

14 September 2016

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

ACQUISITION OF ADVANCED AFRICAN GOLD PROJECT

- Binding Heads of Agreement executed to acquire a 70% interest in the Maniema Gold Project
- The Maniema Gold Project comprises seven granted Exploration Licenses which extend over an area in excess of 500km² of prospective ground in the Maniema Province, in the Democratic Republic of Congo.
- Located in one of the world's principal Precambrian orogenic-metallogenic provinces, which hosts Banro Corp's Namoya and Twangiza Gold Mines within the Twangiza-Namoya belt immediately to the east, and Randgold Resources and AngloGold Ashanti's Kibali Gold Mine in the Kilo-Moto belt to the north.
- Historical exploration including geophysics, soil sampling, trenching and diamond drilling programs as well as historical mining and artisanal workings has identified five mineralised prospects, the most advanced being the Kabotshome Gold Project.
- Exploration at Kabotshome (refer ASX:ERN Announcement 18 March 2013) has identified over 800m strike length of gold mineralisation (which remains open) through trenching and 2,514m of diamond drilling using fire assay for analysis. A total of 17 diamond drill holes have been drilled along the main target at Kabotshome, with all drill holes intersecting gold mineralisation along the Kabotshome structure. This mineralisation was generally 15m to 25m wide with grades of 1.5 to 2.5g/t Au and extending to depths of over 300m.
- Experienced in-country exploration and management team in place and to be appointed upon completion of the acquisition to commence the Company's planned exploration programs.
- Vector to complete a site visit in late September to finalise due diligence and planned future resource definition exploration programs.
- Company to proceed with a \$1,650,000 Rights Issue and Placement to fund the acquisition and planned exploration activities at the Maniema Gold Project over the next 12 months.
- Company not to proceed with previously announced M2M Global Technology Limited transaction.

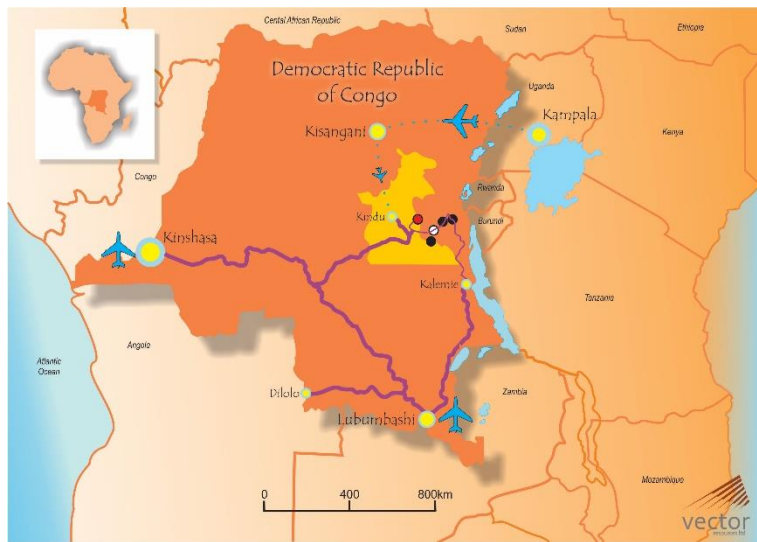
Vector Resources Limited ("**Vector**" or the "**Company**") is pleased to announce that it has entered into a Binding Heads of Agreement ("**Agreement**") with African Royalty Company Pty Limited ("**African Royalty**") to acquire a 70% interest in the Maniema Gold Project ("**Project**") located in the Maniema Province, in the Democratic Republic of Congo.

Under the terms of the Agreement, the Company has agreed to acquire African Royalty's rights under an agreement that African Royalty has entered into with WB Kasai Investments Congo SARL ("**WBK**") ("**WBK Agreement**") pursuant to which the Company will obtain a 70% joint venture interest in the Project ("**Acquisition**").

The Acquisition will provide the Company and its shareholders a majority interest in an advanced gold project, four additionally defined gold prospects, and exploration licenses located within one of the world's most highly prospective gold mining areas.

MANIEMA GOLD PROJECT

The Project is located in the Maniema Province, approx. 260km southwest of the town of Bukavu, and 160km east of Kindu in east central Democratic Republic of Congo.



Location of the Maniema Gold Project

The Project comprises seven granted exploration licences: PR4792, PR4801, PR4803, PR4804, PR4805, PR4806 and PR4812 and which cover an area of over 500km² ("Licenses")

The Licenses contain five main prospects; Kabotshome, Mbutu, Mitunda, Mbala and Tubambo that have been defined within the project area from previous exploration.

The Kabotshome Project is the most advanced.

The Project is situated in the Twangiza-Namoya Belt, in the northern part of the Kibara Belt. The Kibara Belt contains a wide variety of deposits, comprising typically shear-related granophile elements including tin, tungsten, lithium, beryllium, tantalum, and gold.

The geology in the Maniema prospects consists mostly of metasediments and lightly metamorphosed mafic rocks, both volcanic and intrusive, from the Kibaran and Rusizian, with large granitic intrusions, generally situated on the edge of the tenement.

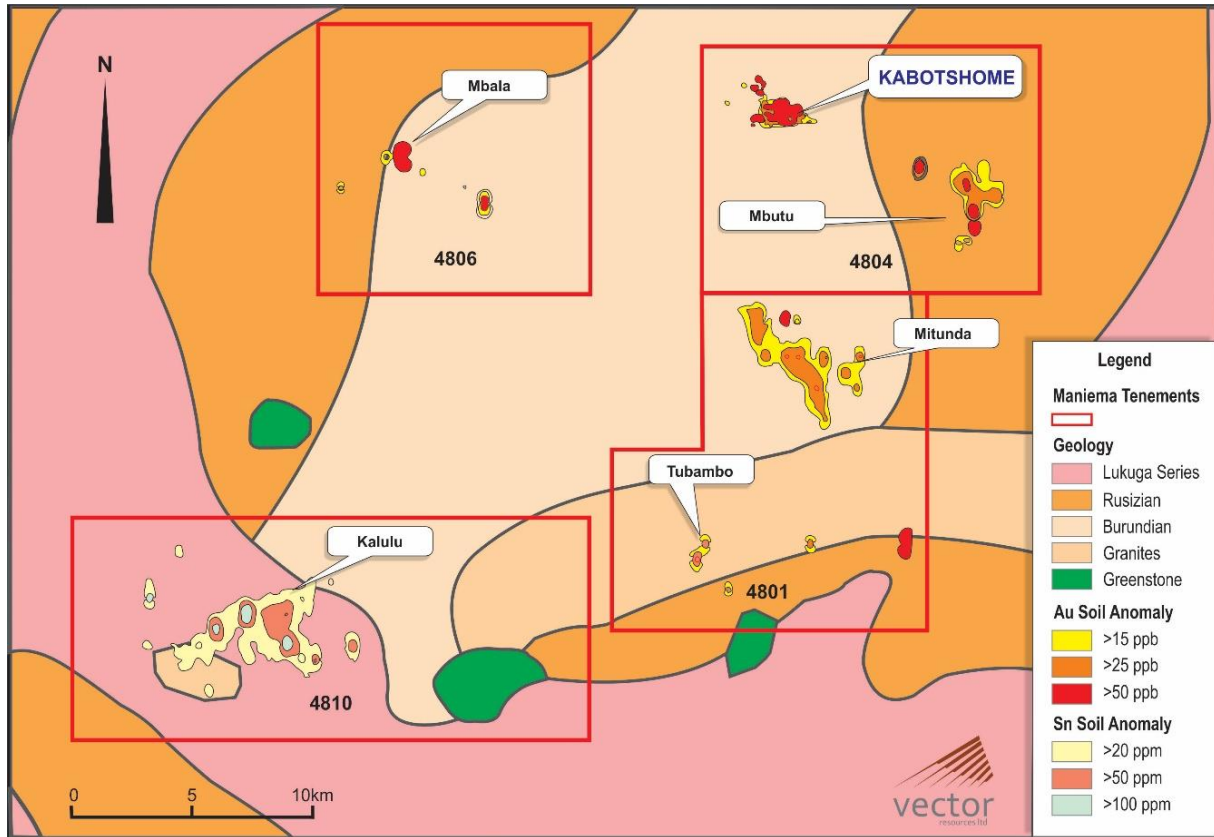
Exploration of the licence areas covering the Maniema Gold Project has included geophysics, stream sediment sampling, soil geochemistry, trenching and drilling. Five different prospects were identified from soil sampling, and four of these were then trenched to better define drill targets. Drilling was carried out on the Kabotshome, Mitunda and Mbutu prospects.

The Kabotshome Project, was an alluvial mine site operated by the Belgians until the 1960's and today is still actively exploited by artisanal miners.

Kabotshome has an associated soil gold anomaly of >100ppb which transgresses the target area over more than 1km. Drilling has tested mineralisation along a 25m to 50m wide vertical shear zone coincident with the NNW orientated fold axis of a major anticlinal fold over a distance of 800m and to a vertical depth of 300m.

17 holes were drilled, for a total of 2,514m all of which intersected gold mineralisation (refer ASX:ERN Announcement 18 March 2013).

Gold mineralisation is associated with pyrite and minor arsenopyrite in quartz veins as well as silicified host rock and felsic porphyries which have intruded the shear. Minor free gold is present.



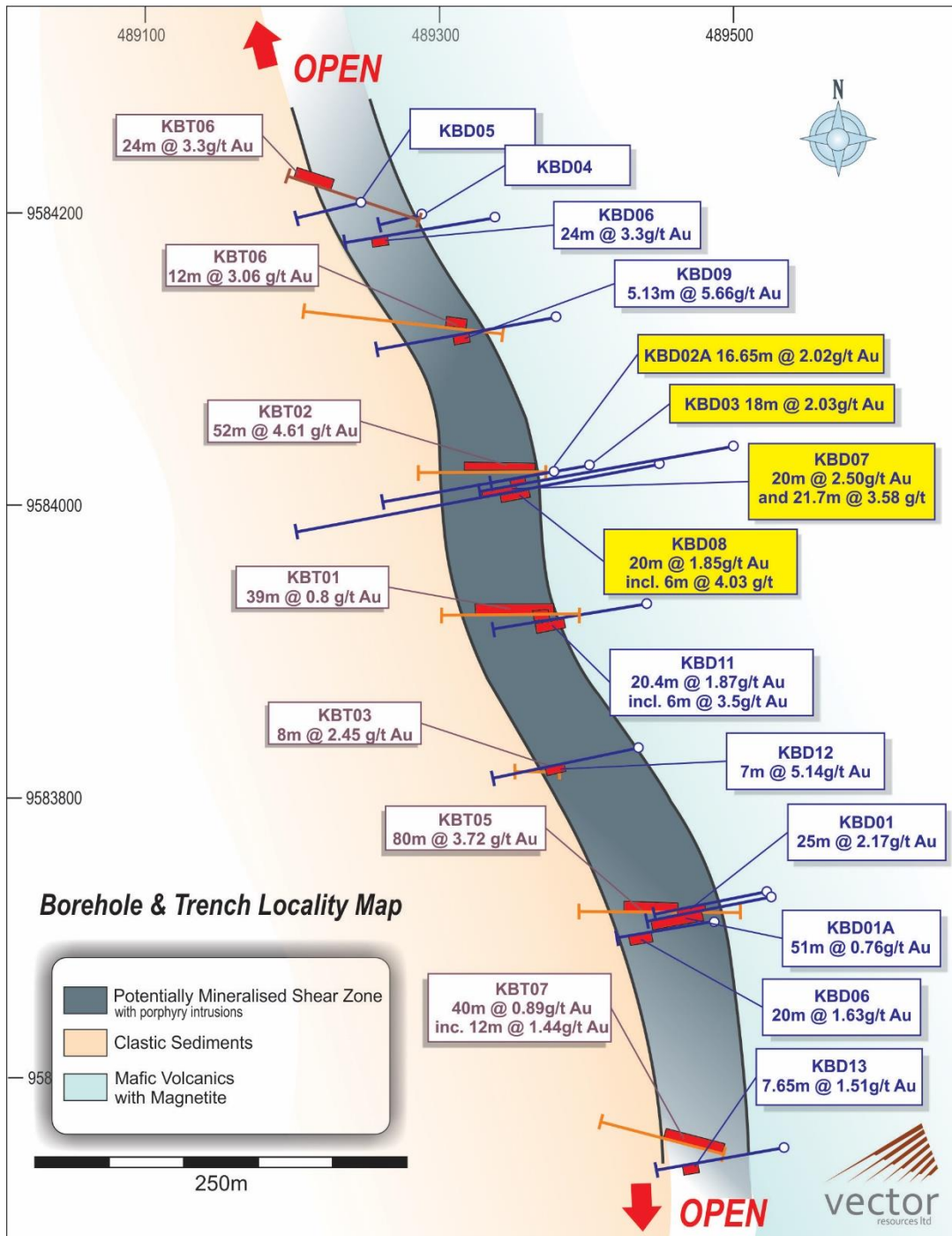
Main target areas identified by soil sampling on the Maniema Project

Exploration on the project has included geophysics, soil sampling, trenching and drilling and was primarily completed by ASX listed Erongo Energy Limited between 2011 and 2013.

Trenching and drilling have defined gold mineralisation and subsequent extensive soil sampling programmes were conducted as follow up to stream sediment sampling programs. Approx. 6,700 samples have been collected from prospective areas surrounding artisanal workings and stream sediment anomalies.

The best anomaly was defined at Kabotshome. This was subsequently soil resampled on a 100x100m grid, to define its limits more precisely.

Trenching was completed along the main anomalous features on four different targets. Twelve trenches were manually excavated at Kabotshome, 7 at Mitunda, and 2 at Mbala and 1 at Mbutu. 805 samples were collected along these trenches, and confirmed mineralisation at Mitunda and Kabotshome along the central structure.



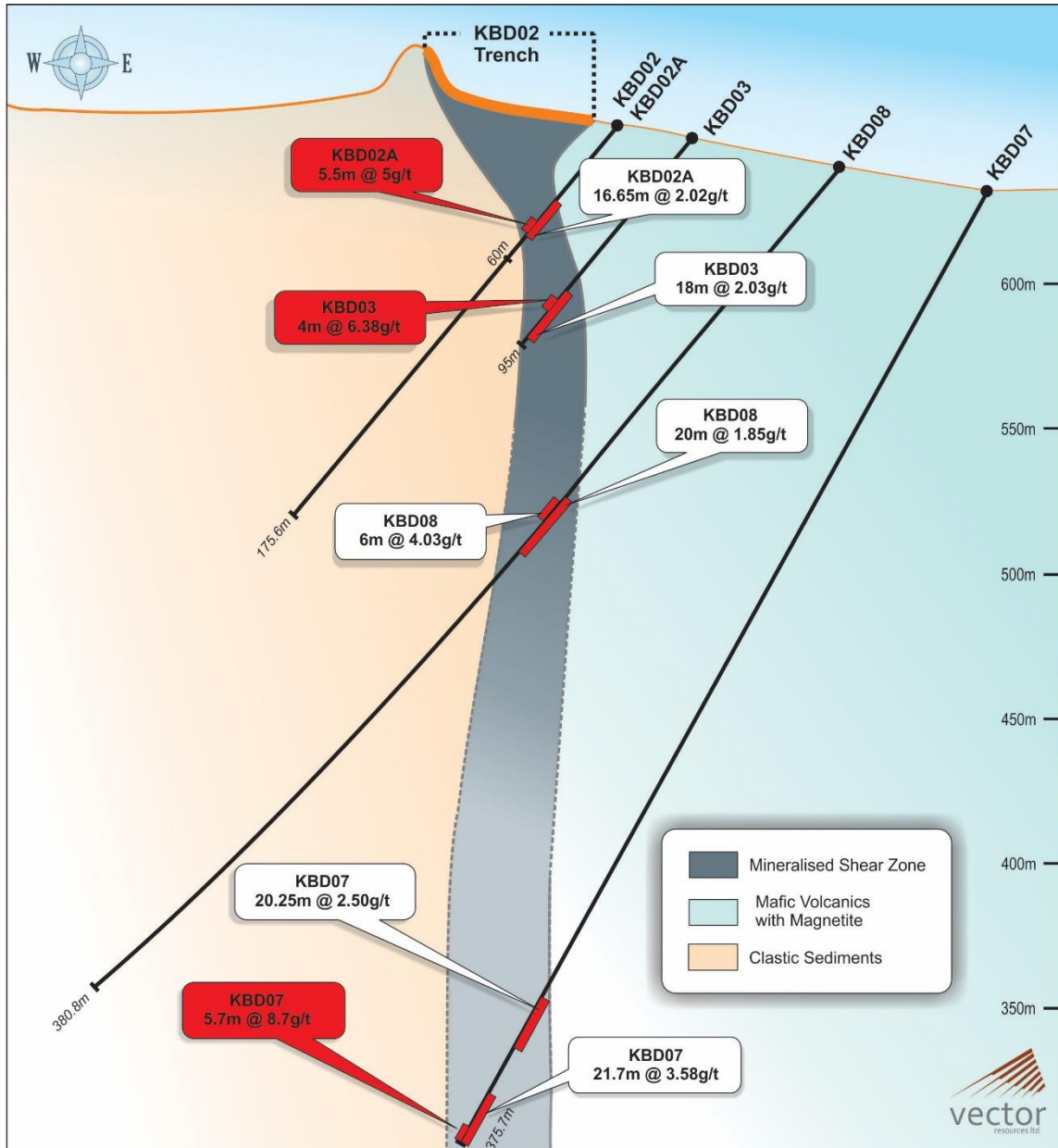
Simplified geological map showing drill hole and trench localities at the Kabotshome Project (refer ASX:ERN Announcement 18 March 2013).

A total of 17 holes (including 3 re-drills), have been drilled along the main target in Kabotshome. All drill holes intersected gold mineralisation along the Kabotshome structure. This mineralisation was generally 15m to 25m wide with a grade range of 1.5 to 2.5g/t Au.

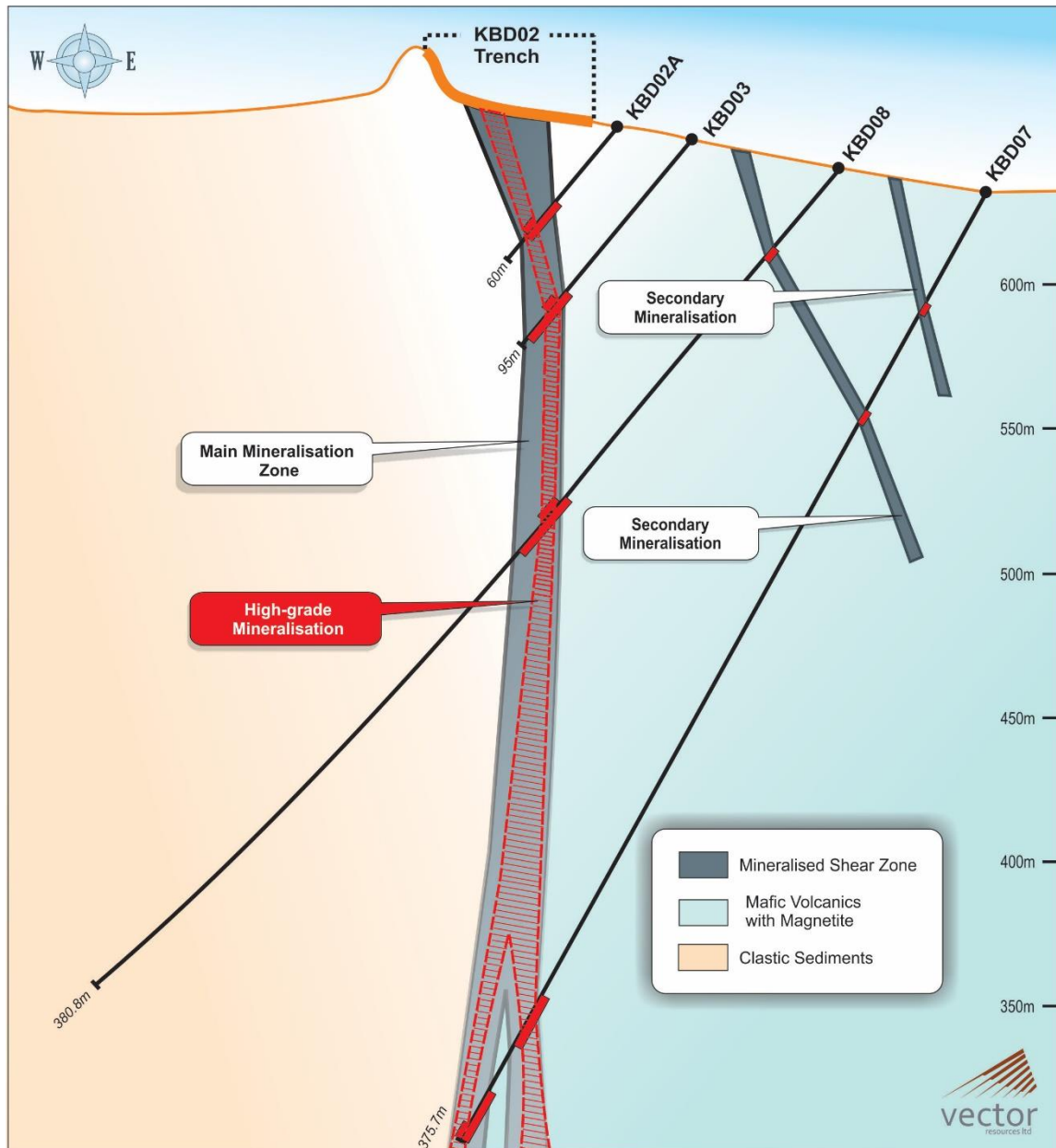
Best grades were reported where the main shear zone identified at surface intersects the sediments as shown in KBD07 which reported 20.25m @ 2.5g/t Au (from 319m) including 8m @ 4.03g/t Au and 21.7m @ 3.58g/t Au (from 354m) including 5.7m @ 8.74g/t Au down to 300m below surface (Figures above and below). Nearly all intersections reported a higher-grade, narrower interval (between 5 and 7 metres), with grades of 5-8g/t Au and up to 118.5 g/t (refer ASX:ERN Announcement 18 March 2013).

High grade mineralisation is associated with a higher degree of pyrite mineralisation, brecciation and occasionally free gold.

The drilling also revealed the presence of thin, secondary mineralised zones, predominantly within the mafic volcanics to the east of the main shear zone (refer to figures below). These appear to be sub-vertical and parallel to the main zone of mineralisation.



Section showing main intercepts in drill holes KBD02, KBD02A, KBD03, KBD07 and KBD08 with apparent thicknesses



Section showing main intercepts in drill holes with the main and secondary mineralised zones

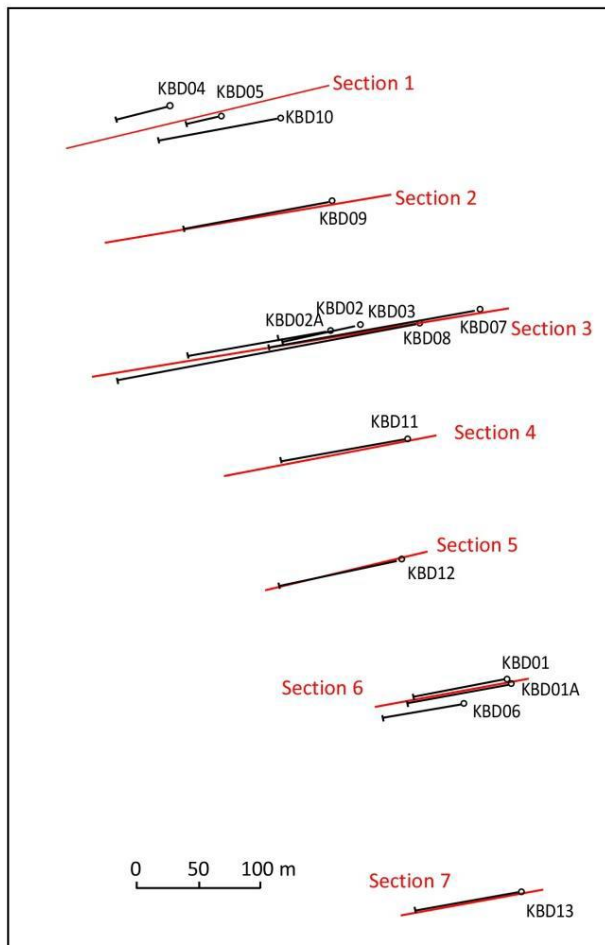
KABOTSHOME EXPLORATION TARGET RANGE

Cautionary Statement: There has been insufficient drilling or appropriate documentation to develop a JORC compliant Mineral Resource. Due Diligence and further geological definition of the mineral occurrence is required to define a Mineral Resource to JORC 2012 Standards.

The Exploration Target range is based on a review conducted by the Company and its technical consultants based on the previous historical exploration conducted by Erongo Energy Limited between 2011 and 2013.

From the 17 holes drilled, 14 have been used to construct a classical sectional mineralised model.

Seven sections (refer to figure below) were constructed across the Kabotshome structure perpendicular to the mineralisation where the mineralised envelope was defined using a cut-off grade of 0.5 g/t to a depth of 150m based on approximate averaged diamond drilling depth.



Location of the sections used in the mineralisation model

The mean grade was calculated from the subset of assays within each mineralised envelope by simple averaging of the grades.

Vector’s technical consultants have determined an initial Exploration Target for the Kabotshome Gold Exploration Project of between 7.0Mt at a grade of 1.9 g/t (423,000 contained ounces) and 7.5Mt at a grade of 2.5 g/t (603,000 contained ounces). The Exploration Target has been based on previous exploration work, geological modelling and mineralisation work completed. The Exploration Target’s quantity and grade is conceptual in nature. There has been insufficient verification of mineralised estimates and exploration results to outline a JORC 2012 Compliant Mineral Resource.

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A parallel estimate was produced by interpolating the values using the inverse distance weighted method. Fire assay was the analysis technique used.

Further work is anticipated to raise the estimation to JORC standards, which will largely address the requirements of Table 1 in the 2012 JORC guidelines.

The past work has established confidence in the continuity of mineralisation and identified additional work to be completed involving infill and extensional drilling that will be required to increase confidence in the mineralised inventory.

The Company is finalising an immediate work program on the Kabotshome Project, that is anticipated will include a site visit, detailed due diligence of all available data and previously documented activities and re-estimation of the mineralisation.

OTHER MANIEMA GOLD PROJECT TARGETS

The historical soil sampling and geochemistry work identified not only the Kabotshome Project on PR4804, but also the Mbutu Prospect on PR4804 and the Mitunda and Tubambo Prospects on PR4801 and on PR4806.

These prospects have also had trenching work completed including seven trenches at Mitunda, and two at Mbala and one at Mbutu. A total 805 samples were collected along all of these trenches. This confirmed gold mineralisation at Mitunda.

The Company will be reviewing these prospects as part of its broader exploration program planned for the Project.

SUMMARY ACQUISITION TERMS

The Company has executed the Agreement to acquire African Royalty's rights under the WBK Agreement, pursuant to which the Company will obtain a 70% joint venture interest in the Project from WBK.

Under the terms of the Agreement and the WBK Agreement:

- a) the Company will take assignment of African Royalty's rights and assume its obligations under the WBK Agreement on settlement of the Acquisition ("**Settlement**");
- b) the Company and WBK shall establish a new joint venture company ("**JVCo**"), which upon Settlement will have participating interests of:
 - (i) the Company holding 70%; and
 - (ii) WBK holding 30%;
- c) the Company will be responsible for sole funding all exploration and administrative costs associated with exploration of the Project up to a development stage, with such funding advanced as shareholder loans to JVCo, to be repaid on a priority basis from the commencement and proceeds of production;
- d) the Company will be granted a pre-emptive right to acquire up to a further 10% shareholding in JVCo upon definition of a JORC (2012 Code) indicated resource in excess of 1 million ounces at a cut-off grade in excess of 2.5g/t, on terms to be agreed between the parties;
- e) the Company will undertake to invest a minimum \$1.0 million into JVCo over the 12 months from Settlement for exploration on the Project; and
- f) the Company will enter into a royalty agreement under which the Company will grant a royalty of 1% of gross revenue on all bullion or other mineral sales made by JVCo from the Project ("**Royalty**") to the WBK and African Royalty stakeholders; and
- g) the Company will appoint one representative of African Royalty to its Board.

CONDITIONS OF THE ACQUISITION

Settlement of the Acquisition is conditional upon:

- a) completion of legal, technical and financial due diligence by the Company on the Project to its absolute satisfaction;
- b) the Company and WBK executing all necessary documentation and joint venture agreements to establish and incorporate JVCo in the Democratic Republic of Congo such that the Company holds a 70% interest in the Project;
- c) WBK transferring the Licenses to JVCo;
- d) JVCo appointing a nominated CEO and in-country exploration team to manage the Project exploration activities on terms acceptable to the Company;

- e) the Company completing a rights issue, with the shareholders of the Company being offered 1 new share in the Company at an issue price of \$0.001 for each Share held, to raise up to A\$1,349,071 (“**Rights Issue**”);
- f) the Company completing a placement, at an issue price of not less than \$0.001 per Share, to sophisticated investors to raise an amount which is equal to A\$1,650,000 less the total amount raised pursuant to the Rights Issue (including any placement of the shortfall from the Rights Issue) (“**Placement**”). The Placement will be subject to shareholder approval to the extent that the Company does not have sufficient capacity under Listing Rule 7.1 to issue the Shares under the Placement;
- g) the appointment of a representative of African Royalty to the Board of the Company;
- h) the Company, Africa Royalty and WBK obtaining all necessary shareholder and regulatory approvals, including all shareholder and regulatory approvals pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other applicable law or regulations, and including all necessary third party consents to allow the Company and WBK to lawfully complete the Acquisition;
- i) execution of the royalty agreement for the Royalty;
- j) there being no material breach of the warranties given by African Royalty in the Agreement.

With each of the above conditions to be completed on or before 30 November 2016.

CONSIDERATION

Under the terms of the Agreement and the WBK Agreement, the following consideration is to be paid by the Company to the WBK and African Royalty stakeholders:

- a) \$50,000 to AFP upon execution of the Agreement, which AFP directs the Company to pay to WBK’s shareholders and advisers in satisfaction of AFP’s existing obligations under the WBK Agreement upon execution of the Agreement;
- b) \$300,000 to WBK shareholders and advisers upon completion of due diligence, execution of JVCo joint venture agreements and the transfer of Licences to JVCo;
- c) \$600,000 to WBK shareholders and advisers upon the Board of JVCo making a decision to develop the Project;
- d) upon Settlement, the Company must issue:
 - (i) to WBK’s shareholders and advisers (in agreed proportions) 1,500,000,000 Shares; and
 - (ii) to African Royalty or its nominees 500,000,000 Shares, (“**Consideration Shares**”); and
- e) the Royalty.

In addition, upon the establishment of a JORC (2012 Code) resource in excess of 1 million ounces at a cut-off grade in excess of 2.5g/t, the Company must issue to the WBK and advisers (in agreed proportions) a further 500,000,000 Shares. All Shares issued under the Agreement and the WBK Agreement will be subject to restriction conditions in accordance with the ASX Listing Rules.

No person will acquire a relevant interest of greater than 20% in the Company and as a result of the Shares issued at Settlement and any subsequent issue of Shares under the Agreement or the WBK Agreement will be deferred to the extent that, as a result of any such issue, the resulting voting power of any shareholder will increase to more than 20% in contravention of section 606(1) of the Corporations Act 2001 (Cth).

ASX LISTING RULE CHAPTER 11 SUBMISSIONS

The Company has made a submission to the ASX in relation to the application of ASX Listing Rule 11.1.2 and 11.1.3 to the proposed Acquisition.

The ASX has confirmed to the Company that based solely on the information provided to ASX, the Company will not be required to re re-comply with Chapters 1 and 2 of the ASX Listing Rules pursuant to Listing Rule 11.1.3.

The ASX has further confirmed that it will not suspend quotation the Company's securities during the period while the Company is completing the Acquisition.

The Company will be required to obtain approval of its shareholders for the proposed Acquisition for the purpose of Listing Rule 11.1.2.

The Company will despatch a notice of meeting to shareholders seeking the relevant approvals to proceed with the proposed Acquisition, with such notice to contain detailed information relating to the Acquisition, the Project and its vendors and shareholders, an assessment of the financial effect of the Acquisition and the Capital Raising on the Company, and details the Company's capital structure following completion of the Acquisition and the subsequent issue of the Milestone Shares (if it occurs).

CAPITAL RAISING

The Company is proposing to raise \$1,650,000 ("**Capital Raising**") to complete the Acquisition and to fund its future exploration obligations on the Project and up-front cash consideration payments to the Vendor.

The Capital Raising will comprise:

- a) The Rights Issue - a non-renounceable pro-rata offer to existing Shareholders of one new Share for every Share held at an issue price of \$0.001 per new Share (Rights Issue) to issue up to 1,349,071,146 Shares (Rights Issue Shares) to raise up to \$1,349,071 (before costs of the issue); and
- b) The Placement - a placement at an issue price of not less than \$0.001 per Share, to sophisticated investors to raise an amount which is equal to A\$1,650,000 **less** the total amount raised pursuant to the Rights Issue (including any placement of the shortfall from the Rights Issue).

The Rights Issue will be made pursuant to an Offer Document in compliance with section 708AA of the Corporations Act.

The Placement will be subject to shareholder approval to the extent that the Company does not have sufficient capacity under Listing Rule 7.1 to issue the Shares under the Placement.

USE OF CAPITAL RAISING PROCEEDS

It is proposed that the budget for the 12 months following completion of the Transaction will be as follows (assuming completion of the Capital Raising):

Item of Expenditure	Amount (\$)
Cash Consideration due on Completion of Acquisition	350,000
JORC 2012 Resource Definition Drilling Program	500,000
Trenching, Sampling and Surveying	200,000
Assaying and Testwork	300,000
Capital Raising Fees and Expenses	100,000
General Administration and Working Capital	200,000
Total	1,650,000

The above table is a statement of current intentions as at the date of this Announcement. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Directors reserves the right to alter the way funds are applied on this basis. Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors.

INDICATIVE TIMETABLE

The indicative timetable for the proposed Acquisition, including the Record Date for the Rights Issue will be provided following finalisation of due diligence by the Company and prior to the dispatch of the Notice of Meeting and Explanatory Memorandum to shareholders.

INDICATIVE CAPITAL STRUCTURE

The indicative effect of the Acquisition and the Capital Raising on the capital structure of the Company is anticipated to be as follows:

Description	Ordinary Shares
Current Shares on Issue	1,349,071,146
Capital Raising (Rights Issue and Placement Shares Issued)	1,650,000,000
Issued Capital on Close of Rights Issue and Placement	2,999,071,146
Shares to be Issued Pursuant to the Acquisition	2,000,000,000
Shares to be Issued to Advisors of the Company	250,000,000
Issued Capital on Completion of Acquisition	5,249,071,146
<i>Shares to be Issued Pursuant to Satisfaction of Milestones</i>	<i>500,000,000</i>
Issued Capital on Completion of Milestones	5,749,071,146

PRO-FORMA BALANCE SHEET

The pro-forma balance sheet of the Company upon completion of the Capital Raising and Acquisition is summarised below.

Pro-Forma Statement of Financial Position	Current 31 Aug 2016	Capital Raising ¹	Cash Consideration ²	Share Consideration ³	Pro-Forma 31 Aug 2016
Assets					
Current Assets					
Cash and Cash Equivalents	152,346	1,550,000	(350,000)		1,352,346
Other Receivables	11,497				11,497
Total Current Assets	163,843				1,363,843
Non-Current Assets					
Minerals interest	0		350,000	2,250,000	2,600,000
Financial Assets	20,997				20,997
Total Non-Current Assets	20,997				2,620,997
Total Assets	184,840				3,984,840
Liabilities					
Current Liabilities					
Trade and Other Payables	31,099				31,099
Total Current Liabilities	31,099				31,099
Total Liabilities	31,099				31,099
Net Assets	153,741				3,953,741
Equity					
Issued Capital	38,340,151	1,550,000		2,250,000	42,140,151
Option Reserve	2,502,913				2,502,913
Accumulated Losses	(40,689,323)				(40,689,323)
Total Equity	153,741				3,953,741

Notes:

¹ Capital raising proceeds of \$1,650,000 less \$100,000 of capital raising costs

² Cash consideration of \$350,000 due in respect to the Acquisition and on completion of due diligence, execution of JVCo joint venture agreements and the transfer of Licences to JVCo

³ Share consideration of \$2,250,000 (at \$0.001/share) due in respect to the Acquisition

M2M GLOBAL TECHNOLOGY TRANSACTION

The Company announced on 7 September 2015, that it had executed a non-binding terms sheet to acquire M2M Global Technology Limited, subject to further due diligence and any necessary regulatory or shareholder approvals.

The Company has elected not to proceed with the M2M Global Technology Transaction.

The Company considers that it is in the best interests of Vector's shareholders that the Company proceed with the proposed Acquisition of the Maniema Gold Project.

N J Bassett

Company Secretary

For further information, please visit www.vectorresources.com.au

Competent Person Statement

The information in this announcement that relates to Exploration Targets, Exploration Results and Mineral Inventory is based on information compiled by Mr Peter Stockman who is a full time employee of Stockman Geological Solutions Pty Ltd. Mr Stockman is a member of the Australasian Institute of Mining and Metallurgy. Stockman Geological Solutions is engaged by Vector Resources Ltd as a consultant geologist.

Mr Stockman has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Stockman consents to the inclusion in this report of the matters based on information in the form and context in which it appears.