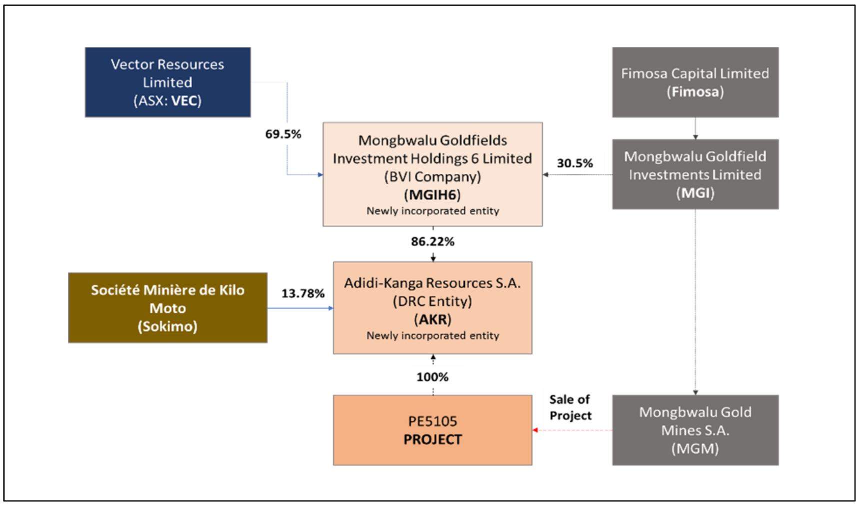

Figure 6: The Adidi-Kanga Gold Project Joint Venture and Ownership Structure

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.

A new DRC based joint venture company, Adidi-Kanga Resources S.A. ("AKR") has also been established to own and operate the Project. Mongbwalu Goldfields Investment Holding 6 Limited ("MGIH6") will hold an 86.22% interest in AKR, (providing Vector with a 60% Project interest), with the remaining 13.78% shareholding held by the Congolese state-owned gold mining company Société Minière de Kilo Moto ("SOKIMO").

Subsequent to 31 December 2018, on 7 March 2019, the Company announced that it has now provided the first tranche of the financial settlement of US$5 million in cash and the issue of shares as required under the Share Sale & Purchase Agreement ("Sale Agreement") entered into with MGI to purchase a 60% interest in the Adidi-Kanga.

MANIEMA GOLD PROJECT

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

Kabotshome Drilling Update

During the first half of the period, the Company successfully drilled 542.7 diamond drill metres at its Kabotshome Prospect at the Manema Gold Project, completing KBDD005A, KBDD006, KBDD007A and commencing KBDD008.

During the latter part of the period, the Company suspended all drilling activities whilst assays were transported to South Africa and results released. The Company will be reviewing the results before further work or resources will be allocated to the project.

CORPORATE ACTIVITIES

BOARD APPOINTMENTS

Under the Sale Agreement for the acquisition of Vector's 60% interest in the Adidi-Kanga Gold Project, MGI is entitled to appoint two directors to the Vector Board. These appointments were made on 30 January 2019 (**ASX Announcement 31 January 2019**) with the addition of Mr Guy-Robert Lukama and Mr Yves Ilunga, both nationals of the DRC with significant financial, banking and mining experience throughout Africa.

CAPITAL RAISING ACTIVITIES

Subsequent to period end, the Company announced a $2.6 million capital raising via the issue of 146.6 million shares at $0.018 per share. These proceeds are to be used for working capital and to commence DFS at Adidi-Kanga. The placement has been completed using the ASX Listing Rule 7.1A, thereby utilising its additional 10% placement capacity.

EVENTS SUBSEQUENT TO THE HALF YEAR

Subsequent to 31 December 2018, the Company announced (ASX Announcement 7 March 2019) that it had provided the first tranche of the financial settlement of US$5 million in cash and issuing of 315,566,656 shares as required under the Share Sale & Purchase Agreement entered into with MGI to purchase a 60% interest in the Adidi-Kanga. The US$ 5 Million payment was financed by the issue of convertible notes totalling US$5.7 million as disclosed in note 1 of the half year Financial Report.

On 8 March 2019, the Company also announced the successful completion of a $2.6 million capital raising via the issue of 146.6 million shares at $0.018 per share using part of its additional 10% placement capacity under ASX Listing Rule 7.1A.

No other matter or circumstance has arisen since 31 December 2018, which has significantly affected, or may significantly affect the operation of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors Ernst & Young, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year report. This Independence Declaration is set out on page 6 and forms part of this *Directors' Report* for the half-year ended 31 December 2018.

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

Mr Gary Castledine
Chairman

Date: 17 March 2019
Perth, Western Australia

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 DRC.

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.

Competent Person

Information included in this release relating to the JORC (2012) Mineral Resource Estimate for the Adidi-Kanga Gold Project in the Democratic Republic of Congo is extracted from the Company's ASX Release of 5 February 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

As lead auditor for the review of the half-year financial report of Vector Resources Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review.

b) No contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
17 March 2019

	Note	2018 $	2017 $
Interest Income	3a	-	1,744
Employee benefits expense		(146,767)	-
Consulting fees		(204,777)	(62,875)
Administration expenses		(18,541)	(17,096)
Compliance and regulatory expenses		(83,619)	(87,334)
Depreciation expense		(4,091)	-
Due Diligence expense		(369,999)	(97,180)
Finance Costs	3b	(604,562)	-
Occupancy costs		(37,634)	(660)
Directors fees		(61,000)	(82,200)
Share-based payment expenses	10c	(391,354)	(77,878)
Promotion and travel expenses		(136,329)	(41,274)
Foreign exchange loss		(63,093)	-
Other expenses from ordinary activities		(64,741)	(58,141)
Loss before tax		(2,204,287)	(522,894)
Income tax		-	-
Loss for the year		**(2,204,287)**	**(522,894)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		859,172	(107,036)
Other comprehensive income/(loss) for the year, net of tax		**859,172**	**(107,036)**
Total comprehensive loss for the year		**(1,345,115)**	**(629,930)**
Loss for the year attributable to:			
Non-controlling interest		(1,189)	-
Members of the parent entity		(2,203,098)	(522,894)
		(2,204,287)	**(522,894)**
Total comprehensive loss for the year attributable to:			
Non-controlling interest		**200,174**	(28,223)
Members of the parent entity		(1,545,289)	(601,707)
		(1,345,115)	**(629,930)**
Basic and diluted loss per share (cents)		(0.16)	(0.04)

The accompanying notes form part of these financial statements.

	Note	31 December 2018 $	30 June 2018 $
Assets			
Current Assets			
Cash and cash equivalents	4	48,345	746,952
Other receivables	5	282,217	71,816
Prepayments		1,219	25,738
Total Current Assets		331,783	844,506
Non-Current Assets			
Property, plant and equipment		52,977	52,223
Exploration and evaluation	6	12,919,351	10,700,089
Total Non-Current Assets		12,972,328	10,752,312
Total Assets		13,304,111	11,596,818
Liabilities			
Current Liabilities			
Trade and other payables	7	1,549,189	486,516
Borrowings	8	2,246,098	1,113,455
Total Current Liabilities		3,795,287	1,599,971
Total Liabilities		3,795,287	1,599,971
Net Assets		9,508,824	9,996,847
Equity			
Contributed equity	9	48,654,084	48,188,346
Reserves		1,912,313	863,150
Accumulated losses		(43,202,509)	(40,999,411)
Total equity attributable to the owners of the parent		7,363,888	8,052,085
Non-controlling interests		2,144,936	1,944,762
Total Equity		9,508,824	9,996,847

The accompanying notes form part of these financial statements.

	Share Capital	Option Reserve	Other reserves	Accumulated Losses	Attributable to Owners of the Parent	Non-Controlling Interests	Total
	$	$	$	$	$	$	$
Balance at 1 July 2017	44,406,871	-	(478,192)	(38,742,264)	5,186,415	1,825,930	7,012,345
Loss for the period	-	-	-	(522,894)	(522,894)	-	(522,894)
Other Comprehensive loss for the period	-	-	(78,813)	-	(78,813)	(28,223)	(107,036)
Total Comprehensive loss for the period	-	-	(78,813)	(552,894)	(601,707)	(28,223)	(629,930)
Issue of ordinary shares	4,027,361	-	-	-	4,027,361	-	4,027,361
Share issue expenses	(245,886)	-	-	-	(245,886)	-	(245,886)
Share-based payment expense	-	77,878	-	-	77,878	-	77,878
Balance as at 31 Dec 2017	48,188,346	77,878	(557,005)	(39,265,158)	8,444,061	1,797,707	10,241,768
Balance at 1 July 2018	48,188,346	880,646	(17,496)	(40,999,411)	8,052,085	1,944,762	9,996,847
Loss for the period	-	-	-	(2,203,098)	(2,203,098)	(1,189)	(2,204,287)
Other Comprehensive loss for the period	-	-	657,809	-	657,809	201,363	859,172
Total Comprehensive loss for the period	-	-	657,809	(2,203,098)	(1,545,289)	200,174	(1,345,115)
Issue of ordinary shares	470,000	-	-	-	470,000	-	470,000
Share issue expenses	(4,262)	-	-	-	(4,262)	-	(4,262)
Share-based payment expense	-	391,354	-	-	391,354	-	391,354
Balance as at 31 Dec 2018	48,654,084	1,272,000	640,313	(43,202,509)	7,363,888	2,144,936	9,508,824

The accompanying notes form part of these financial statements.

	Note	2018 $	2017 $
Cash flows from operating activities			
Interest received		-	1,744
Payment to suppliers and employees		(209,555)	(418,429)
Due diligence costs		(99,143)	(64,303)
Net cash flows used in operating activities		(308,698)	(480,988)
Cash flows from investing activities			
Payments for exploration, evaluation and development		(1,346,363)	(700,547)
Payments for plant and equipment		(2,345)	-
Acquisition costs		-	(1,119,905)
Net cash flows used in investing activities		(1,348,708)	(1,820,452)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,995,361
Cost of share issue		(4,262)	(245,886)
Proceeds from borrowings		1,095,798	-
Repayment of borrowings		(138,947)	-
Net cash flows provided by financing activities		952,589	3,749,475
Net (decrease)/increase in cash and cash equivalents		(704,817)	1,448,035
Cash and cash equivalents at beginning of period		746,952	378,811
Exchange differences on cash and cash equivalents		6,210	789
Cash and cash equivalents at end of period	**4**	48,345	1,827,635

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Accounting Policies

These general purpose interim financial statements for the 6 months ended 31 December 2018 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This half year financial report is intended to provide users with an update on the latest annual financial statements of Vector Resource Limited ("Company") and its controlled entities ("Group"). It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the period.

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 9 *Financial Instruments* and related amending Standards
- AASB 15 *Revenue from Contracts with Customers* and related amending Standards
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

Statement of compliance

The half year financial report complies with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting".

Significant Accounting Policies

These consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2018, except for adding the impact of the of all new or amended standards and interpretations. The adoption of the new or amended standards and interpretations, other than AASB 9 and AASB 15, did not result in any significant changes to the Group's accounting policies. The Group has not elected to early adopt any new accounting standards and interpretations.

AASB 9: Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria, the Group's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI' criterion).
No change to the classification or measurement of financial assets and liabilities has been required. Based on historical losses, the expected loss impairment model has an immaterial impact on the Group. In addition, the Group does not have hedging transactions. The Group's changes to its accounting policy for other receivables is detailed below:

Other receivables are initially measured at fair value. Other receivables are subsequently measured at amortised cost. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect the changes in credit risk since initial recognition of the financial asset. If on the other hand the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

AASB 15 Revenue from Contracts with Customers

AASB 15 was adopted by the Group on 1 January 2018. It provides a single, principles-based five-step model to be applied to all contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

There was no material impact on adoption of the standard and no adjustment made to current or prior period amounts.

Going Concern

The Group made a loss of $2,204,287 (2017: $522,894) and had a net cash outflow from operating activities of $308,698 (2017: $480,988) for the half year ended 31 December 2018. The Group also had a working capital deficiency of $3,463,504 (30 June 2018: $755,465) as at 31 December 2018. The Group had cash of $253,301 on hand at 17 March 2019.

During the half year, the Group continued to actively manage its operating and overhead expenditure. It was able to secure additional funding during the six months to 31 December 2018 of $1,095,798 (2017: nil) in order to assist in meeting its ongoing working capital requirements and committed obligations.

Subsequent to period end, the Group:

- issued shares in order to settle unsecured loan liabilities outstanding at the half year end of $431,000 (see note 8) to Contact Nominees and Crestlea Holdings,
- successfully completed a $2.6 million capital raising via the issue of 146.6 million shares at $0.018 per share using part of its additional 10% placement capacity under ASX Listing Rule 7.1A. These funds were used to repay $475,000 of unsecured loans from Contact Nominees, Crestlea Holdings and Temorex (see note 8). The balance of the funds raised will be used to settle outstanding creditors and the remaining balances due on the general working capital of the Company,
- refinanced the convertible note of $1,286,376 (30 June 2018: $785,199) held by Cuart Investments PCC Ltd (“Cuart”). The convertible note was rolled into the new convertible notes issued by Riverfort Global Opportunities PCC Ltd (“Riverfort”) and MEF I, L.P. (“MEF”) on 24 February 2019. These revised convertible notes are discussed further below.

The Group also recently concluded the acquisition of the Adidi-Kanga Gold Project after the execution of the remaining in-country documents and approvals and completed the financial settlement of the first tranche of consideration for this acquisition on 7 March 2019. This first tranche of the financial settlement comprised the payment of US$5 million in cash and the issue of shares as required under the Share Sale & Purchase Agreement entered into with the vendor, MGI.

This US$5 million payment to MGI and the refinancing of the convertible note from Cuart was financed by way of the issue of convertible notes by Riverfort of US$2,200,000 and MEF of US$3,500,000. These convertible notes are repayable by 24 February 2020 and include a 90-day standstill preventing either MEF or Riverfort from converting during the 90-day standstill period.

The Group’s cashflow forecast for the period ending 31 March 2020 reflects that the Group will be required to raise additional working capital prior to 30 June 2019, and again during the 12-month period. The Board considers that the Group is a going concern and recognises that additional funding is required to ensure that it can continue to fund its operations during the twelve month period from the date of this report. Such additional funding, as the Group has successfully accessed previously, can be derived from either one or a combination of the following:

- Raising additional capital to fund the Group's ongoing operational and working capital requirements, as and when required; or
- Debt finance, including convertible notes issues.

Accordingly, the Directors believe that subject to prevailing equity market conditions, that the Group will obtain sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis in the preparation of the financial report.

Should the Group be unable to obtain sufficient funding as outlined above, there is a material uncertainty that may cast significant doubt whether it will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

NOTE 2: SEGMENT INFORMATION

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

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

NOTE 3: LOSS FOR THE PERIOD

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

	Consolidated Group	
	31 December 2018	**31 December 2017**
	$	$
a. Non-operating activities		
Interest income	-	1,744
	-	1,744
b. Finance costs		
Finance costs	307,827	-
Interest expense	296,735	-
	604,562	-

NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	31 December 2018	**30 June 2018**
	$	**$**
Cash and cash equivalents		
Cash at bank	48,345	746,952
	48,345	746,952

NOTE 5: OTHER RECEIVABLES

Current		
Other receivables	282,217	71,816
	282,217	71,816

(a) Included in other receivables above is prepaid commission of US$150,000 (A$213,305) (30 June 2018: nil) relating to the FT (Fast Telekom) General Trading LLC facility, which is repayable if the first tranche of the facility is not drawn down.

NOTE 6: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Group	
	31 December 2018	**30 June 2018**
	$	**$**
Opening Balance	10,700,089	6,837,590
Exploration expenditure capitalised during the year	1,346,363	3,320,979
Foreign currency translation adjustment	872,899	541,520
	12,919,351	10,700,089

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

- The continuance of the Group's right of tenure of the areas of interest;
- The results of future exploration; or
- The recoupment of costs through successful development and exploitation of the areas of interest The Group's exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

NOTE 7: TRADE AND OTHER PAYABLES

Current		
Trade payables	1,393,134	356,203
Other payables	156,055	130,313
	1,549,189	486,516

NOTE 8: BORROWINGS

Current interest free loans		
Unsecured Loan (i)	22,046	20,993
	22,046	20,993
Current interest bearing loans		
Unsecured Loans (ii)	937,676	307,263
Convertible Debt (iii)	1,286,376	785,199
	2,246,098	1,113,455

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

(ii) The unsecured loan from Contact Nominees of $300,000 attracted a fixed interest of $120,000 and was settled subsequent to period end in a combination of cash ($325,000) and 17,000,000 shares at $0.018 per share ($306,000).

The unsecured loan from Crestlea Holdings of $140,000 attracted a fixed interest of $25,000 and was partially settled subsequent to period end with an issue of 6,944,444 ordinary shares at $0.018 per share ($125,000). The balance owing attracts interest of 10% and is repayable in at the time of the next capital raising.

The unsecured loan from Temorex of $285,176 attracted a fixed interest of $90,000 and is repayable in March 2019 and was partially settled subsequent to period end with a payment of $150,000.

The unsecured loans from Mr Bin Liu and Mr John Boardman, attracted interest at 10% per annum and were repayable at the earlier of 3 months from initial drawdown or 10 days after the successful completion of the Adidi-Kanga acquisition. On 19 September 2018, both loan repayment dates were extended to 30 September 2018. At the General Meeting held on 21 September 2018, the shareholders approved the conversion of the loans (plus interest) into ordinary shares at $0.02 per share amounting to 8,250,000 shares issued to both Mr Bin Liu and Mr John Boardman.

(iii) The Convertible Note was held by Cuart Investments PCC Ltd, attracted interest at 9% per annum, had a face value of US$570,000 and a maturity date of 30 September 2018. The loan was refinanced on 8 October 2018. The refinanced loan has a face value of US$1,000,000 and an interest rate of 9% per annum. Maturity date was extended to 31 March 2019. The loan was convertible into ordinary shares, by mutual consent of the Company and Cuart Investments PCC Ltd, at the lesser of a fixed conversion price and 93 % of the lowest daily VWAP during the 10 trading days immediately prior to the conversion date. the convertible note was, subsequently to period end, rolled into new convertible notes issue by Riverfort and MEF. Transaction costs of US$119,221 were incurred.

NOTE 9: SHARE CAPITAL

Ordinary Shares

	Consolidated Group	
	31 December 2018	30 June 2018
	$	$
At the beginning of the reporting period	48,188,346	44,406,871
Fully paid ordinary shares issued from capital raising	-	3,995,361
Fully paid ordinary shares issued for services rendered	-	32,000
Fully paid ordinary shares issued to settle loan	470,000	-
Share issue costs	(4,262)	(245,886)
At reporting date	48,654,084	48,188,346

	Number of shares	Number of shares
Opening balance	1,387,286,491	1,049,814,340
Issued during the period	22,100,000	337,472,151
Closing balance	1,409,386,491	1,387,286,491

NOTE 10: SHARE-BASED PAYMENTS

(a) Employee Incentive Plan

The Group has provided benefits to directors, employees and contractors of the Company in the form of performance rights under the Company's Employee Incentive Plan as approved at the General Meeting on 29 March 2017, constituting a share-based payment transaction. No performance rights were issued during the period ended 31 December 2018. The exercise price of the performance rights granted for the period ended 31 December 2017 was $nil per right and all performance rights granted had an expiry date of 31 December 2018.

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

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

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

Fair value of performance rights granted

No performance rights were granted during the period ended 31 December 2018. The fair value of the performance rights granted during the prior year was $0.022. The price was calculated by using the Black-Scholes European Option Pricing Model taking into account the terms and conditions upon which the performance rights were granted.

NOTE 10: SHARE-BASED PAYMENTS (continued)

(b) Summary of Share-Based Payment

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

	31 December 2018		31 December 2017	
	Number of performance rights	Fair value (Cents)	Number of performance rights	Fair value (Cents)
Outstanding as at 1 July	**60,000,000**	**0.02**	**-**	**-**
Granted	**_-**	**-**	**60,000,000**	**0.02**
Forfeited	**-_**	**-**	**-**	**-**
Exercised	**(60,000,000)**	**0.02**	**-**	**-**
Outstanding as at 31 December	**-**	**-**	**60,000,000**	**0.02**
Exercisable as at 31 December	**-**	**-**	**-**	**-**

The weighted average remaining contractual life of share performance rights outstanding at the end of the period was nil (2017: 1.0 years), and the exercise price was nil (2017: nil).

(c) Expenses arising from share-based payment transactions

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

	Consolidated Group	
	31 December 2018	31 December 2017
Shares and performance rights included in share-based payments expense	391,354	77,878

NOTE 11: DIVIDENDS

No dividends have been paid or declared in respect of the half year ended 31 December 2018 (2017: nil).

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 31 December 2018, the Company announced (ASX Announcement 7 March 2019) that it had provided the first tranche of the financial settlement of US$5 million in cash and issuing of 315,566,656 shares as required under the Share Sale & Purchase Agreement entered into with MGI to purchase a 60% interest in the Adidi-Kanga. The US$ 5 Million payment was financed by the issue of convertible notes totalling US$5.7 million as disclosed in note 1 of the half year Financial Report.

On 8 March 2019, the Company also announced the successful completion a $2.6 million capital raising via the issue of 146.6 million shares at $0.018 per share using part of its additional 10% placement capacity under ASX Listing Rule 7.1A.

No other matter or circumstance has arisen since 31 December 2018, which has significantly affected, or may significantly affect the operation of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

NOTE 13: CONTINGENCIES

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

In accordance with a resolution of the Directors of Vector Resources Limited, I state that:

a. The financial statements and notes set out on pages 7 to 16 are in accordance with the Corporations Act 2001, including:

   I. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date, and

   II. complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

b. Subject to the matters disclosed in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Mr Gary Castledine
Chairman

Perth, 17 March 2019

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent Auditor's Review Report to the Members of Vector Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Vector Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

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

Emphasis of Matter - Material uncertainty related to going concern

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

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
Perth
17 March 2019