VECTOR RESOURCES LIMITED
and its Controlled Entities

ABN 99 107 541 453

Half-Year Financial Report

31 December 2014

DIRECTORS' REPORT

The Directors of Vector Resources Limited (the "Company" or "Vector") and its controlled entities (the "Group") submit herewith the financial report for the six months ended 31 December 2014 ("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 Glyn Povey	Managing Director
Mr Neville Bassett	Non-executive Director and Company Secretary
Mr Brian Williams	Non-executive Director

DIVIDENDS

No dividends were paid or declared during the period. No recommendation for the payment of dividends has been received.

REVIEW AND RESULTS

Operations

During the half-year, the Company conducted site inspections and reviews on various projects within the Southern Cross region.

Site visits conducting environmental reviews and assessments on bores, roads and access tracks concentrating on regrowth and weed control at the Mt Dimer group of tenements were completed as part of the company's annual reporting processes and for the compliance of the AER.

Final inspections of the Gwendolyn East Cutback Project were also completed. These inspections concentrated on access restrictions, final profiles disturbance areas and total removal of waste products.

The company de-mobilised the temporary infrastructure utilised to undertake the bulk sampling program on the Gwendolyn Gold Project which commenced late in March 2014.

All infrastructure was removed from site during July and final rehabilitation operations were also completed during that month.

The processing of ore which commenced early in June 2014 was completed on the 4th July. Mill clean out and reconciliation of the metal balance results on the processed ore from the bulk sample program followed.

The total ore processed resulted in 29,219dmt being milled with an overall reconciled mill head grade of 3.50gpt, compared with the estimated belt sampling head grade of 3.63gpt, with a recovered grade of 3.35gpt.

The bulk sample campaign produced 3,150 Au ounces with the average mill feed grade achieved significantly below the Company's expectations based on the independent assessment from the grade control model.

The bulk sample program was undertaken to allow the Company to accurately forecast the economics of the remaining Phase 1 and larger-scale Phase 2 operations at Gwendolyn, based on establishing a set of parameters obtained from the bulk sample relating to the course gold (nugget factor affect) influencing the mineralisation.

During the half-year, the Company took the opportunity to undertake a review of its entire tenement portfolio.

As a result of this ongoing review:

(i) the Company took the decision to relinquish its interest in the Muriels Extension project; and

(ii) subsequent to period end, the company entered into a binding term sheet for the disposal of its entire interest in the share capital of Golden Iron Resources Ltd, the holder of the company's portfolio of mineral interest. The consideration for the disposal is the sum of $455,000 (Refer Note 10).

Corporate

During the half-year the Company:

(i) completed a non-renounceable entitlement issue offer of 101,017,521 ordinary fully paid shares at an issue price of $0.002, raising $202,035; and

(ii) arranged for full repayment of its existing secured debt facility, replaced by unsecured convertible notes (Notes) of $1,850,000. The principle terms of the Notes are as follows:

Redemption Date:	12 months from date of issue
Conversion Price:	the lesser of: (a) The lowest issue price of Shares during the Conversion Period; or (b) the price that is 80% of the volume weighted average market price of the company's ordinary fully paid shares calculated over the last 5 days on which sales were recorded before the date of conversion and issue.
Conversion Period:	A noteholder may convert at any time prior to the Redemption Date.
Interest Rate:	Nil%

As part of the ongoing review process, the Company is looking at possible investment opportunities outside of the company's existing principal activity of mineral exploration. Dependant on the nature and scale of any investment, the Company may be required, pursuant to ASX Listing Rules, to obtain shareholder approval to any transaction and to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

AUDITORS' INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors Grant Thornton Audit Pty Ltd, 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 4 and forms part of this *Directors' Report* for the half-year ended 31 December 2014.

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

Mr Gary Castledine

Date: 16 March 2015
Perth, Western Australia

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Auditor's Independence Declaration
To The Directors of Vector Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Vector Resources Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Petricevic
Partner – Audit & Assurance

Perth, 16 March 2015

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	31 Dec 2014 $	31 Dec 2013 $
Gold sales	2a	3,276,478	-
Cost of sales	2b	(2,974,607)	-
Gross profit/(loss)		301,871	-
Other Income	2c	167,572	7,533
Fair value gain on embedded derivative	9	506,000	-
Impairment of exploration and evaluation	6	(6,177,598)	(106,670)
Travel and Promotion		(4,545)	(567)
Impairment of financial assets		(230)	1,650
Employee benefits expense		(48,721)	(69,158)
Consulting fees		(29,590)	(51,950)
Compliance and regulatory expenses		(52,571)	(37,637)
Depreciation expense		(1,289)	(10,789)
Finance costs	2d	(578,500)	-
Directors' fees		(41,450)	(58,875)
Occupancy expenses		(18,297)	(75,171)
Other expenses		(81,018)	(85,813)
Loss before tax		(6,058,366)	(487,447)
Income tax		-	-
Loss for the period		(6,058,366)	(487,447)
Other comprehensive income			
Other comprehensive income		-	-
Other comprehensive Income for the period, net of tax		-	-
Total comprehensive loss for the period		(6,058,366)	(487,447)
Loss Attributable to:			
Members of the parent entity		(6,058,366)	(487,447)
		(6,058,366)	(487,447)
Other comprehensive income attributable to: Members of the parent entity		-	-
		-	-
Basic earnings per Share		(0.023)	(0.003)
Diluted earnings per Share		(0.023)	(0.003)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	31 Dec 2014	30 Jun 2014
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	4	469,247	1,170,714
Other receivables		145,289	526,570
Inventories		-	3,257,977
Total Current Assets		614,536	4,955,261
Non-Current Assets			
Property, plant & equipment		9,237	128,423
Financial assets		4,249	4,479
Exploration and evaluation expenditure assets	6	455,000	6,383,533
Total Non-Current assets		468,486	6,516,435
Total Assets		1,083,022	11,471,696
LIABILITIES			
Current liabilities			
Trade and other payables	7	707,544	5,528,379
Borrowings	8	875,000	1,650,000
Derivative financial instruments	9	1,110,000	-
Provisions		-	19,580
Total Current Liabilities		2,692,544	7,197,959
Total Liabilities		2,692,544	7,197,959
NET ASSETS/(DEFICIENCY)		(1,609,522)	4,273,737
EQUITY			
Share Capital		25,122,371	24,947,264
Reserves		2,502,913	2,502,913
Accumulated losses		(29,234,806)	(23,176,440)
TOTAL EQUITY/(DEFICIENCY)		(1,609,522)	4,273,737

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Share Capital $	Option Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2013	24,947,264	2,502,913	(9,669,057)	17,781,120
Loss for the period	-	-	(487,447)	(487,447)
Other Comprehensive Income for the year	-	-	-	-
Total Comprehensive loss for the period	-	-	(487,447)	(487,447)
Balance as at 31 Dec 2013	**24,947,264**	**2,502,913**	**(10,156,504)**	**17,293,673**

	Share Capital $	Option Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2014	24,947,264	2,502,913	(23,176,440)	4,273,737
Loss for the period	-	-	(6,058,366)	(6,058,366)
Other Comprehensive Income for the year	-	-	-	-
Total Comprehensive loss for the period	-	-	(6,058,366)	(6,058,366)
Proceeds from share issue	202,035	-	-	202,035
Share issue expenses	(26,928)	-	-	(26,928)
Balance as at 31 Dec 2014	25,122,371	2,502,913	(29,234,806)	(1,609,522)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	31 Dec 2014 $	31 Dec 2013 $
Cash flows from operating activities		
Receipts from customers	3,439,918	-
Interest received	4,132	24,213
Payment to suppliers and employees	(104,704)	(373,661)
Payments for production	(4,195,996)	-
Net cash flows used in operating activities	(856,650)	(349,448)
Cash flows from investing activities		
Payments for exploration, evaluation and development	(201,827)	(600,554)
Proceeds from sale of property, plant and equipment	63,636	-
Payments for plant, property and equipment	-	(5,600)
Net cash flows used in investing activities	(138,191)	(606,154)
Cash flows from financing activities		
Proceeds from issue of shares and options	202,035	-
Cost of share issue	(16,161)	(10,170)
Proceeds from borrowings	1,600,000	1,500,000
Repayment of borrowings	(1,400,000)	-
Finance costs	(92,500)	-
Net cash flows provided by financing activities	293,374	1,489,830
Net increase/(decrease) in cash and cash equivalents	(701,467)	534,228
Cash and cash equivalents at beginning of period	1,170,714	1,016,796
Cash and cash equivalents at end of period	469,247	1,551,024

The accompanying notes form part of these financial statements.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Accounting Policies

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standard AASB 134: Interim Financial Reporting*. Compliance with *Australian Accounting Standards* ensures that the financial statements and notes also comply with *International Financial Reporting Standards*.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Vector Resources Limited and its controlled entities ('Group') during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2014 financial report.

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

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

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim financial reports are consistent with those followed in preparation of the Group's annual financial statements for the year ended 30 June 2014. A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change the accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the Group

There are no standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group has not early adopted any of the standards, interpretations or amendments that have been issued but are not yet effective.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group made a loss of $6,058,366 (including an asset impairment charge of $6,177,598) for the six months ended 31 December 2014 (2013:$487,447) and had a net cash outflow from operating activities of $856,650(2013: $349,448). In addition, due to the impairment charge incurred during the year, the Group has reported total liabilities in excess of total assets of $1,609,522 (30 June 2014: total equity of $4,273,737).

The Board considers that Vector is a going concern and recognises that additional funding is required to ensure that it can continue to fund its operations during the twelve month period from the date of this report. Such additional funding, as the company 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;
- Debt finance including convertible notes issues; or
- The farm-down or sale its mineral interest;

Subsequent to half-year end, the company has entered an agreement to dispose of its portfolio of mineral interest for a consideration of $455,000. The disposal will also significantly reduce the company's ongoing costs of operation, relating to exploration expenditure commitments.

The Group has also taken steps to further reduce operating and overhead costs, including relocation to shared office space and staff redundancies. In addition, directors and their related entities have provided their support to the company by undertaking to not call upon the Group for payment of outstanding fees until the Group is in a position to repay.

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

Should Vector be unable to obtain sufficient funding as outlined above, there is a material uncertainty that may cast significant doubt whether 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 financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should it not continue as a going concern.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which requires a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2014. The only exception is the estimate of fair value with regards to the financial liabilities recognised in the current period. The fair value must be estimated for recognition and measurement for disclosure purposes. The fiar value of financial instruments which are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and market assumptions that are based on market conditions existing at reporting date. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar instruments.

NOTE 2: LOSS FOR THE PERIOD

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

	Consolidated Group	
	31 December 2014	31 December 2013
	$	$
a. Operating sales revenue		
Gold Sales	3,276,478	-
	3,276,478	-
b. Cost of sales		
Production costs	283,370	-
Inventory movement	(3,257,977)	-
	(2,974,607)	-
c. Non-operating activities		
Interest income	4,132	7,533
Fuel tax credits	5,587	-
Muriels Extension stamp duty refund	157,853	-
	167,572	7,533
d. Finance costs		
Finance costs	(641,000)	-
Interest	(92,500)	-
Forgiveness of interest accrued	155,000	-
	(578,500)	-

NOTE 3: SEGMENT INFORMATION

a. Type and Location

The operating segments are identified by the Directors based on the type of exploration being conducted by the Group. Financial information of these operating businesses is reported to the Board on a regular basis.

During the current period the Group has two operating segments being Iron Ore and Gold exploration located in Western Australia. All other activities are considered to relate to the Corporate Head Office.

b. Basis of accounting for purposes of reporting by operating segments

Unless stated otherwise, all amounts reported to the Directors are determined in accordance with accounting policies that are consistent with those adopted in the Annual Financial Statement of the Group.

Segment Performance	Iron Ore		Gold		Unallocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$	$	$
Operating sales revenue	-	-	3,276,478	-	-	-	3,276,478	-
Cost of sales	-	-	(2,974,607)	-	-	-	(2,974,607)	-
Other income	-	148	164,041	1,550	3,531	5,835	167,572	7,533
Fair value gain on embedded derivative	-	-	-	-	506,000	-	506,000	-
Impairment of exploration and evaluation	(934)	(96,187)	(6,176,664)	(10,483)	-	-	(6,177,598)	(106,670)
Travel and promotion	-	-	-	-	(4,545)	(567)	(4,545)	(567)
Impairment of financial assets	-	-	-	-	(230)	1,650	(230)	1,650
Employee benefits expenses	-	-	-	-	(48,721)	(69,158)	(48,721)	(69,158)
Consulting fees	-	-	-	-	(29,590)	(51,950)	(29,590)	(51,950)
Compliance and regulatory expenses	-	(33)	-	(5,387)	(52,571)	(32,217)	(52,571)	(37,637)
Depreciation expense	-	-	-	-	(1,289)	(10,789)	(1,289)	(10,789)
Finance costs	-	-	-	-	(578,500)	-	(578,500)	-
Directors' fees	-	-	-	-	(41,450)	(58,875)	(41,450)	(58,875)
Occupancy costs	-	-	(6)	-	(18,291)	(75,171)	(18,297)	(75,171)
Other expenses	(52)	(55)	(44,935)	(170)	(36,031)	(85,588)	(81,018)	(85,813)
	(986)	(96,127)	(6,057,564)	(14,490)	(301,687)	(376,830)	(6,360,237)	(487,447)
Loss for the period	(986)	(96,127)	(5,755,693)	(14,490)	(301,687)	(376,830)	(6,058,366)	(487,447)

	Iron Ore		Gold		Unallocated		Total	
	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014
	$	$	$	$	$	$	$	$
Segment Assets								
Exploration Expenditure								
Opening balance	-	1,001,431	6,383,533	15,751,083	-	-	6,383,533	16,752,514
Exploration expenses	934	44,355	248,131	1,350,561	-	-	249,065	1,394,916
Exploration Written off	(934)	(1,045,786)	(6,176,664)	(2,069,141)	-	-	(6,177,598)	(3,114,927)
Amortisation	-	-	-	(8,648,970)	-	-	-	(8,648,970)
	-	-	455,000	6,383,533	-	-	455,000	6,383,533
Other assets	3,094	3,914	70,778	3,657,368	554,150	1,426,881	628,022	5,088,163
Total Assets	3,094	3,914	525,778	10,040,901	554,150	1,426,881	1,083,022	11,471,696
Segment liabilities	(165)	-	(314,344)	(4,046,405)	(2,378,035)	(3,151,554)	(2,692,544)	(7,197,959)
Net Assets	2,929	3,914	211,434	5,994,496	(1,823,885)	(1,724,673)	(1,609,522)	4,273,737

NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
Cash and cash equivalents		
Cash at bank	457,247	1,158,714
Secured Credit Card Bond	12,000	12,000
	469,247	1,170,714

NOTE 5: COMMITMENTS AND CONTINGENCIES

	Consolidated 31 December 2014 $	Consolidated 31 December 2013 $
Exploration Expenditure		
No later than one (1) year	-	730,545
Longer than one (1) year, but no longer than five (5) years	-	1,842,470
Longer than five (5) years	-	3,297,470
	-	5,870,715

Subsequent to year end (refer Note 10), Vector by way of agreement relinquished the last of its tenements and as such have no exploration expenditure commitments post 31 December 2014.

NOTE 6: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
Non-Current		
Deferred exploration expenditure, at cost	455,000	6,383,533
Exploration expenditure movement:		
Brought forward at beginning of year	6,383,533	16,752,514
Exploration expenditure impaired during the year (i)	(6,177,598)	(3,114,927)
Exploration expenditure amortised during the year	-	(8,648,970)
Exploration expenditure capitalised during year	249,065	1,394,916
Carried forward exploration expenditure	455,000	6,383,533

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

- The continuance of the company's right of tenure of the areas of interest;
- The results of future exploration; or
- The recoupment of costs through successful development and exploitation of the areas of interest or, alternatively, by their sale.

There may exist, on the company's exploration properties, areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the company's exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

NOTE 6: EXPLORATION AND EVALUATION EXPENDITURE (continued)

(i) Subsequent to balance date, the company entered into a binding term sheet for the disposal of its entire interest in the share capital of Golden Iron Resources Ltd, the holder of the company's portfolio of mineral interest. The consideration for the disposal is the sum of $455,000 (Refer Note 10).

NOTE 7: TRADE AND OTHER PAYABLES

		Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
Current			
Trade payables		208,913	3,443,542
Other payables		21,976	1,793,865
Due to Directors and related entities	(i)	476,655	290,972
		707,544	5,528,379

(i) The Directors have provided the Group with written confirmation that these payments will be deferred until such time that the Group has sufficient funds. Refer to Note 1 for further details.

NOTE 8: BORROWINGS

	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
Loan Notes – Secured (i)	-	1,550,000
Loan – Unsecured (ii)	-	100,000
Unsecured Convertible Notes	875,000	-
	875,000	1,650,000

(i) Loan Notes – Secured

On 14 January 2014, Vector announced that it had secured a $3m debt facility to fund its bulk sample campaign. The debt facility is secured by a deed of mortgage over the tenements comprising the Gwendolyn East Cutback Project and a fixed charge over the proceeds of the sale of gold account. The principal terms of the facility are:

Maturity Date: 30 June 2014 (Extended to 31 August 2014)

Interest: 10% flat rate

Bonus fee: 5% flat fee on the company achieving net cash flow from the Project of $4m;

A further 5% flat fee on the company achieving net cash flow from the Project of $8m.

During the period, the loan note holders agreed to waive all rights under the Note Deed to be repaid any amounts of either interest or bonus fees and the loan notes were paid out in full.

(ii) Loan - Unsecured

The unsecured loan was advanced by a director related entity with no fixed repayment date and does not incur interest. The loan was paid out in full during the period.

NOTE 8: BORROWINGS (continued)

(iii) Unsecured convertible notes

The principle terms of the unsecured convertible notes are as follows:

Redemption Date: 12 months from date of issue

Conversion Price: the lesser of:

a) The lowest issue price of Shares during the Conversion Period; or

b) The price that is 80% of the volume weighted average market price of the company's ordinary fully paid shares calculated over the last 5 days on which sales were recorded before the date of conversion and issue

Conversion Period: A noteholder may convert at any time prior to the Redemption Date.

Interest Rate: Nil%

Due to the terms of the unsecured convertible notes, there is an embedded derivative liability which is measured at fair value as a derivative financial instrument (refer Note 9).

NOTE 9: DERIVATIVE FINANCIAL LIABILITIES

	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
Derivative liability from convertible financing facility	1,110,000	-
	1,110,000	-

Movement in derivative liabilities during the period:

	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
Carrying amount at 1 July	-	-
Recognition of derivative from convertible financing facility	1,616,000	-
Fair value movement	(506,000)	-
	1,110,000	-

(i) Derivative financial instruments

Due to the terms of the convertible notes (refer Note 8) there is an embedded derivative liability. The derivative liability is measured at fair value on date of issue and remeasured at fair value at subsequent reporting periods, with a gain/loss in the statement of profit or loss and other comprehensive income. Refer to Note 1 for further details.

The value of the derivative fluctuates with the Group's underlying share price and the time to expiry. The change in the value of the derivatives between inception and 31 December 2014 is due to the difference in the share price between inception and 31 December 2014.

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to the reporting date that require disclosure, other than:

On 13 March 2015 the Company entered into a binding term sheet with Longflex Southern Cross Mining Limited and Riverglen Corporation Pty Ltd (**Longflex**) (**Agreement**) for the disposal of its entire interest in the share capital of Golden Iron Resources Ltd (**Golden Iron**), the holder of the Company's portfolio of mineral interests, being the main undertaking of the Company (**Disposal**).

The key terms of the Disposal are as follows:

(i) Completion of the Disposal is subject to and conditional on:

- (a) The Company obtaining shareholder approval for the Disposal pursuant to ASX Listing Rule 11.2; and
- (b) Satisfactory completion of due diligence by Longflex; and
- (c) Completion of a formal share sale agreement on terms reasonably acceptable to Vector and Longflex;

(ii) The consideration to be paid by Longflex for the Disposal is the sum of $455,000.

The Company is looking at possible investment opportunities outside of the company's existing principal activity of mineral exploration. Dependant on the nature and scale of any investment, the Company may be required, pursuant to ASX Listing Rules, to obtain shareholder approval to any transaction and to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

NOTE 11: DIVIDENDS

No dividends have been paid or declared in respect of the half year ended 31 December 2014.

DIRECTORS' DECLARATION

The Directors declare that:

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

    i. give a true and fair view of the financial position as at 31 December 2014 and the performance for the half-year ended on that date; and

    ii. comply with *Accounting Standard AASB 134 Interim Financial Reporting*.

- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

Signed in accordance with a resolution of the Board of Directors.

Mr Gary Castledine
Chairman

Perth, 16 March 2015

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

We have reviewed the accompanying half-year financial report of Vector Resources Limited ("Company"), which comprises the consolidated financial statements being the consolidated statement of financial position as at 31 December 2014, and 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 statement of significant accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Vector Resources Limited 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 controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the 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, we have become aware of any matter that makes us 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 consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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As the auditor of Vector Resources Limited, 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 complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vector Resources Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

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

Material uncertainty regarding continuation as a going concern

Without qualification to the conclusion expressed above, we draw attention to Note 1 to the half-year financial report which indicates the consolidated entity incurred an operating loss for the half year ended 31 December 2014 of $6,058,366 (31 December 2013: loss of $487,447) and incurred net cash outflows from operations of $856,650 (31 December 2013: net outflow of $349,448). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

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GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Petricevic
Partner - Audit & Assurance

Perth, 16 March 2015