



## **ANNUAL REPORT**

**FOR THE YEAR ENDED  
30 JUNE 2015**



## **CORPORATE DIRECTORY**

### **Directors**

Gary Castledine	Non-executive Chairman
Glyn Povey	Managing Director
Neville Bassett	Non-executive Director
Brian Williams	Non-executive Director

### **Company Secretary**

Neville Bassett

### **Registered Office and Principal Office**

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### **Auditors**

Grant Thornton Audit Pty Ltd  
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### **ASX Code**

VEC

### **Share Registry**

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## TABLE OF CONTENTS

REVIEW OF ACTIVITIES .....	1
DIRECTORS' REPORT .....	4
AUDITOR'S INDEPENDENCE DECLARATION.....	15
AUDITOR'S REPORT .....	16
DIRECTORS' DECLARATION.....	18
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	19
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	20
CONSOLIDATED STATEMENT OF CASH FLOWS .....	21
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	22
NOTES TO THE FINANCIAL STATEMENTS .....	23
ADDITIONAL SHAREHOLDER INFORMATION.....	61
CORPORATE GOVERNANCE STATEMENT .....	64

## REVIEW OF ACTIVITIES

### Operations

Vector Resources Limited ("Vector" or the "Company") is a Western Australian focused resource company. During the financial 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 2014 and final rehabilitation operations were also completed during that month.

The processing of ore which commenced early in June 2014 was completed on the 4<sup>th</sup> of 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 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) in March 2015, 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 11).

## Corporate

During the 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.

Subsequent to year end, the company:

- (i) Received notices for the conversion of 1,850,000 convertible notes (**Notes**). Pursuant to the terms of the Notes, the 1,850,000 Notes, with a face value of \$1,850,000, converted at an issue price of \$0.002 per Note into 925,000,000 ordinary fully paid shares in the capital of the Company. The conversion of the Notes has resulted in the extinguishment of liabilities as at 30 June 2015 of \$5,991,861 represented by Borrowings of \$1,671,861 and the Derivative financial instrument of \$4,320,000;
- (ii) Completed a placement of 20,000,000 ordinary fully paid shares at an issue price of 1.4 cents per share, raising \$280,000; and
- (iii) Entered into a **non-binding term sheet** to acquire M2M Global Technology Ltd (**M2M**), a rapidly growing global manufacturer and distributor of a unique security device with application in the automotive, boating, transportation and personal use markets.

Under the terms of the non-binding agreement to acquire M2M, the form of consideration for the acquisition shall be negotiated taking to account the results of due diligence, but to essentially be on the basis of:

- (i) Subject to an agreed cash component, if any, the issue of up to such number of ordinary fully paid shares (**Shares**) in the capital of Vector to the M2M security holders as will equate to an aggregate holding of approximately 85% of Vector on a fully diluted basis at the date of a Concluded Agreement. The determination of the number of Shares to be issued as consideration will be

before the issue of Shares pursuant to a proposed capital raising to facilitate re-compliance with Chapters 1 and 2 (refer conditions below); and

- (ii) The securities to be issued as consideration shall be subject to performance milestones to be agreed between the parties.

The transaction is conditional upon:

- Vector completing all legal, financial and technical due diligence in respect to M2M within 60 days of the execution of the term sheet;
- Vector completing a capital raising to facilitate re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Vector will seek to raise not less than \$4 million at a price to be determined and agreed between the parties;
- Execution of a concluded agreement by Vector and each holder of securities in M2M and any other documentation required to implement the transaction within seven days of expiry of the due diligence period and then complete the concluded agreement within 90 days from the date thereof;
- Vector holding a shareholder meeting to obtain all necessary approvals, including those contained in ASX Listing Rule 11.1 and a change in Vector's name to M2M Global Technology Limited; and
- ASX granting conditional approval to reinstate the securities of Vector to trading on ASX (after Vector re-complies with Chapters 1 and 2 of the ASX Listing Rules)

Since the transaction will result in a significant change to the nature and scale of Vector's activities, the transaction will require Vector shareholders' approval under ASX Listing Rule 11.1.2 and will also require Vector to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

A Notice of Meeting seeking shareholder approval for the resolutions required to effect the merger will be sent to Vector shareholders in due course.

On the date of the meeting, Vector securities will be suspended from trading and subject to Vector shareholder approval being obtained, will remain suspended until Vector has re-complied with ASX Listing Rules and the transaction has been completed.



## DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities (Group) for the financial year ended 30 June 2015.

The names of the Directors and Company Secretary in office at any time during or since the end of the year are:

Glyn Povey	Managing Director
Gary Castledine	Non-executive Chairman
Neville Bassett	Non-executive Director and Company Secretary
Brian Williams	Non-executive Director

### PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were (a) to identify and evaluate new venture and corporate opportunities and (b) mineral exploration and the evaluation of the Group's portfolio of mineral tenements in Australia.

In March 2015, 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. On completion of the disposal the Group will have no remaining mineral interests.

As reported in the *Review of Activities* the Group has entered into a non-binding term sheet for the acquisition of M2M Global Technology Ltd. Subject to completion of the acquisition, the principal activity of the Group will change to the business of M2M Global Technology Ltd and will cease to be mineral exploration.

If the proposed transaction does not proceed, the Board intends to continue to look for corporate opportunities both within and outside the mineral exploration sector.

### REVIEW OF OPERATIONS

#### Operating Activities

A detailed review of the operations of the Group is contained in the *Review of Activities*.

#### New Opportunities

The Company continues to focus on identifying and securing 'company making' projects and opportunities. The Board has adopted a rigorous methodology for screening and reviewing potential projects.

#### Result

The net loss of the Group after income tax for the year amounted to \$10,359,725 (2014: loss of \$13,507,383). The loss for the year included:

	2015	2014
	\$	\$
Impairment of exploration and evaluation	72,699	2,323,913
Fair value loss on embedded derivative	2,797,125	-
Amortised cost of embedded derivative	1,374,736	-
Loss from discontinued operations	5,901,569	10,469,761
	<u>10,146,129</u>	<u>12,793,674</u>

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto and in the *Review of Activities*.

The *Independent Auditor's Report* on page 15 contains a statement of material uncertainty regarding continuation as a going concern. For further comment refer to Note 1(x) in the *Notes to the Financial Statements*.

## EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the company in subsequent financial years, other than:

1. The company converted the 1,850,000 convertible notes on issue at an issue price of \$0.002 per note into 925,000,000 ordinary fully paid shares in the capital of the Company. The conversion of the Notes has resulted in the extinguishment of liabilities as at 30 June 2015 of \$5,991,861 represented by Borrowings of \$1,671,861 and the Derivative financial instrument of \$4,320,000;
2. Completed a placement of 20,000,000 ordinary fully paid shares at an issue price of 1.4 cents per share, raising \$280,000; and
3. Entered into a **non-binding term sheet** to acquire M2M Global Technology Ltd (refer *Review of Activities*).

## DIVIDENDS

There were no dividends paid or declared during or since the end of the financial year.

## LIKELY DEVELOPMENTS

As reported in the *Review of Activities*, the company has entered into a binding term sheet for the disposal of its entire portfolio of mineral interest. On completion of the disposal the Group will have no remaining mineral interests and will no longer be involved in the mineral exploration sector.

Future developments in the operations of the Group that were not finalised at the date of this report included:

- The proposed acquisition of M2M Global Technology Ltd.

More information on these developments is included in the *Review of Activities*.

If the proposed acquisition of M2M Global Technology Ltd does not proceed, the Board intends to continue to look for corporate opportunities both within and outside the mineral exploration sector.

## ENVIRONMENTAL REGULATIONS

The Group has a policy of at least complying, but in most cases exceeding, its environmental performance obligations. No environmental breaches have been notified by any government agency during the year ended 30 June 2015. The Board believes that the company has adequate systems in place for the management of its environmental regulations.





## **DIRECTORS' QUALIFICATIONS AND EXPERIENCE**

### **Glyn Povey      Managing Director**

Mr Glyn Povey was appointed a director of the company on 15 February 2011.

Mr Povey is an experienced senior executive with significant domestic and international experience including roles as a Senior Project Manager in Hong Kong, Director of Operations for a mineral exploration company, and Mine Manager for a number of underground and open cut mines in Australia. Mr Povey was previously Vice-President Operations for *Crosslands Resources Ltd*, a joint-venture between *Murchison Metals Ltd* and *Mitsubishi Development Pty Ltd*.

#### *Interest in Securities*

Mr Povey has a direct interest in 4,366,666 ordinary shares and 4,000,000 unlisted options.

*Directorships held in other listed companies over the last 3 years – nil.*

### **Gary Castledine      Non-executive Chairman**

Mr Gary Castledine was appointed a director of the company on 24 February 2009.

Mr Castledine has over 20 years' experience in stockbroking and capital markets. He was a founding director and the head of corporate with Indian Ocean Capital in Perth, Western Australia, a specialist boutique securities dealer and corporate advisory firm. Mr Castledine is currently director/head of corporate with full service boutique stockbroking and investment firm CPS Capital Group Pty Ltd, established in June 2013 through the merger of Indian Ocean Capital and CPS Securities. Mr Castledine's experience has enabled him to gather an extensive suite of clients in a corporate advisory role which has seen him involved in many capital raisings and IPOs across a spectrum of industries. He is currently a member of the Stockbrokers Association of Australia.

#### *Interest in Securities*

Mr Castledine has an indirect interest in 5,937,470 ordinary shares.

#### *Directorships held in other listed companies over the last 3 years:*

Laconia Resources Limited	7 May 2015 to present
Mamba Minerals Limited	13 August 2010 to 21 November 2012
Exoma Energy Limited	20 August 2014 to present

## ***DIRECTORS' QUALIFICATIONS AND EXPERIENCE (continued)***

### **Neville Bassett                      Non-executive Director**

Mr Neville Bassett was appointed a director of the company on 22 April 2010.

Mr Bassett is a chartered accountant operating his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. Mr Bassett has been involved with numerous public company listings and capital raisings. His involvement in the corporate arena has also taken in mergers and acquisitions, and includes significant knowledge and exposure to the Australian financial markets. Mr Bassett has experience in matters pertaining to the *Corporations Act*, ASX listing requirements, corporate taxation and finance.

#### *Interests in Securities*

Mr Bassett has an indirect interest in 2,400,000 ordinary shares.

#### *Directorships held in other listed companies over the last 3 years:*

Laconia Resources Limited	7 May 2015 to present
Mamba Minerals Limited	13 August 2010 to 13 August 2013
Ram Resources Limited	22 March 2004 to present
Meteoric Resources NL	29 November 2012 to present
Exoma Energy Limited	20 August 2014 to present

### **Brian Williams                      Non-executive Director**

Mr Brian Williams was appointed a director of the company on 15 February 2011.

Mr Williams is experienced as a mining, engineering and infrastructure executive and director with substantial domestic and international (Asia, Europe and Africa) open pit and underground mine development and management experience, including project managing some of the largest underground and open cut gold mines in Western Australia. Mr Williams has held senior management roles at operational and corporate levels within the resources industry in both private and publicly listed companies.

#### *Interest in Securities*

Mr Williams has a direct interest in 2,810,629 ordinary shares.

#### *Directorships held in other listed companies over the last 3 years – nil.*

### **COMPANY SECRETARY**

Mr Neville Bassett held the position of Company Secretary throughout the duration of the financial year.

## MEETINGS OF DIRECTORS

During the financial year, 16 meetings of directors were held. Attendances by each Director during the year were:

	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Glyn Povey	16	16
Gary Castledine	16	16
Neville Bassett	16	16
Brian Williams	16	16

## NON – AUDIT SERVICES

During the year Grant Thornton Audit Pty Ltd did not perform any other services in addition to their statutory duties. Information in respect to auditor remuneration is disclosed at Note 7.

## AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The Auditor's Independence Declaration is set out on page 15 and forms part of the *Directors' Report* for the year ended 30 June 2015.

## PROCEEDINGS OF BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings against the company, or to intervene in any proceedings to which the company is a part, for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company under section 237 of the *Corporations Act 2001*.

## REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and other Key Management Personnel (KMP) of the company in accordance with the *Corporations Act 2001* and its regulations. It also provides the remuneration disclosures required by paragraphs *Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures*, which have been transferred to the Remuneration Report in accordance with *Corporations Regulation 2M.6.04*. These remuneration disclosures have been audited.

For the purposes of this report, Key Management Personnel of the company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly. The Company did not have any other key management personnel other than its Directors.

For the purposes of this Remuneration Report, the term 'Executive' encompasses all Directors and the Company Secretary of the company.

**Remuneration Philosophy**

The performance of the company depends upon the quality of its Directors and Executives. To prosper, the company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the company embodies the following principles in its remuneration framework:

*'The Board as a whole is responsible for considering remuneration policies and packages applicable both to board members and senior executives of the company. The Board remuneration policy is to ensure the remuneration package, which is not linked to the performance of the company, properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.'*

**Remuneration Structure**

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

**Non-executive Director Remuneration***Objective*

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

*Structure*

The Constitution and the *ASX Listing Rules* specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The current aggregate remuneration is \$250,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a Director of the company.

Non-executive Directors are encouraged by the Board to hold shares in the company. It is considered good governance for directors to have a stake in the Company on whose board he or she sits.

The remuneration of Non-executive Directors for the period ended 30 June 2015 is detailed on page 12.

**Managing Director and Executive Remuneration Structure**

Based on the current stage in the company's development, its size, structure and strategies, the Board considers that the key performance indicator in assessing the performance of Executives and their contribution towards increasing shareholder value is share price performance over the review period.

## **REMUNERATION REPORT (AUDITED) (continued)**

Individual and company operating targets associated with traditional financial and non-financial measures are difficult to set given the small number of Executives and their need to be flexible and multi-tasked, as the company responds to a continually changing business environment. Consequently, a formal process of defining Key Performance Indicators (KPI's) and setting targets against the KPI's has not been adopted at the present time.

The proportion of fixed remuneration and variable remuneration is established for each Executive by the Board.

### *Fixed Remuneration*

The level of fixed remuneration is set so as to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board; having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration industry and external advice. Executives receive their fixed remuneration in cash.

### *Variable Remuneration – Short-Term Incentive (STI)*

The objective of the STI is to link the achievement of corporate and operational objectives over the year with the remuneration received by the Executives charged with achieving that increase. The total potential STI available is set at a level so as to provide sufficient incentive to the Executives to achieve the performance goals and such that the cost to the company is reasonable in the circumstances.

Annual STI payments granted to each Executive depend on their performance over the preceding year and are based on recommendations from the Chief Executive Officer and/or the Chairman following collaboration with the Board. Typically included are measures such as contribution to strategic initiatives, risk management and leadership/team contribution.

The aggregate of annual STI payments available for Executives across the company is subject to the approval of the Board. Payments are usually delivered as a cash bonus. There were no STI payments made during the financial year.

### *Variable Remuneration – Long-Term Incentive (LTI)*

The objective of the LTI plan is to reward Executives in a manner, which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the company's performance.

The level of LTI granted is, in turn, dependent on a number of factors including, the seniority of the Executive and the responsibilities the Executive assumes in the company.

LTI grants to Executives are delivered in the form of options. These options are issued at an exercise price determined by the Board at the time of issue.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

## **REMUNERATION REPORT (AUDITED) (continued)**

However, under certain circumstances, including breach of employment conditions, the Directors may cause the options to expire prior to their vesting date. In addition, individual performance is more commonly rewarded over time by STIs.

No LTI options were issued during the financial year.

The Managing Director Mr Glyn Povey's executive service contract expired in February 2014 and an extension of the contract is in place.

### **Managing Director Executive Services Contract**

The material terms of the Managing Director's Executive Service Contract in summary are:

- Fixed remuneration:
  - \$100,000 (reduced down from \$350,000 per annum in April 2013) per year plus 9% superannuation;
- Variable remuneration:
  - Short-term incentives (STI) – up to 20% bonus on base annual salary upon successful achievement of the KPI's (to be agreed and ratified by the board); and
  - Long-term incentives (LTI)
    - First Performance Hurdle (identification of 200,000oz JORC resource) - 2,000,000 options, exercisable at 20 cents expiring 3 years from date of issue
    - Second Performance Hurdle (identification of 400,000oz JORC resource) - 2,000,000 options exercisable at 20 cents expiring 3 years from date of issue
    - Third Performance Hurdle (Pre-Feasibility Study in relation to any of the company projects) - 4,000,000 options exercisable at 20 cents expiring 4 years from date of issue
- Termination of Employment
  - The initial term of the contract is for 36 months commencing on 14 February 2011. The contract expired on 14 February 2014. An extension of contract is in place.
  - The contract may be terminated by the Company with 6 months written notice or by the Managing Director by giving 3 months written notice.

The contract lapsed on 14 February 2014. The Managing Director now invoices on a month to month at the same rate of \$100,000 per annum when based at the Perth office and at a rate of \$2,500 per day when based on-site.

### **Other Executive Benefits**

There are fringe benefits through the provision of company parking bays.

## REMUNERATION REPORT (AUDITED) (continued)

### Remuneration of key management personnel and the five highest paid executives of the Group

Remuneration for the year ended 30 June 2015 and 2014

		2015						
		Short-Term			Post-Employment	Share based Payment	Total	Performance Related
		Consulting Fees	Directors Fees	Wages & Salaries	Superannuation	Options		
		\$	\$	\$	\$	\$	\$	%
Directors	Year							
G Castledine	2015	25,000	15,000	-	-	-	40,000	-
	2014	25,000	15,000	-	-	-	40,000	-
G Povey	2015	126,907	-	-	-	-	126,907	-
	2014	266,878	-	143,273	13,253	-	423,404	-
N Bassett	2015	36,000	40,000	-	-	-	76,000	-
	2014	36,000	40,000	-	-	-	76,000	-
B Williams	2015	-	40,000	-	-	-	40,000	-
	2014	-	40,000	-	-	-	40,000	-
J Sang	2015	-	-	-	-	-	-	-
	2014	-	16,667	-	-	-	16,667	-
Total	2015	187,907	95,000	-	-	-	282,907	-
	2014	327,878	111,667	143,273	13,253	-	596,071	-

Details of the director-related entities that received the consulting fees are:

Neville Bassett	Mandevilla Pty Ltd
Glyn Povey	Lost State Pty Ltd

### Compensation Options Granted and vested during the year as part of emoluments

No compensation options were issued to Key Management Personnel or Specified Executives during the year (2014: Nil).

### Shareholdings – 2015

Number of Shares held by Directors and Specified Executives:

Directors	Balance 01.07.2014	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.06.2015
Glyn Povey	3,225,000	-	-	1,141,666	4,366,666
Gary Castledine	4,453,103	-	-	1,484,367	5,937,470
Neville Bassett	1,800,000	-	-	600,000	2,400,000
Brian Williams	2,107,972	-	-	702,657	2,810,629
<b>Total</b>	<b>11,586,075</b>	<b>-</b>	<b>-</b>	<b>3,928,690</b>	<b>15,514,765</b>

\*Net Change Other refers to shares purchased or sold during the financial year.

### Option holdings – 2015

Number of Options held by Directors and specified Executives:

#### Directors

	Balance 01.07.2014	Received as Remuneration	Net Change Other*	Balance 30.06.2015	Number Vested / Exercisable
Glyn Povey	9,000,000	-	(5,000,000)	4,000,000	4,000,000
Gary Castledine	4,692,857	-	(4,692,857)	-	-
Neville Bassett	1,200,000	-	(1,200,000)	-	-
Brian Williams	1,741,486	-	(1,741,486)	-	-
Total	16,634,343	-	(12,634,343)	4,000,000	4,000,000

\*Net Change Other refers to options purchased, sold or expired during the financial year.

No options were exercised during the year by the Directors.

As at 30 June 2015, nil listed options (2014: 150,107,260) and 4,000,000 unlisted options (2014: 12,000,000) are on issue.

#### Loans made by/(to) Director and Director related entities

The Group owed Directors and companies associated with the Directors amounts relating to funds advanced and services provided.

Balances receivable/(payable) to Directors and Director related companies as at end of year:

	Year Ended 30 June 2015 \$	Year Ended 30 June 2014 \$
Brillo Investments Ltd	(80,666)	(36,667)
Gary Castledine	(80,000)	(36,667)
Mandevilla Pty Ltd	(152,000)	(183,600)
Lost State Pty Ltd	(280,077)	(141,639)
	<u>(592,743)</u>	<u>(398,573)</u>

All loans made by the Directors to the company and by the company to a Director related company were made as an unsecured loan and are payable on demand on commercial terms. Parties are related because of common Directors.

#### Services provided by Director related entities

For services provided by Director Related Entities, refer to *Remuneration Report* disclosed in the *Directors' Report* for Consulting Fees paid to the Directors and their related or associated entities for matters of an administrative nature and conducted on normal commercial terms.

### END OF AUDITED REMUNERATION REPORT



#### **INDEMNIFYING AND INSURANCE OF DIRECTORS AND OFFICERS**

During the current financial year, the company paid a premium to insure the directors and officers of the company against liabilities of costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of directors or officers of the company. The company paid \$3,560 (2014: \$19,397) in respect to premiums to insure the directors and other officers of the company.

#### **OPTIONS AND UNISSUED SHARES UNDER OPTIONS**

At the date of this report, 4,000,000 unlisted options (2014: 150,107,260 listed options and 12,000,000 unlisted options) have been issued by the company and the number of unissued ordinary shares of the company under option is 4,000,000 (2014: 162,107,260).

There have been no issue of ordinary shares as a result of the exercise of options during or since the end of the financial year.

Optionholders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

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

A handwritten signature in blue ink, appearing to read "Gary Castledine", with a small horizontal line at the end.

Gary Castledine  
**Chairman**

DATED at PERTH this 30<sup>th</sup> September 2015

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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 audit of Vector Resources Limited for the year ended 30 June 2015, 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 audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M A Petricevic  
Partner – Audit & Assurance

Perth, 30 September 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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## **Independent Auditor's Report To the Members of Vector Resources Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Vector Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### **Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

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

### **Auditor's opinion**

In our opinion:

- a the financial report of Vector Resources Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### **Emphasis of matter**

Without qualifying our opinion, we draw attention to Note 1(x) in the financial report which indicates that the consolidated entity incurred a net loss of \$10,359,725 (2014: \$13,507,383) (including an asset impairment charge of \$72,822 (2014: \$2,323,913); a fair value loss on embedded derivative of \$2,797,125 (2014: nil); amortised cost of embedded derivative of \$1,282,236 (2014: nil); and loss from discontinued operations of \$5,901,569 (2014: \$10,469,761) during the year ended 30 June 2015 and, as of that date, the consolidated entity's incurred net outflows from operating activities of \$958,143 (2014: \$187,254).

These conditions, along with other matters as set forth in Note 1(x), 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.

**Report on the remuneration report**

We have audited the remuneration report included in pages 8 to 13 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Vector Resources Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LIMITED  
Chartered Accountants



M A Petricevic  
Partner - Audit and Assurance

Perth, 30 September 2015

## DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The attached financial statements and notes are in accordance with the *Corporations Act 2001*, and:
  - a. Comply with *Australian Accounting Standards* (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
  - b. Give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Group; and
  - c. Comply with *International Financial Reporting Standards* as disclosed in Note 1.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The Chief Executive Officer and Chief Financial Officer have provided the following declaration required by section 295A of the *Corporations Act 2001*:
  - a. The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. The financial statements, and the notes for the financial year comply with the Accounting Standards; and
  - c. The financial statements and notes for the financial year give a true and fair view.

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



Gary Castledine  
Chairman

DATED this 30<sup>th</sup> September 2015

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Consolidated	
		Year Ended 30 June 2015	Year Ended 30 June 2014
	Note	\$	\$
Other Income	4	181,585	26,098
Fair value gain/(loss) on embedded derivative	17	(2,797,125)	-
Employee benefits expense		(56,634)	(91,967)
Consulting fees		(42,945)	(80,575)
Administration expenses		(129,508)	(158,103)
Depreciation expense		(1,525)	(13,909)
Finance Costs	17	(1,282,236)	(165,000)
Impairment of exploration and evaluation	5	(72,822)	(2,323,913)
Occupancy costs		(9,976)	(20,009)
Directors fees		(85,775)	(100,250)
Other expenses from ordinary activities		(161,195)	(109,994)
Loss before tax		(4,458,156)	(3,037,622)
Income tax	6	-	-
<b>Loss for the year</b>		<b>(4,458,156)</b>	<b>(3,037,622)</b>
Loss for the year from discontinued operations	11	(5,901,569)	(10,469,761)
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(10,359,725)</b>	<b>(13,507,383)</b>
<i>Loss for the year Attributable to:</i>			
Members of the parent entity		(10,359,725)	(13,507,383)
		<b>(10,359,725)</b>	<b>(13,507,383)</b>
<i>Other comprehensive loss for the year attributable to:</i>			
Members of the parent entity		-	-
		<b>(10,359,725)</b>	<b>(13,507,383)</b>
<i>Basic loss per Share</i>			
Loss from continuing operations		(0.012)	(0.010)
Loss from discontinued operations		(0.017)	(0.035)
<b>Total</b>		<b>(0.029)</b>	<b>(0.045)</b>
<i>Diluted loss per Share</i>			
Loss from continuing operations		(0.012)	(0.010)
Loss from discontinued operations		(0.017)	(0.035)
<b>Total</b>		<b>(0.029)</b>	<b>(0.045)</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2015 \$	Consolidated As at 30 June 2014 \$
<b>Assets</b>	<b>Note</b>		
<i>Current Assets</i>			
Cash and cash equivalents	8	307,221	1,170,714
Other receivables	9	3,043	526,570
Inventories	10	-	3,257,977
		<u>310,264</u>	<u>4,955,261</u>
Assets and disposal group classified as held for sale	11	455,000	-
<i>Total Current Assets</i>		<u>765,264</u>	<u>4,955,261</u>
<i>Non-Current Assets</i>			
Property, plant & equipment	12	-	128,423
Financial assets	13	6,299	4,479
Exploration and evaluation expenditure assets	14	-	6,383,533
<i>Total Non-Current Assets</i>		<u>6,299</u>	<u>6,516,435</u>
<b>Total Assets</b>		<u>771,563</u>	<u>11,471,696</u>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Trade and other payables	15	692,227	5,528,379
Borrowings	16	1,671,861	1,650,000
Derivative financial instruments	17	4,320,000	-
Provisions	18	-	19,580
Liabilities included in disposal group held for sale	11	-	-
<i>Total Current Liabilities</i>		<u>6,684,088</u>	<u>7,197,959</u>
<b>Total Liabilities</b>		<u>6,684,088</u>	<u>7,197,959</u>
<b>Net Assets/(Deficiency)</b>		<u>(5,912,525)</u>	<u>4,273,737</u>
<b>Equity</b>			
Share Capital	19	25,120,727	24,947,264
Reserves	20	2,502,913	2,502,913
Accumulated Losses		<u>(33,536,165)</u>	<u>(23,176,440)</u>
<b>Total Equity</b>		<u>(5,912,525)</u>	<u>4,273,737</u>

*The accompanying notes form part of these financial statements.*



## CONSOLIDATED STATEMENT OF CASH FLOWS

		Consolidated	
	Note	Year Ended 30 June 2015 \$	Year Ended 30 June 2014 \$
<b>Cash Flow from Operating Activities</b>			
Receipts from customers		3,458,236	1,148,562
Interest received		5,796	32,013
Payment to suppliers and employees		(168,582)	(679,564)
Payments for production		(4,258,180)	(688,265)
Net Cash Used in Discontinued Operations		4,587	-
<b>Net Cash Used in Operating Activities</b>	22	(958,143)	(187,254)
<b>Cash Flow from Investing Activities</b>			
Payments for exploration, evaluation and development		(250,099)	(1,277,977)
Proceeds from sale of equity investments		150	-
Proceeds from sale of property, plant and equipment		63,636	-
Payments for property, plant & equipment		-	(10,681)
<b>Net Cash Used in Investing Activities</b>		(186,313)	(1,288,658)
<b>Cash Flow from Financing Activities</b>			
Finance Costs		(92,500)	(10,000)
Proceeds from borrowings		1,600,000	1,650,000
Repayment of borrowings		(1,400,000)	-
Proceeds from issue of shares		202,035	-
Share issue costs		(28,572)	(10,170)
<b>Net Cash Provided by Financing Activities</b>		280,963	1,629,830
<b>Net (Decrease) Increase in Cash Held</b>		(863,493)	153,918
<b>Cash at the Beginning of the Year</b>		1,170,714	1,016,796
Included in disposal group	11	-	-
<b>Cash at the End of the Year</b>	8	307,221	1,170,714

*The accompanying notes form part of these financial statements.*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
<b>Consolidated</b>				
<i>Balance as at 30 June 2013</i>	24,947,264	2,502,913	(9,669,057)	17,781,120
Loss for the period	-	-	(13,507,383)	(13,507,383)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(13,507,383)	(13,507,383)
<i>Balance as at 30 June 2014</i>	<u>24,947,264</u>	<u>2,502,913</u>	<u>(23,176,440)</u>	<u>4,273,737</u>
 <i>Balance as at 30 June 2014</i>	 24,947,264	 2,502,913	 (23,176,440)	 4,273,737
Loss for the period	-	-	(10,359,725)	(10,359,725)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(10,359,725)	(10,359,725)
Proceeds from share issue	202,035	-	-	202,035
Share issue expenses	(28,572)	-	-	(28,572)
<i>Balance as at 30 June 2015</i>	<u>25,120,727</u>	<u>2,502,913</u>	<u>(33,536,165)</u>	<u>(5,912,525)</u>

*The accompanying notes form part of these financial statements.*

## NOTES TO THE FINANCIAL STATEMENTS

### CORPORATE INFORMATION

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, *Australian Accounting Standards* and other authoritative pronouncements of the *Australian Accounting Standards Board*. Compliance with *Australian Accounting Standards* results in full compliance with the *International Financial Reporting Standards* (IFRS) as issued by the *International Accounting Standards Board* (IASB). Vector Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Vector Resources Limited (Vector or the company) is a public company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Suite 4, Henry James Building, 8 Alvan Street, Subiaco, Western Australia.

The consolidated financial statements for the year ended 30 June 2015 were approved and authorised for issue by the board of directors on 30 September 2015.

The principal activity of the company is exploration for minerals.

### 1. Summary of Significant Accounting Policies

This financial report includes the consolidated financial statement and notes of Vector Resources Limited and Controlled Entities (the "Group" or "Consolidated Entity").

#### a. Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Accounting Standards*, *Australian Accounting Interpretations*, other authoritative announcements of the *Australian Accounting Standards Board* (the "AASB") and the *Corporations Act 2001*.

*Australian Accounts Standards* set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with *Australian Accounting Standards* ensures that the financial statements and notes also comply with *International Financial Reporting Standards*. Material accounting policies adopted in the preparation of this financial report are presented below.

They have consistently been applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

This financial report is presented in Australian dollars.

## ***Summary of Significant Accounting Policies (continued)***

### ***b. New and amended standards adopted by the Group in this financial report***

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Information on these new standards which are relevant to the Group is presented below.

#### **AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities**

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014 and has been adopted in this financial report. The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

#### **AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets**

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 *Fair Value Measurement*, the IASB decided to amend IAS 36 *Impairment of Assets* to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended.

These amendments to IAS 36 therefore clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 *Impairment of Assets* and is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments in this financial report has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

**AASB 2014-1 *Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)***

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*.

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010-2012 Cycle*:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 *Operating Segments* to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2011-2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 *Business Combinations* to determine whether the acquisition of the investment property constitutes a business combination.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

***c. Impact of standards issued but not yet applied by the Group***

New and revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the Group include:

**AASB 9 *Financial Instruments***

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The effective date is for annual reporting periods beginning on or after 1 January 2018.

*The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.*

## ***Summary of Significant Accounting Policies (continued)***

### **AASB 14 Regulatory Deferral Accounts**

AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

*When AASB 14 becomes effective for the first time for the year ending 30 June 2017, it will not have any impact on the entity.*

### **AASB 15 Revenue from Contracts with Customers**

AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (eg multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

*When this Standard is first adopted for the year ending 30 June 2018, there will be no material impact on the transactions and balances recognised in the financial statements.*

### **AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations**

This amendment impacts on the use of AASB 11 when acquiring an interest in a joint operation.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

*When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.*

### **AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

*When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.*

## ***Summary of Significant Accounting Policies (continued)***

### **AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements**

The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

*When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.*

### **AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* (2011). The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

#### ***d. Operating Segments***

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the company's chief operating decision maker which, for the company, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the *Statement of Comprehensive Income* and *Statement of Financial Position*. Refer to Note 21 for Segmental Information. The company operates only in the exploration industry in Australia.

## ***Summary of Significant Accounting Policies (continued)***

### ***e. Foreign Currency Translation***

#### ***i. Functional and Presentation Currency***

Both the functional and presentation currency of the Company and the Group entities is Australian dollars (A\$).

#### ***ii. Transactions and Balances***

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the Consolidated Statement of Financial Position date.

### ***f. Property, Plant and Equipment***

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant, equipment and computers	3 to 5 years
Building improvements	7 years
Motor vehicles	7 years

#### ***i. Impairment***

The carrying value of property, plant, equipment and motor vehicles are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating unit to which the assets belong are written down to their recoverable amount.

#### ***ii. De-recognition***

An item of property, plant, equipment or motor vehicle is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the *Consolidated Statement of Profit or Loss and Other* in the period the item is de-recognised.



## ***Summary of Significant Accounting Policies (continued)***

### ***g. Exploration and Evaluation Expenditure***

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- Exploration and evaluation activities are continuing in the area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off or impaired to profit and loss.

### ***h. Impairment of Non-financial Assets***

At each reporting date, the company assesses whether there is any indication that a non-financial asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of plant, equipment, exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An assessment is also made at each reporting date as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed that carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## ***Summary of Significant Accounting Policies (continued)***

### ***i. Cash and Cash Equivalents***

Cash and cash equivalents in the *Consolidated Statement of Financial Position* comprise cash at bank and in hand and short-term deposits with an original maturity of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the *Consolidated Statement of Cash Flows*, cash and cash equivalents consist of cash and cash equivalents defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in the current liabilities on the *Consolidated Statement of Financial Position*.

### ***j. Trade and Other Receivables***

Trade and other receivables, which generally have 30 – 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts known to be uncollectible are written off when identified. A provision for impairment is raised when there is objective evidence that the company will not be able to collect the debts.

### ***k. Financial Assets***

Financial assets are available for sale financial assets which are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise of investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as Current Assets.) The fair values for the available for sale assets are determined by the market price of the equities at balance date (see Note 13).

### ***l. Trade and Other Payables***

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

### ***m. Interests in Joint Venture Operations***

Interest in joint-venture operations, where material, are brought to account by including in the respective classifications, the Group's share of the individual assets employed and liabilities and expenses incurred.

Details of interests in joint-ventures are shown at Note 29.

## ***Summary of Significant Accounting Policies (continued)***

### ***n. Leases***

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

### ***o. Operating Leases***

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in profit and loss on a straight-line basis over the lease term.

### ***p. Gold Sales***

Gold sales are measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

### ***Interest income***

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### ***q. Issued Capital***

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

### ***r. Earnings per Share***

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/(loss) attributable to members of the parent adjusted for:

- Cost of servicing equity (other than dividends) and preference shares dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## ***Summary of Significant Accounting Policies (continued)***

### **s. Income Tax**

Deferred income tax is provided on all temporary differences at the *Consolidated Statement of Financial Position* date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Unrecognised deferred income tax assets are reassessed at each *Consolidated Statement of Financial Position* date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at each *Consolidated Statement of Financial Position* date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax asset and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the *Consolidated Statement of Financial Position* date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the *Consolidated Statement of Comprehensive Income*.

### **t. Other Taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

### ***Summary of Significant Accounting Policies (continued)***

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the *Consolidated Statement of Financial Position*.

Cash flows are included in the *Consolidated Statement of Cash Flows* on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of amounts of GST recoverable from, or payable to, the taxation authority.

#### ***u. Employee Benefits***

##### ***i. Wages, salaries, annual leave and sick leave***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

##### ***ii. Superannuation***

Contributions made by the Group to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

#### ***v. Principles of Consolidation***

A controlled entity is any entity over which Vector Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the *Consolidated Statement of Financial Position* and in the *Consolidated Statement of Comprehensive Income*.

## Summary of Significant Accounting Policies (continued)

### w. Comparative Figures

When required by *Accounting Standards*, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### x. Going Concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of Vector's assets and the discharge of its liabilities in the normal course of business.

The Group made a loss of \$10,359,725 (including an asset impairment charge of \$72,822 (2014: \$2,323,913), a fair value loss on embedded derivative of \$2,797,125 (2014: Nil), amortised cost of embedded derivative of \$1,282,236 (2014: Nil) and loss from discontinued operations of \$5,901,569 (2014: \$10,469,761)) for the full year ended 30 June 2015 and had a net cash outflow from operating activities of \$958,143 (2014: \$187,254). In addition, due to the impairment charge incurred during the year and the accounting for the Derivative financial instrument, the Group has reported total liabilities in excess of total assets of \$5,912,525 (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;

As reported, the company has entered an agreement to dispose of its portfolio of mineral interests 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 company for payment of outstanding fees until the Group is in a position to repay.

Subsequent to year end, the Company has:

- (i) Raised additional equity capital of \$280,000; and
- (ii) Converted unsecured convertible note debt with a face value \$1,850,000 to equity. The conversion of the Notes has resulted in the extinguishment of liabilities as at 30 June 2015 of \$5,991,861 represented by Borrowings of \$1,671,861 and the Derivative financial instrument of \$4,320,000.

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.

*y. 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.

*z. Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

## ***Summary of Significant Accounting Policies (continued)***

### ***aa. Profit or loss from discontinued operations***

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale. Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale is further analysed in Note 11. The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented.

### ***bb. Non-current assets and liabilities classified as held for sale and discontinued operations***

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within twelve (12) months is highly probable, the asset or disposal group is classified as 'held for sale' and presented separately in the statement of financial position. Liabilities are classified as 'held for sale' and presented as such in the statement of financial position if they are directly associated with a disposal group.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations (see Note 11).



## 2. Critical Accounting Estimates and Judgements

The Directors re-evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

### *Key Judgements – Exploration and Evaluation Expenditure*

The Group's policy for exploration and evaluation is discussed in Note 1(g). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the profit or loss.

### *Key Judgements - Fair Value of Financial Instruments*

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 17).

## 3. Financial Risk Management

### *a. Financial Risk Management Policies*

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

The Group does not trade in derivatives.

#### *i. Treasury Risk Management*

The Board meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

#### *ii. Financial Risk Exposures and Management*

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

## Financial Risk Management (continued)

### b. Interest Rate Risk

At 30 June 2015, the effect on profit/(loss) and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	Year Ended 30 June 2015	Year Ended 30 June 2014
	\$	\$
<b>Change in Profit/(Loss)</b>		
Increase in interest rate by 1%	(102,974)	(135,044)
Decrease in interest rate by 1%	102,974	135,044
<b>Change in Equity</b>		
Increase in interest rate by 1%	(102,974)	(135,044)
Decrease in interest rate by 1%	102,974	135,044

The Group's exposure to risk of changes in market interest rates relates primarily to the company's cash balances. The Board constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates.

	Floating Interest Rate		Fixed Interest Rate <1 Year		Non-interest Bearing		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated</b>								
<i>Financial Assets</i>								
Cash and cash equivalents	307,221	1,155,140	-	-	-	15,574	307,221	1,170,714
Receivables	-	-	-	526,570	3,043	-	3,043	526,570
Other current assets	-	-	-	-	-	-	-	-
Assets classified as held for re-sale	-	-	-	-	455,000	-	455,000	-
Available for sale financial assets	-	-	-	4,479	6,299	-	6,299	4,479
	307,221	1,155,140	-	531,049	464,342	15,574	771,563	1,701,763
Weighted average interest rate	0.61%	2.80%	-	1.91%				
<i>Financial Liabilities</i>								
At amortised cost								
Payables					692,227	5,528,379	692,227	5,528,379
Borrowings	-	-	-	-	1,671,861	1,650,000	1,671,861	1,650,000
Financial Instruments	-	-	-	-	4,320,000	-	4,320,000	-
	-	-	-	-	6,684,088	7,178,379	6,684,088	7,178,379

All trades and other payables within the Group are due in less than one (1) year.

## Financial Risk Management (continued)

### c. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date for financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the *Consolidated Statement of Financial Position* and *Notes to the Financial Statements*.

Receivable balances are monitored on an on-going basis with the result that the Group does not have a significant exposure to bad debts.

The credit risk for counterparties included in trade and other receivables at 30 June 2015 is detailed below:

	Consolidated	
	Year Ended 30 June 2015	Year Ended 30 June 2014
	\$	\$
<b>Trade and Other Receivables</b>		
Trade Debtors	132,753	132,753
Provision for Doubtful Debts	(132,753)	-
Other Receivables	3,043	393,817
	<u>3,043</u>	<u>526,570</u>

Trade and other receivables within the Group are expected to be received as follows:

Less than 6 months	3,043	526,570
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	<u>3,043</u>	<u>526,570</u>

Receivables that are unlikely to be recovered have been impaired in full. The remainder of the receivables are not past due and have not been impaired.

### d. Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

### e. Fair Values

The net fair value of the Group's at-call and short-term deposits with banks, accounts receivables and payables are in line with the carrying values.

No financial assets and financial liabilities are readily traded on organised markets in standard form other than available for sale financial assets.

## Financial Risk Management (continued)

The aggregate fair value and carrying amounts of financial assets and financial liabilities at balance date are as follows:

	Consolidated	
	Year Ended 30 June 2015	Year Ended 30 June 2014
	\$	\$
<i>Financial Assets</i>		
Cash and cash equivalents	307,221	1,170,714
Trade and other receivables	3,043	526,570
Assets classified as held for re-sale	455,000	-
Available for sale financial assets	6,299	4,479
	<u>771,563</u>	<u>1,701,763</u>

The fair values are comparable to their carrying amount.

<i>Financial Liabilities</i>		
Trade and other payables	692,227	5,528,379
	<u>692,227</u>	<u>5,528,379</u>

## 4. Revenue

	Consolidated	
	Year Ended 30 June 2015	Year Ended 30 June 2014
	\$	\$
<i>Non-Operating Activities</i>		
Interest received	5,414	12,348
Muriels Extension stamp duty refund	157,853	-
Other income	18,318	13,750
	<u>181,585</u>	<u>26,098</u>

## 5. Impairment of exploration and evaluation

	Consolidated Year Ended 30 June 2015 \$	Year Ended 30 June 2014 \$
<i>Impairment of exploration and evaluation</i>		
Iron ore assets	(934)	(1,045,786)
Gold assets	(71,888)	(1,278,127)
	(72,822)	(2,323,913)

Impairment of exploration and evaluation is due to the surrender of tenements held by Vector.

After the completion of the sale of Golden Iron Resource Ltd (refer note 11), the Company will no longer hold tenements.

## 6. Income Tax Expense

### (a) The components of income tax expense comprise of:

Current Tax	-	-
Deferred Tax	-	-
Under/Over provision from previous years	-	-

### (b) The prima facie tax benefit on loss from ordinary activities before tax is reconciled to the income tax as follows:

	Consolidated Year Ended 30 June 2015 \$	Year Ended 30 June 2014 \$
Prima facie tax (benefit) on operating loss from ordinary activities before tax at 30%	(3,107,918)	(4,052,215)
Entertainment expenses	-	31
Depreciation expense	-	4,173
Impairment of financial assets available-for-sale	-	489
Write off capitalised exploration expenditure previously claimed	-	2,540,827
Accounting loss on option expiry	-	-
Fair value gain on a derivative	-	-
Tax effect on timing difference	-	501,044
Capital raising and other costs deducted	-	(64,064)
Capitalised exploration expenditure	-	(418,674)
Depreciation per tax	-	(4,173)
Future income tax benefits not brought to account	3,107,918	1,492,562
Income tax for the year	-	-

## Income Tax Expense (Continued)

### (c) Deferred tax assets/liabilities:

	Consolidated Year Ended 30 June 2015	Year Ended 30 June 2014
	\$	\$
Deferred tax balances		
Deferred tax liabilities:		
Capitalised exploration expenditure	136,500	1,915,060
	<u>136,500</u>	<u>1,915,060</u>
Deferred tax assets:		
Capital Raising	71,819	122,229
Available for sale financial assets	-	104,497
Provisions and accruals	64,681	540,463
Carry forward income tax losses	-	797,092
Carry forward capital losses	-	350,779
Deferred tax assets not recognised	<u>136,500</u>	<u>1,915,060</u>
	<u>-</u>	<u>-</u>
Net deferred tax asset/liability	-	-
Unrecognised deferred tax balances		
Deferred tax assets:		
Available for sale financial assets	103,951	
Provisions and accruals	10,351	
Loss on the fair market value adjustment on derivative	839,138	
Carry forward capital losses	350,779	
Carry-forward income tax losses	10,187,763	8,396,343
	<u>11,491,982</u>	<u>8,396,343</u>

### (d) Tax losses

The company has Australian income tax losses of \$33,959,209 (2014: \$30,644,783) and Australian capital losses of \$1,169,263 (2014: \$1,169,263) for which no deferred tax asset is recognised in the *Statement of Financial Position*. Losses are recoupable subject to relevant Australian taxation statutory requirements being met.

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) The company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilized;
- (b) The Company continues to comply with the conditions for deductibility imposed by law; and
- (c) No changes in income tax legislation adversely affect the company in utilising the benefits.

## 7. Auditor's Remuneration

Amounts received or due and receivable by the auditors for:

	<b>Consolidated</b>	
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Auditing or reviewing of the financial statements	43,629	31,842
	<u>43,629</u>	<u>31,842</u>

## 8. Cash and Cash Equivalent

	<b>Consolidated</b>	
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	295,221	1,158,714
Restricted cash (a)	12,000	12,000
Total	<u>307,221</u>	<u>1,170,714</u>

Details of interest rates are disclosed in Note 3.

(a) Included in the Cash at Bank above, below are restricted funds relating to bonds:

Credit Card Bond	12,000	12,000
Total	<u>12,000</u>	<u>12,000</u>

## 9. Trade and Other Receivables

*Current*

Trade Debtors	132,753	132,753
Provision for Doubtful Debts	(132,753)	-
Other Receivables	3,043	393,817
	<u>3,043</u>	<u>526,570</u>

## 10. Inventories

*Current*

Gold bullion – at net realisable value	-	1,024,035
Gold in circuit and mine stock – at net realisable value	-	2,233,942
	<u>-</u>	<u>3,257,977</u>

## 11. Assets and Disposal Group Classified as Held for Sale

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 obtained Shareholder approval on 4 May 2015.

Opening loss of the Company and subsidiaries' until the date of disposal and the profit and loss from re-measurement and disposal of assets and liabilities classified as held for sale is summarised as follows:

	<b>Consolidated</b>	
	<b>Year Ended 30 June 2015</b>	<b>Year Ended 30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Operating sales revenue	3,276,478	1,134,812
Cost of sales	(2,974,607)	(10,786,388)
Other income	5,969	1,570
Employee benefits expenses	-	(11,089)
Administration expenses	(1,146)	(6,500)
Impairment of exploration and evaluation	(6,155,585)	(791,013)
Occupancy costs	(6)	67
Other expenses	(52,672)	(11,220)
	(6,203,440)	(818,185)
Loss for the year from discontinued operations	(5,901,569)	(10,469,761)

The major classes of assets and liabilities of the Company included in the disposal group classified as held for sale as at 30 June are as follows:



# **Assets and Disposal Group Classified as Held for Sale (Continued)**

	<b>As at 30 June 2015</b>	<b>As at 30 June 2014</b>
Non-current assets:		
Property, plant and equipment	-	-
Exploration and evaluation expenditure assets	455,000	-
Current assets		
Inventories	-	-
Other receivables	-	-
Cash and cash equivalents	-	-
Assets classified as held for sale	<u>455,000</u>	<u>-</u>
Trade and other payables	-	-
Liabilities classified as held for sale	<u>-</u>	<u>-</u>
Cash flows generated by the Company and subsidiaries for the reporting periods under review until the disposal are as follows:		
Operating activities	(1,756,322)	(425,516)
Investing activities	(114,702)	(390,594)
Cash flows from discontinued operations	<u>(1,871,024)</u>	<u>(816,110)</u>

## 12. Property, Plant and Equipment

*Property Plant & Equipment by category:*

	<b>Consolidated</b>	
	<b>Year Ended 30 June 2015</b>	<b>Year Ended 30 June 2014</b>
	<b>\$</b>	<b>\$</b>
<i><b>Buildings and Improvements</b></i>		
Opening balance	19,154	62,319
Plus: additions	-	-
Less: depreciation	(2,433)	(33,910)
Less: disposal	(31,250)	(194,815)
Held for sale or included in disposal group	-	-
Plus accumulated depreciation written back on disposal	14,529	185,560
	-	19,154
<i><b>Computer Software</b></i>		
Opening balance	943	6,890
Plus: additions	-	-
Less: depreciation	(943)	(5,947)
Less: disposal	(3,183)	-
Held for sale or included in disposal group	-	-
Plus: accumulated depreciation written back on disposal	3,183	-
	-	943
<i><b>Plant and Equipment</b></i>		
Opening balance	7,456	15,653
Plus: additions	-	10,681
Less: depreciation	(486)	(18,878)
Less: disposal	(57,653)	-
Held for sale or included in disposal group	-	-
Plus: accumulated depreciation written back on disposal	50,683	-
	-	7,456
<i><b>Motor Vehicles</b></i>		
Opening balance	93,489	118,872
Plus: additions	-	(25,383)
Less: depreciation	(5,240)	-
Less: disposal	(166,026)	-
Held for sale or included in disposal group	-	-
Plus: accumulated depreciation written back on disposal	77,777	-
	-	93,489
<i><b>Furniture &amp; Fixtures</b></i>		
Opening Balance	5,302	24,184
Plus: additions	-	-
Less: depreciation	(350)	(18,882)
Less: disposal	(104,535)	-
Held for sale or included in disposal group	-	-
Plus: accumulated depreciation written back on disposal	99,583	-
	-	5,302

## Property, Plant and Equipment (Continued)

*Property Plant & Equipment by category:*

	Year Ended 30 June 2015 \$	Consolidated Year Ended 30 June 2014 \$
<i>Computer Equipment</i>		
Opening balance	2,079	9,363
Plus: additions	-	-
Less: depreciation	(2,079)	(7,284)
Less: disposal	(9,517)	-
Held for sale or included in disposal group	-	-
Plus: accumulated depreciation written back on disposal	9,517	-
	-	2,079
<i>Total Property, Plant and Equipment</i>		
Opening balance	128,423	237,281
Plus: additions	-	10,681
Less: depreciation	(11,531)	(110,284)
Less: disposal	(372,164)	(194,815)
Held for sale or included in disposal group	-	-
Plus: Accumulated depreciation written back on disposal	255,272	185,560
	-	128,423

### 13. Financial Assets

	Year Ended 30 June 2015 \$	Consolidated Year Ended 30 June 2014 \$
Available for Sale Financial Assets	314,951	316,951
Provision for impairment	(308,652)	(312,472)
	<u>6,299</u>	<u>4,479</u>

Available for sale financial assets have been valued based on the market value at the year end. The available for sale financial assets are considered to be a level 1.

### 14. Exploration and Evaluation Expenditure

#### *Non-Current*

Deferred exploration expenditure, at cost	-	6,383,533
Exploration expenditure movement:		
Brought forward at beginning of year	6,383,533	16,752,514
Exploration expenditure impaired during the year	(6,228,407)	(3,114,927)
Exploration expenditure amortised during the year	-	(8,648,970)
Exploration expenditure capitalised during year	299,874	1,394,916
Transferred to assets classified as held for re-sale	(455,000)	-
Carried forward exploration expenditure	<u>-</u>	<u>6,383,533</u>

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.

After the completion of the sale of Golden Iron Resource Ltd (refer note 11), the Company will no longer hold tenements.

### 15. Trade and Other Payables

#### *Current*

Trade Payables	54,706	3,324,941
Other Payables	44,778	1,793,865
Due to Directors and related entities (i)	592,743	409,573
	<u>692,227</u>	<u>5,528,379</u>

(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 25.

## 16. Borrowings

	Year Ended 30 June 2015 \$	Consolidated Year Ended 30 June 2014 \$
<i>Current</i>		
Loan Notes – Secured (i)	-	1,550,000
Loan – Unsecured (ii)	-	100,000
Unsecured Convertible Notes (iii)	1,671,861	-
	<u>1,671,861</u>	<u>1,650,000</u>

### (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.

### (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:

- The lowest issue price of Shares during the Conversion Period; or
- 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 17).

Subsequent to year end, the 1,850,000 Notes were converted at an issue price of \$0.002 per Note into 925,000,000 Shares.

## 17. Derivative Financial Liabilities

	Consolidated	
	Year Ended 30 June 2015	Year Ended 30 June 2014
	\$	\$
Derivative liability from convertible financing facility	4,320,000	-
	4,320,000	-

	Consolidated	
	Year Ended 30 June 2015	Year Ended 30 June 2014
	\$	\$
Carrying amount at 1 July	-	-
Recognition of derivative from convertible financing facility	1,522,875	-
Fair value movement	2,797,125	-
	4,320,000	-

### (i) Derivative financial instruments

Due to the terms of the convertible notes (refer Note 16) 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 30 June 2015 is due to the difference in the share price between inception and 30 June 2015.

Amounts amortised of \$1,282,236 (2014: nil) pertaining to the convertible note was recognised in the profit and loss.

The derivative financial liability is measured at fair market value and is a level 2. The fair value of the level 2 embedded derivative has been estimated using the forward pricing model. The fair market value share price has been estimated at 0.007 and 0.008 as of 30 June 2015 using the Black-Scholes model.

Subsequent to year end, the convertible notes were converted to ordinary equity (refer Note 26) extinguishing the embedded derivative liability.

### (ii) The finance costs of \$165,000 for the year ended 30 June 2014 pertained to interest expense.

## 18. Provisions

	Year Ended 30 June 2015 \$	Consolidated Year Ended 30 June 2014 \$
<i>Provision for annual leave</i>		
Opening balance	19,580	76,470
Additional provisions	1,756	19,925
Amount utilised	(21,336)	(76,815)
	-	19,580

## 19. Share Capital

### *Ordinary Shares*

*Share capital 404,071,146 (2014: 303,053,646) fully paid ordinary shares.*

	Year Ended 30 June 2015 \$	Consolidated Year Ended 30 June 2014 \$
At the beginning of the reporting period	24,947,264	24,947,264
Fully paid ordinary shares issued during the period	202,035	-
Share issue costs	(28,572)	-
At reporting date	25,120,727	24,947,264

  

	Number of shares	Number of shares
Opening balance	303,053,646	303,053,646
Issued during the period	101,017,500	-
Closing balance	404,071,146	303,053,646

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one (1) vote when a poll is called, otherwise each shareholder has one (1) vote on a show of hands.

### *Capital Management*

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital and options.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

## 20. Reserves

### *Options and Share Based Payments Reserve*

	Year Ended 30 June 2015	Consolidated Year Ended 30 June 2014
	\$	\$
At the beginning of the reporting period	2,502,913	2,502,913
Options issued	-	-
At reporting date	<u>2,502,913</u>	<u>2,502,913</u>

  

	Number of options	Number of options
Opening balance	162,107,260	20,000,000
Issued during the period	-	144,107,260
Forfeited during the period	-	(2,000,000)
Expired during the period	(158,107,260)	-
Closing balance	<u>4,000,000</u>	<u>162,107,260</u>

## 21. Segmental 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 Board on a half yearly basis.

During the year, the Group operated in two mineral exploration segments, gold and iron ore, 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.

### *c. Discontinue operations*

During the period the Company entered into an agreement to dispose of its interest in Golden Iron Resources Limited. This related to the Gold Segment (Refer to Note 11).



**Segment Information (continued)**

Segment Performance	Gold		Iron Ore		Unallocated		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Operating sales revenue	-	-	-	-	-	-	-	-
Revenues from discontinued operations	3,276,860	1,134,812	-	-	-	-	3,276,860	1,134,812
Cost of sales	-	-	-	-	-	-	-	-
Cost of goods sold from discontinued operations	(2,974,607)	(10,786,388)	-	-	-	-	(2,974,607)	(10,786,388)
Other income	158,268	-	-	13,898	23,317	12,200	181,585	26,098
Fair value gain/(loss) on embedded derivative	-	-	-	-	(2,797,125)	-	(2,797,125)	-
Employee benefits expenses	-	-	-	-	(56,634)	(91,967)	(56,634)	(91,967)
Consulting fees	-	-	-	-	(42,945)	(80,575)	(42,945)	(80,575)
Administration expenses	(243)	(236)	(243)	(269)	(129,022)	(157,598)	(129,508)	(158,103)
Depreciation	-	-	-	-	(1,525)	(13,909)	(1,525)	(13,909)
Finance costs	-	-	-	-	(1,282,236)	(165,000)	(1,282,236)	(165,000)
Impairment of exploration and evaluation	(71,888)	(1,278,128)	(934)	(1,045,786)	-	-	(72,822)	(2,323,914)
Gain on financial assets	-	-	-	-	-	1,630	-	1,630
Occupancy costs	-	-	-	-	(9,976)	(20,009)	(9,976)	(20,009)
Directors' fees	-	-	-	-	(85,775)	(100,250)	(85,775)	(100,250)
Other expenses	(1,747)	-	(52)	(9,317)	(159,396)	(102,306)	(161,195)	(111,623)
	84,390	(1,278,364)	(1,229)	(1,041,474)	(4,541,317)	(717,784)	(4,458,156)	(3,037,622)
Operating losses from discontinued operations	(6,203,822)	(818,185)	-	-	-	-	(6,203,822)	(818,185)
Loss for the period	(5,817,179)	(11,748,125)	(1,229)	(1,041,474)	(4,541,317)	(717,784)	(10,359,725)	(13,507,383)

**Segment Information (continued)**

	<b>Gold</b>		<b>Iron Ore</b>		<b>Unallocated</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>
Segment Assets								
Exploration Expenditure								
Opening balance	6,383,533	15,751,083	-	1,001,431	-	-	6,383,533	16,752,514
Exploration expenses	298,941	1,350,561	934	44,355	-	-	299,875	1,394,916
Exploration Written off	(6,227,474)	(2,069,141)	(934)	(1,045,786)	-	-	(6,228,408)	(3,114,927)
Amortisation	-	(8,648,970)	-	-	-	-	-	(8,648,970)
Transferred to assets classified as held for re-sale	(455,000)	-	-	-	-	-	(455,000)	-
	-	6,383,533	-	-	-	-	-	6,383,533
Other assets	455,000	3,657,368	3,093	3,914	313,470	1,426,881	771,563	5,088,163
Total Assets	455,000	10,040,901	3,093	3,914	313,470	1,426,881	771,563	11,471,696
Segment liabilities	-	(4,046,405)	(165)	-	(6,683,923)	(3,151,554)	(6,684,088)	(7,197,959)
Net Assets	455,000	5,994,496	2,928	3,914	(6,370,453)	(1,724,673)	(5,912,525)	4,273,737

## 22. Cash Flow Information

### a. Reconciliation of cash

Cash at the end of the financial year as shown in the *Consolidated Statement of Cash Flows* is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents

	Year Ended 30 June 2015 \$	Consolidated Year Ended 30 June 2014 \$
Cash at bank and in hand	307,221	1,170,714
<i>Reconciliation of loss after income tax to net cash outflow from operating activities</i>		
Loss for the year	(10,359,725)	(13,507,383)
<i>Non-cash flows in loss from ordinary activities</i>		
Depreciation expenses	1,525	13,909
Loss on write off of property, plant and equipment	53,256	9,254
Net interest paid included in investing and financing	1,282,236	165,000
Fair value gain on embedded derivative	2,797,125	-
Impairment of financial assets available for sale	(1,970)	(1,630)
Exploration expenditure written off	6,221,207	3,114,927
Amortisation of exploration and evaluation expenditure	-	8,648,970
<i>Changes in assets and liabilities:</i>		
(Increase)/Decrease in receivables	514,285	(390,372)
(Increase)/Decrease in inventory	3,257,977	(3,257,977)
Increase/(Decrease) in payables	(3,267,592)	3,553,275
Increase/(Decrease) in accruals and provisions	(1,456,467)	1,464,773
Net cash used in operating activities	(958,143)	(187,254)

## 23. Controlled Entities

Controlled Entities included in the consolidated financial statements are listed below. The financial year ends for the controlled entities are the same as the parent entity.

	Principal Activity	Country of Incorporation	Ownership Interest	
			2015 %	2014 %
Golden Iron Resources Ltd	Gold Exploration	Australia	100	100
Louise Minerals Pty Ltd	Mineral Exploration	Australia	100	100
Muriels Extension Pty Ltd	Mineral Exploration	Australia	100	100
Pure Dawn Pty Ltd	Investment	Australia	100	100

## 24. Commitments and Contingencies

	Year Ended 30 June 2015	Consolidated Year Ended 30 June 2014
	\$	\$
<b>Exploration Expenditure</b>		
No later than one (1) year	-	348,140
Longer than one(1) year, but not longer than five (5) years	-	1,160,760
Longer than five (5) years	-	2,834,000
	-	4,342,900

During the year (refer Note 11), Vector entered into an agreement for the disposal of its entire tenement portfolio and as such have no exploration expenditure commitments post 30 June 2015.

	Year Ended 30 June 2015	Consolidated Year Ended 30 June 2014
	\$	\$
<b>Leasing</b>		
No later than one (1) year	-	15,153
Longer than one(1) year, but not longer than five (5) years	-	-
Longer than five (5) years	-	-
	-	15,153

## 25. Related Party Transactions

### *Loans made by/(to) Director and Director related entities*

The Group owed Directors and companies associated with the Directors amounts relating to funds advanced and services provided.

Balances receivable/(payable) to Directors and Director related companies as at end of year:

	Year Ended 30 June 2015 \$	Year Ended 30 June 2014 \$
Brillo Investments Ltd	(80,666)	(36,667)
Gary Castledine	(80,000)	(36,667)
Mandevilla Pty Ltd	(152,000)	(183,600)
Yangtze Trust	-	(11,000)
Lost State Pty Ltd	(280,077)	(141,639)
	<u>(592,743)</u>	<u>(398,573)</u>

All loans made by the Directors to the company and by the company to a Director related company were made as an unsecured loan and are payable on demand on commercial terms. Parties are related because of common Directors.

### *Services provided by Director related entities*

For services provided by Director Related Entities, refer to *Remuneration Report* disclosed in the *Directors' Report* for Consulting Fees paid to the Directors and their related or associated entities for matters of an administrative nature and conducted on normal commercial terms.

## Remuneration of Key Management Personnel

	Year Ended 30 June 2015 \$	Consolidated Year Ended 30 June 2014 \$
Short-term	282,907	582,818
Post-employment superannuation	-	13,253
Option based payments	-	-
	<u>282,907</u>	<u>596,071</u>

## 26. Events Subsequent to Balance Date

No matters or circumstances have arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years, other than:

- 1) The Company converted the 1,850,000 convertible notes on issue at an issue price of \$0.002 per note into 925,000,000 ordinary fully paid shares in the capital of the Company. The conversion of the Notes has resulted in the extinguishment of liabilities as at 30 June 2015 of \$5,991,861 represented by Borrowings of \$1,671,861 and the Derivative financial instrument of \$4,320,000;
- 2) Completed a placement of 20,000,000 ordinary fully paid shares at an issue price of 1.4 cents per share, raising \$280,000; and
- 3) Entered into a **non-binding term sheet** to acquire M2M Global Technology Ltd (refer *Review of Activities*).

## 27. Earnings per Share

	Year Ended 30 June 2015	Consolidated Year Ended 30 June 2014
	\$	\$
Net loss for the year	(10,359,725)	(13,507,383)
Weighted average number of ordinary shares outstanding during the year used in calculations of EPS	359,235,972	303,053,625
EPS – dollars	(0.0288)	(0.045)
Diluted EPS - dollars	(0.0288)	(0.045)

## 28. Parent Entity Information

Information relating to Vector Resources Ltd	Year Ended 30 June 2015	Consolidated Year Ended 30 June 2014
	\$	\$
Current Assets	5,435,981	3,973,106
Total Assets	5,435,984	5,380,180
Current Liabilities	(679,083)	(3,136,231)
Total Liabilities	(6,668,889)	(3,136,231)
Net Assets	(1,232,905)	2,243,949
Issued Capital	25,120,727	24,947,264
Option Reserve	2,502,913	2,502,913
Accumulated losses	(28,856,545)	(25,206,228)
Total Shareholder's Equity	(1,232,905)	2,243,949
Loss of the parent Entity	(2,160,038)	(14,482,532)
Total Loss of the parent entity	(2,160,038)	(14,482,532)

## 29. Interest in Joint-Ventures

The Group had no joint venture interests at year end (2014: None)

During the 2014 year the Group held a 50% interest in the Earraheedy joint venture with Cazaly Resources Ltd. All tenements forming part of the Earraheedy joint venture were surrendered during the 2014 year.

## 30. Contingent Consideration for Muriels Extension Tenements

During the year, the Company relinquished its interest in the Muriels Extension Project. If the Company did not relinquish the tenements, the following contingent liability would be applicable.

Pursuant to the terms of acquisition of the Muriels Extension tenement portfolio the company's obligations included:

- Undertaking an 18 month work program to determine if the project was worth pursuing. In the event it was – Vector was to issue the vendors 5 million fully paid ordinary shares.
- In the event that the company elected to issue the 5 million shares to the vendors and continued with the project, the company would then continue to undertake further exploration work with the objective of delineating a JORC compliant resource within 48 months of acquisition.
- The company to issue the vendor with an additional 3 million fully paid ordinary shares on the delineation of a JORC compliant resource of 250,000 ounces of gold. If a JORC compliant resource of 500,000 ounces of gold is delineated, then an additional 10 million fully paid ordinary shares were to be issued to the vendor.

## 31. Share Based Payments

There were no share based payments made during the financial year.

The weighted average exercise price, outstanding options and options exercised are as follows:

### 2015

	<b>Number of options</b>	<b>Weighted Average Exercise Price</b>
Opening balance	162,107,260	\$0.25
Issued during the period	-	-
Expired during the period	(158,107,260)	-
Exercised during the period	-	-
Closing balance	<u>4,000,000</u>	\$0.40

The weighted average remaining contractual life of options outstanding at the end of the reporting period was 0.5 years. The exercise price of outstanding options at the end of the reporting period was \$0.40.

***Share Based Payments (continued)***

**2014**

	<b>Number of options</b>	<b>Weighted Average Exercise Price</b>
Opening balance	162,107,260	\$0.25
Issued during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Closing balance	<u>162,107,260</u>	\$0.25

The weighted average remaining contractual life of options outstanding at the end of the reporting period was 0.61 years. The exercise price of outstanding options at the end of the reporting period was \$0.25.



## ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the *Australian Securities Exchange* (ASX) listing rules as at 18 September 2015.

### List of 20 largest shareholders

Ranking	Name	Shares Held	% of total shares
1	Goldfire Enterprises Pty Ltd	126,403,400	9.37%
2	JJC Consulting Services (Singapore) Pte Ltd	125,000,000	9.27%
3	Gleneagle Securities Nominees Pty Ltd	123,542,500	9.16%
4	Filmrim Pty Ltd	100,000,000	7.41%
5	Spinite Pty Ltd	100,000,000	7.41%
6	Myra Nominees Pty Ltd	100,000,000	7.41%
7	Comprehensive Investments Pty Ltd	65,500,000	4.86%
8	Eagle Brilliant Holdings Limited	51,090,538	3.79%
9	Greywood Holdings Pty Ltd	41,500,000	3.08%
10	Josephus Jeffrey Verheggen	30,000,000	2.22%
11	Hawera Pty Ltd <The Bailey Family A/C>	25,666,666	1.90%
12	Lobster Beach Pty Ltd	20,000,000	1.48%
13	Investor Capital (Singapore) Pte Ltd	20,000,000	1.48%
14	RPM Super Pty Ltd <RPM Super Fund>	17,000,000	1.26%
15	Slade Technologies Pty Ltd <Embrey Family S/Fund>	16,536,988	1.23%
16	Josephus Jeffrey Verheggen	15,250,000	1.13%
17	McNeill Nominees Pty Ltd	15,000,000	1.11%
18	Derek Mason & Lilliana Merendino <M&M Super Fund>	13,850,000	1.03%
19	Goldney Pty Ltd	12,500,000	0.93%
20	Abminga Nominees Pty Ltd	12,143,143	0.90%
		<b>1,030,983,235</b>	<b>76.43%</b>

### Substantial Shareholders

Name	Shares Held	% of total shares
Goldfire Enterprises Pty Ltd	126,403,400	9.37%
JJC Consulting Services (Singapore) Pte Ltd	125,000,000	9.27%
Filmrim Pty Ltd	100,000,000	7.41%
Spinite Pty Ltd	100,000,000	7.41%
Myra Nominees Pty Ltd	100,000,000	7.41%

### Distribution of shareholder's holdings

Ordinary shares held	Number of shareholders	Number of Shares
1-1,000	29	2,699
1,001-5,000	43	143,658
5,001-10,000	144	1,291,218
10,001-100,000	575	24,663,955
100,001 and over	335	1,322,969,616
<b>Total</b>	<b>1,126</b>	<b>1,349,071,146</b>
Unmarketable Parcels	543	8,841,575

### Enquiries

Shareholders with any enquiries about any aspect of their shareholdings should contact the Company's share register as follows:

Link Market Services  
Level 4, Central Park  
152 St Georges Terrace  
Perth WA 6000  
Tel: +61 8 9211 6670  
Fax: +61 8 9211 6660  
Web: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Stock Exchange Listing

The Company's shares are listed on the *Australian Securities Exchange* (ASX) under the code VEC.

### Unlisted Options

There are 4,000,000 unlisted performance options on issue exercisable on or before 20 December 2015 at \$0.40 each. Name of holder – Glyn Povey.

### Restricted Securities

There are no restricted securities or securities subject to voluntary escrow.

### Voting Rights

#### Shares

On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

#### Options

Options have no voting rights until such options are exercised as fully paid ordinary shares.

### On-market Buy-back

Currently there is no on-market buy-back of the Company's securities.

<b>GOLDEN IRON</b>						
<b>Mt Dimer</b>						
	L77/83	Granted	2.46Ha	29/03/1990	28/03/2015	Golden Iron Resources
	L77/135	Granted	62.00 Ha	08/09/1993	07/09/2018	Golden Iron Resources
	L77/147	Granted	7.88 Ha	16/11/1994	15/11/2014	Golden Iron Resources
	M77/427	Granted	664.60	30/03/1990	29/03/2032	Golden Iron Resources
	M77/428	Granted	624.65	30/03/1990	29/03/2032	Golden Iron Resources
	M77/957	Granted	54.00 Ha	20/02/2007	19/02/2028	Golden Iron Resources
	M77/958	Granted	52.00 Ha	20/02/2007	19/02/2028	Golden Iron Resources
	M77/965	Granted	634.00	19/03/2007	18/03/2028	Golden Iron Resources
	E77/1992	Granted	3Blks	17/05/2012	16/05/2017	Golden Iron Resources
	E77/2050	Granted	1Blk	22/10/2012	21/10/2017	Golden Iron Resources
	P77/4081	Granted	39-00 Ha	06/07/2012	05/07/2016	Golden Iron Resources
	P77/4086	Granted	31.00 Ha	03/08/2012	02/08/2016	Golden Iron Resources
<b>Gwendolyn</b>						
	E77/1580	Granted	1Blks	12/05/2009	11/05/2014	Golden Iron Resources
	M77/1263	Granted	194.30H	15/05/2012	14/05/2033	Golden Iron Resources
	G77/119	Granted	299.00H	21/02/2013	20/02/2034	Golden Iron Resources
	L77/245	Granted	7.00Ha	27/12/2012	26/12/2033	Golden Iron Resources
	L77/247	Granted	7.00Ha	27/12/2012	26/12/2033	Golden Iron Resources
	L77/248	Granted	96.00Ha	21/02/2013	20/02/2034	Golden Iron Resources
<b>Gt Bingin</b>						
	M77/1255	Granted	169.00H	29/07/2011	28/07/2032	Golden Iron Resources
<b>Athenia</b>						
	M77/1260	Granted	135.00H	15/05/2012	14/05/2033	Golden Iron Resources
<b>Mt Palmer</b>						
	E77/1318	Granted	50Blks	25/11/2008	26/11/2015	Golden Iron Resources
	P77/3678	Granted	196.00H	29/04/2008	28/04/2016	Golden Iron Resources

## CORPORATE GOVERNANCE STATEMENT

This Corporate Governance statement of Vector Resources Limited (the 'company') has been prepared in accordance with the 3<sup>rd</sup> Edition of the Australia Securities Exchanges ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations').

The Recommendations are guidelines and not prescriptions. The Council recognises that the range in size and diversity of companies is significant and that smaller companies from the outset may face particular issues in following all the Recommendations. If a company considers that a Recommendation is not appropriate to its particular circumstances, it has the flexibility not to adopt it.

The Board has adopted the best practice Recommendations as outlined by the Council to the extent that is deemed appropriate considering the current size and operations of the company.

This statement has been approved by the company's Board of Directors ('Board') and is current as at 30 September 2015.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

### Principle 1: Lay solid foundations for management and oversight

***Recommendation 1.1 - A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.***

As the Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations and strives to meet those expectations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The role of the Board is to oversee and guide the management of Vector Resources Ltd with the aim of protecting and enhancing the interests of its shareholders and taking into account the interests of other stakeholders including employees and the wider community.

The Board has adopted a formal Charter which clearly establishes the relationship between the Board and management and describes their functions and responsibilities.

The Board is responsible for setting the strategic direction of the Company, establishing goals for management and monitoring the achievement of those goals.

The following are regarded as the key responsibilities and functions of the Board:

- to develop, review and monitor the company's long-term business strategies and provide strategic direction to management;
- to ensure policies and procedures are in place to safeguard the company's assets and business and to enable the company to act ethically and prudently;
- to develop and promote a system of corporate governance which ensures the company is properly managed and controlled;

- to identify the company's principal risks and ensure that it has in place appropriate systems of risk management, internal control, reporting and compliance and that management is taking appropriate action to minimise those risks;
- to review and approve the company's financial statements;
- to monitor management's performance and the company's financial results on a regular basis;
- to appoint, ratify, appraise and determine the remuneration and benefits of the Managing Director;
- to delegate powers to the Managing Director as necessary to enable the day-to-day business of the company to be carried on, and to regularly review those delegations;
- to ensure that the company has in place appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations;
- to determine the appropriate capital management for the company including share and loan capital and dividend payments; and
- to determine and regularly review an appropriate remuneration policy for employees of the company.

Other than as specifically reserved by the Board, responsibility for the day-to-day management of the company's business activities is delegated to the Chief Executive Officer and Executive Management.

Currently the role of Chief Executive Officer is facilitated by Managing Director Mr Glyn Povey and will continue until such time as the scale of operations expands sufficiently to warrant a Chief Executive Officer.

A copy of the company's Board Charter is available on the company's website.

***Recommendation 1.2 - A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.***

The company undertakes comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. An election of directors is held each year. A director that has been appointed during the year must stand for election at the next Annual General Meeting ('AGM'). Directors are appointed for a maximum term of three years. Retiring directors are not automatically re-appointed. The company provides to shareholders in the Notice of AGM relevant information for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The Board's charter, which is available on the company's website, more fully sets out the specific responsibilities of the Board. Corporate expectations are set out in the directors' letters of appointment.

***Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.***

The terms of the appointment of a non-executive director are set out in writing and cover matters such as the term of appointment, time commitment envisaged, required committee work and other special duties, requirements to disclose their relevant interests which may affect independence, corporate policies and procedures, indemnities, and remuneration entitlements.

Executive directors and senior executives, where applicable, are issued with service contracts which detail the above matters as well as the person or body to whom they report, the circumstances in which their service may be terminated (with or without notice), and any entitlements upon termination.

***Recommendation 1.4 - The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.***

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.

***Recommendation 1.5 - A listed entity should (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.***

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. Accordingly, the Company has established a diversity policy which is available on the Company's website.

The Board has a commitment to promoting a corporate culture that is supportive of diversity and encourages the transparency of Board processes, review and appointment of Directors. The Board is responsible for developing policies in relation to the achievement of measurable diversity objectives and the extent to which they will be linked to the Key Performance Indicators for the Board, Managing Director and senior executives.

To the extent practicable, the Company will address the recommendations and guidance provided in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The Diversity Policy does not form part of an employee's contract of employment with the company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, the Diversity Policy forms a direction of the company with which an employee is expected to comply.

## RESPONSIBILITIES

The Board is responsible for developing measurable objectives (and these will be developed when the Board believes that the Company has reached a level of development that warrants these objectives) and strategies to meet the Objectives of the Diversity Policy (**Measurable Objectives**). The Board is also responsible for monitoring the progress of the Measurable Objectives through the monitoring, evaluation and reporting mechanisms listed below. The Board may also set Measurable Objectives for achieving gender diversity and monitor their achievement.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

The Company's diversity strategies may include:

- recruiting from a diverse range of candidates for all positions, including senior executive roles and Board positions;
- reviewing pre-existing succession plans to ensure that there is a focus on diversity;
- encouraging female participation across a range of roles across the Company;
- reviewing and reporting on the relative proportion of women and men in the workforce at all levels of the Company;
- articulating a corporate culture which supports workplace diversity and in particular, recognizes that employees at all levels of the Company may have domestic responsibilities;
- developing programs to encourage a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
- any other strategies that the Board or the Nomination Committee develops from time to time.

At the date of this report the Company has no executives or full-time employees. No women are currently represented on the Board.

Due to the current size, nature and scale of the Company's activities the Board has not yet developed objectives regarding gender diversity. As the size and scale of the Company grows the Board will set and aim to achieve gender diversity objectives as director and senior executive positions become vacant and appropriately qualified candidates become available.

#### MONITORING AND EVALUATION

The Chairman will monitor the scope and currency of this policy.

The company with oversight from the Board is responsible for implementing, monitoring and reporting on the Measurable Objectives.

Measurable Objectives if set by the Board will be included in the annual key performance indicators for the Chief Executive Officer / Chief Operations Officer and senior executives.

In addition, the Board will review progress against the Objectives (if set) as a key performance indicator in its annual performance assessment.

#### REPORTING

The Board may include in the Annual Report each year:

- the Measurable Objectives, if any, set by the Board;
- progress against the Objectives; and
- the proportion of women employees in the whole organisation, at senior management level and at Board level.

No entity within the consolidated entity is a 'relevant employer' for the purposes of the Workplace Gender Equality Act 2012 and therefore no Gender Equality Indicators to be disclosed.

***Recommendation 1.6 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.***

The Board has not adopted any formal procedures for the review of the performance of the Board, however the Board has adopted an on-going self-evaluation process, overseen by the Chairman, to measure its own performance, which is currently considered to meet the Board's obligations sufficiently.

The review process takes into consideration all of the Board's key areas of responsibility and accountability and is based on an amalgamation of factors including capability, skill levels, understanding of industry complexities, risks and challenges, and value adding contributions to the overall management of the business. The self-evaluation process is focussed on objective and tangible criteria such as:

- Performance of the Company
- Accomplishment of long term strategic objectives
- Development of management
- Growth in shareholder value

The Board aims to ensure that shareholders are informed of all information necessary to assess the performance of the directors. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- the half-yearly report;
- the annual general meeting and other meetings to obtain shareholder approval for Board actions as appropriate; and
- continuous disclosure in accordance with ASX Listing Rule 3.1 and the Company's continuous disclosure policy.

***Recommendation 1.7 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.***

The Board has not adopted any formal procedures for the review of the performance of senior executives, however the Board will, as required, adopt an on-going assessment process to measure senior executive performance, with outcomes utilised to determine senior executive remuneration.

At the date of this report the Company has no executives or full-time employees.



## Principle 2: Structure the board to add value

***Recommendation 2.1 - The board of a listed entity should (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.***

The functions that would be performed by a nomination committee are currently performed by the full Board. Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee. Accordingly the Company was not in compliance with Recommendation 2.1 during the financial year. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

Recommendations of candidates for new directors are made by the directors for consideration by the Board as a whole. If it is necessary to appoint a new director to fill a vacancy on the Board or to complement the existing Board, a wide potential base of possible candidates is considered. If a candidate is recommended by a director, the Board assesses that proposed new director against a range of criteria including background, experience, professional skills, personal qualities, the potential for the candidate's skills to augment the existing Board and the candidate's availability to commit to the Board's activities. If these criteria are met and the Board appoints the candidate as a director, that director must retire at the next following General Meeting of Shareholders and will be eligible for election by shareholders at that General Meeting.

***Recommendation 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.***

In view of its size the Board does not maintain a formal skills matrix that sets out the mix of skills and diversity that the Board aims to achieve in its membership. However, the individual directors and the Board as a whole recognise the importance for the Board to have the skills, knowledge, experience and diversity of background required to effectively steer the company over time in response to market developments, opportunities and challenges. The Board recognises certain core skills that are required for the Board to ensure effective stewardship of the company. These include business and strategic expertise, experience with financial markets, industry knowledge, accounting and finance skills, project management experience and personal ethics, attributes and skills. The current Board members represent individuals that have extensive business and industry experience as well as professionals that bring to the Board their specific skills in order for the company to achieve its strategic, operational and compliance objectives. Their suitability to the directorship has been determined primarily on the basis of their ability to deliver outcomes in accordance with the company's short and longer term objectives and therefore deliver value to shareholders.

***Recommendation 2.3 - A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.***

Details of the Board of directors, their appointment date, length of service and independence status is as follows:

Director's name	Appointment date	Length of service at reporting date	Independence status
Gary Castledine	24 February 2009	6 years 7 months	Independent – Non-Executive Chairman
Glyn Povey	15 February 2011	4 years 7 months	Not Independent – Managing Director
Brian Williams	15 February 2011	4 years 7 months	Independent – Non-Executive Director
Neville Bassett	22 April 2010	5 years 5 months	Independent – Non-Executive Director

The Board has reviewed the position and associations of each of the directors in office at the date of this report and considers that Mr Gary Castledine, Mr Brian Williams and Mr Neville Bassett are independent non-executive directors. Mr Glyn Povey, Managing Director is not considered independent in terms of Recommendation 2.3 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new directors upon appointment and reviews their independence, and the independence of other directors, as appropriate.

***Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.***

Having regard to the response to Recommendation 2.3 above, a majority of the Board is comprised of independent directors.

***Recommendation 2.5 - The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.***

The Chair is independent as disclosed in Recommendation 2.3.

***Recommendation 2.6 - A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.***

The company has, due to the Board's size, an informal induction process. New directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the company concerning performance of directors.

Directors receive a formal letter of appointment setting out the key terms and conditions relevant to that appointment. Generally, directors undertake their own continuing education.

### Principle 3: Act ethically and responsibly

***Recommendation 3.1 - A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.***

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The “Code of Conduct” sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company’s expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

A copy of the company’s Code of Conduct is available on the company’s website.

### *Securities Trading by Directors and Employees*

Vector Resources Ltd has adopted a Securities Trading Policy. The policy summarises the law relating to insider trading and sets out the policy of the company on directors, officers, employees and consultants dealing in securities of the company.

The policy, which is available on the company’s website, includes the company’s closed periods, restrictions on trading that apply to the company’s Key Management Personnel, trading that is not subject to the policy, exceptional circumstances in which Key Management Personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance. The policy provides that employees, directors and officers must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the company without first seeking and obtaining written acknowledgement from the Board.

A copy of the company’s Securities Trading Policy is available on the company’s website.

This policy is provided to all directors and employees and compliance with it is reviewed on an ongoing basis in accordance with the company’s risk management systems.

#### Principle 4: Safeguard integrity in corporate reporting

***Recommendation 4.1 - The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.***

The Board has established an Audit Committee in compliance with *Recommendation 4.1*. The audit committee is comprised of the following members:

- Mr Neville Bassett (Chair)
- Mr Gary Castledine

The company does not fully comply with *the Recommendation* in that the Audit Committee only comprises two (2) members. The Board considers that the nature, scale and complexity of the company's existing operations do not warrant a full complement of members on the Audit Committee.

The Audit Committee is responsible for reviewing the integrity of the company's financial reporting and overseeing the independence of the external auditors.

The Audit Committee reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Audit Committee also reviews annually the appointment of the external auditor, their independence and their fees.

Details of the qualifications and experience of the members of the Committee are contained in the 'Information of directors' section of the Directors' report.

#### *External Auditors*

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is Grant Thornton Audit Pty Ltd's policy to rotate engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the Company to the auditor in respect of any potential liability to third parties.

The company has adopted an Audit Committee Charter and is available on the company's website.

***Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.***

For the financial year ended 30 June 2015 and the half-year ended 31 December 2014, the company's CEO and CFO, or equivalents, provided the Board with the required declarations.

***Recommendation 4.3 - A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.***

A representative of the company's external audit firm attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

#### **Principle 5: Make timely and balanced disclosure**

***Recommendation 5.1 - A listed entity should (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.***

The company maintains a written policy that outlines the responsibilities relating to the directors, officers and employees in complying with the company's continuous disclosure obligations. Where any such persons are of any doubt as to whether they possess information that could be classified as market sensitive, they are required to notify the Company Secretary immediately in the first instance. The policy provides the mechanism by which relevant market sensitive information that may have a material effect on the price of the company's securities is released to the ASX in a timely manner.

The company's Continuous Disclosure Policy encourages effective communication with its shareholders by requiring that the company announcements:

- Be factual and subject to internal vetting and authorisation before issue;
- Be made in a timely manner;
- Not omit material information;
- Be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- Be in compliance with *ASX Listing Rules* continuous disclosure requirements; and
- Be placed on the company's website promptly following release.

The Company Secretary has primary responsibility for the disclosure of material information to ASIC and ASX and maintains a procedural methodology for disclosure, as well as for record keeping.

The Board reviews the Company's compliance with this policy on an ongoing basis and will update it from time to time, if necessary.

The company's Continuous Disclosure Policy is available on the company's website.

## Principle 6: Respect the rights of security holders

***Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.***

The company maintains information in relation to corporate governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.

### ***Recommendations 6.2 and 6.3***

***A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).***

***A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).***

The company is committed to promoting effective communications with shareholders by ensuring they and the investment market generally are provided with full and timely disclosure of its activities and providing equal opportunity for all stakeholders to receive externally available information issued by the company in a timely manner. The company provides shareholders with periodic updates on its business. Shareholders are encouraged to communicate by electronic means and to participate at the Annual General Meeting, to ensure a high level of accountability and identification with the company's strategy and goals.

The company's Shareholder Communication Policy is available on its website.

***Recommendation 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.***

The company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Link Market Services Limited at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## Principle 7: Recognise and manage risk

### ***Recommendations 7.1 & 7.2***

***The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).***

***The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place (7.2).***

The functions that would be performed by a risk committee are currently performed by the full Board. Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee. Accordingly the Company was not in compliance with Recommendation 7.1 during the financial year. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established (*Risk Management and Internal Control Policy*). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

Annually, the Board is responsible for identifying the risks facing the company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

There is an ongoing program, at regular Board meetings, to identify, monitor and manage compliance issues and material business risks with a view to enhancing the value of every shareholder's investment and safeguarding the company's investments. The Board reviews the identification, management and reporting of risk as part of the annual budget process. More frequent reviews are undertaken as conditions or events dictate.

***Recommendation 7.3 - A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.***

The Board has the responsibility for ensuring the effectiveness of risk management and internal compliance and control. As part of the review process the Board considers the extent to which the risk process has been successful in retrospect with regard to the identification and mitigation of risks. This is required at all times and the Board actively promotes a culture of quality and integrity.

The company does not have an internal audit function due to its size; however the company's procedures and policies are subject to regular review. The Board also liaises closely with the company's external auditor to identify potential improvements to the risk management and internal control procedures.



The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. Management practices have been established to ensure:

- The Company's operations are safe and conducted in accordance with all applicable laws including the applicable health and safety regulations;
- Capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- Financial exposures are controlled, including the potential use of derivatives;
- Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- Material contracts are reviewed by qualified legal personnel and
- Business transactions are properly authorised and executed;
- The quality and integrity of personnel;
- Financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- Environmental regulation compliance.

***Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.***

The company does not believe it has any material exposure to economic, environmental and social sustainability risks.

#### **Principle 8: Remunerate fairly and responsibly**

***Recommendation 8.1 - The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.***

The functions that would be performed by a remuneration committee are currently performed by the full Board. Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee. Accordingly the Company was not in compliance with Recommendation 8.1 during the financial year. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

Details of the qualifications and experience of the members of the committee, being the full Board, is detailed in the 'Information on Directors' section of the Directors' report.



The Board oversees remuneration policy and monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees.

An outline of the Company's remuneration policies in respect of directors and executives is set out in the audited Remuneration Report contained in the Directors' Report. Detailed disclosure of the remuneration paid to the Company's directors and executives is set within the Remuneration Report section of this annual report.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

In determining remuneration, the Board has taken a view that the full Board will hold special meetings or sessions as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

***Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.***

An outline of the Company's remuneration policies in respect of directors and executives is set out in the audited Remuneration Report contained in the Directors' Report.

The level of remuneration reflects the anticipated time commitments and responsibilities of the position having regard to the financial constraints on the company. Senior executives may be remunerated using combinations of fixed and performance based remuneration. Salaries are set at levels reflecting market rates having regard to the financial constraints on the company and performance based remuneration, when offered, will be linked to specific performance targets that are aligned to both short and long term objectives.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

***Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it***

The use of derivatives or other hedging arrangements for unvested securities of the company or vested securities of the company which are subject to escrow arrangements is prohibited. Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the company, this will be disclosed.