vector

resources ltd

and controlled entities

ABN 99 107 541 453

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

CORPORATE DIRECTORY

Directors

Gary Castledine	Non-executive Chairman
Michael Hendriks	Non-executive Director
Neville Bassett	Non-executive Director

Company Secretary

Neville Bassett

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VEC

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REVIEW OF ACTIVITIES

Operations

During the year, Vector Resources Limited ("Vector" or "the Company") completed the disposal of its main undertaking, as approved by shareholders in May 2015. As a result, pending finalisation of sale, the Company held no mineral exploration assets and did not conduct any mining related activities during the year.

As previously reported, Vector entered into a non-binding term sheet for the proposed acquisition of telematics and global security industry provider, M2M Global Technology Ltd ("M2M") *(Announcement – 7 September 2015*).

As the term sheet with M2M was non-binding and due to delay on receipt of due diligence materials, the Company commenced review of a number of potential acquisitions in the resource sector. Subsequent to year end, the Company announced that it had entered into a binding heads of agreement for the acquisition of an advanced African gold project and announced that it was not proceeding with the acquisition of M2M.

Corporate

During the year the Company:

(i) Received notices for the conversion of 1,850,000 convertible notes (**Con Notes**). Pursuant to the terms of the Con 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 Con 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;

(iii) Terminated the agreement with Longflex Southern Cross Mining Limited and Riverglen Corporation Pty Ltd for the disposal of its entire interest in the share capital of Golden Iron Resources Ltd, the holder of the Company's mineral assets. The Company entered into a new agreement with Toil Resources Pty Ltd for the disposal of Golden Iron Resources Ltd on terms no less favourable and for the same consideration payable ($455,000) pursuant to the Longflex Agreement. The Company completed the disposal of its interest in Golden Iron Resources Ltd during the year (refer Note 11).

(iv) Entered into a **non-binding term sheet** to acquire M2M Global Technology Ltd (**M2M**). The Company announced that it was not proceeding with the transaction on 14 September 2016.

Subsequent to year end, the company:

(i) 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. (*Refer ASX:VEC Announcement 14 September 2016*).

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 Project comprises seven granted Exploration Licenses which extend over an area in excess of 500km^2 of prospective ground in the Maniema Province and is 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 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.

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.

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.

An experienced in-country exploration and management team is in place and to be appointed upon completion of the acquisition to commence the Company's planned exploration programs.

Vector will complete a site visit in late September to finalise due diligence and planned future resource definition exploration programs.

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.

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 ACQUSITION

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;

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 fully paid ordinary shares ("**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.

(ii) Announced that it proposing to raise $1,650,000 ("Capital Raising") to complete the Acquisition and to fund planned exploration activities over the next 12 months.

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 **<u>less</u>** the total amount raised pursuant to the Rights Issue (including any placement of the shortfall from the Rights Issue).

<u>Competent Person Statement</u>

The information in this report 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.

DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities (Group) for the financial year ended 30 June 2016.

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

Gary Castledine	Non-executive Chairman
Michael Hendriks	Non-executive Director (appointed 22 June 2016)
Neville Bassett	Non-executive Director and Company Secretary
Glyn Povey	Managing Director (resigned 22 June 2016)
Brian Williams	Non-executive Director (resigned 22 June 2016)

PRINCIPAL ACTIVITIES

The principal activity of the Group is mineral exploration. As reported in the *Review of Activities*, the Group held no mineral exploration assets and did not conduct any mining related activities during the year. The principal activity of the Group during the year was to identify and evaluate new venture and corporate opportunities.

As reported in the *Review of Activities* the Group has entered into a binding heads of agreement to acquire a 70% interest in the Maniema Gold Project in the Democratic Republic of Congo.

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 continued to focus on identifying and securing 'company making' projects and opportunities. As reported in the *Review of Activities* the Group has entered into a binding heads of agreement to acquire a 70% interest in the Maniema Gold Project in the Democratic Republic of Congo.

Result

The net loss of the Group after income tax for the year amounted to $7,105,184 (2015: loss of $10,359,725). The loss for the year included:

	2016	2015
	$	$
Impairment of exploration and evaluation	-	72,699
Fair value loss on embedded derivative	6,780,000	2,797,125
Amortised cost of embedded derivative	178,139	1,374,736
Loss from discontinued operations	442	5,901,569
	6,958,581	10,146,129

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 20 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 the Company:

1. Entered into a binding heads of agreement to acquire a 70% interest in the Maniema Gold Project in the Democratic Republic of Congo; and

2. Announced that it is proposing to raise $1,650,000 to complete the acquisition of the Maniema Gold Project and to fund planned exploration activities over the next 12 months,

further particulars of which are detailed in the *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 completed the disposal of its entire portfolio of mineral interest and entered into a binding heads of agreement to acquire a 70% interest in the Maniema Gold Project in the Democratic Republic of Congo

The Company's focus over the next twelve months will be on the advancement of the Maniema Gold Project.

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 2016. The Board believes that the company has adequate systems in place for the management of its environmental regulations.

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

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 previously a founding director and the head of corporate with a Perth, Western Australia based specialist boutique securities dealer and corporate advisory firm. Mr Castledine is currently specialising in corporate finance with boutique investment banking and corporate advisory firm Westar Capital Ltd. 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 IPO's 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
The Gruden Group Limited	20 August 2014 to present
WHL Energy Limited	5 February 2016 to present

Michael Hendriks **Non-executive Director**

Mr Michael Hendriks was appointed a director of the company on 22 June 2016.

Mr Hendriks is a Chartered Accountant and has gained extensive experience in the financial services sector in various roles in the banking and stockbroking industries. He also has extensive experience as a company director and secretary holding various executive and non-executive directorships of listed and unlisted companies in both the industrial and resource sectors.

Interest in Securities
Mr Hendriks has an indirect interest in 4,123,123 ordinary shares.

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

Primary Gold Limited	1 August 2010 to 31 March 2014

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
The Gruden Group Limited	20 August 2014 to 13 May 2016
WHL Energy Limited	5 February 2016 to present
Pointerra Limited	30 June 2016 to present

Glyn Povey Managing Director

Mr Glyn Povey was appointed a director of the company on 15 February 2011 and resigned on 22 June 2016.

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 had a direct interest in 4,366,666 ordinary shares at the date of his resignation.

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

Brian Williams **Non-executive Director**

Mr Brian Williams was appointed a director of the company on 15 February 2011 and resigned on 22 June 2016.

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 had a direct interest in 2,810,629 ordinary shares at the date of his resignation.

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, 11 meetings of directors were held. Attendances by each Director during the year were:

	Directors' Meetings	
	Number Eligible to Attend	**Number Attended**
Gary Castledine	11	11
Michael Hendriks	1	1
Neville Bassett	11	11
Glyn Povey	11	11
Brian Williams	11	11

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 19 and forms part of the *Directors' Report* for the year ended 30 June 2016.

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 2016 is detailed on page 15.

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.

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.

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 former Managing Director Mr Glyn Povey's executive service contract expired in February 2014 and an extension of the contract was in place until his resignation on 22 June 2016.

Managing Director Executive Services Contract

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

- 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 former Managing Director invoiced 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 of key management personnel and the five highest paid executives of the Group

Remuneration for the year ended 30 June 2016 and 2015

		2016						
		Short-Term			Post-Employment	Share based Payment	Total	Performance Related
		Consulting Fees	Directors Fees	Salaries and Wages	Super-annuation	Options		
		$	$	$	$	$	$	%
Directors	***Year***							
G Castledine	2016	16,666	10,000	-			26,666	-
	2015	25,000	15,000	-	-	-	40,000	-
M Hendriks	2016	-	-	-	-	-	-	-
	2015	-	-	-	-	-	-	-
N Bassett	2016	24,000	26,667	-	-	-	50,667	-
	2015	36,000	40,000	-	-	-	76,000	-
G Povey	2016	52,152	-	-	-	-	52,152	
	2015	126,907	-	-	-	-	126,907	-
B Williams	2016	-	26,667	-	-	-	26,667	-
	2015	-	40,000	-	-	-	40,000	-
Total	**2016**	**92,818**	**63,334**	**-**	**-**	**-**	**156,152**	**-**
	2015	**187,907**	**95,000**	**-**	**-**	**-**	**282,907**	**-**

*During the year, the directors forgave debts relating to their consulting and directors fees totalling $267,918. This is not included in the table above. For more information refer to Note 26.

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 (2015: Nil).

Shareholdings – 2016

Number of Shares held by Directors and Specified Executives:

Directors

	Balance 01.07.2015	**Held at Appointment**	**Options Exercised**	**Net Change Other***	**Balance 30.06.2016**
Gary Castledine	5,937,470	-	-	-	5,937,470
Michael Hendriks	-	4,123,123	-	-	4,123,123
Neville Bassett	2,400,000	-	-	-	2,400,000
Glyn Povey	4,366,666	-	-	(4,366,666)	-
Brian Williams	2,810,629	-	-	(2,810,629)	-
Total	15,514,765	4,123,123	-	(7,177,295)	12,460,593

**Net Change Other refers to shareholding at date of resignation.*

Option holdings – 2016

Number of Options held by Directors and specified Executives:

Directors

	Balance 01.07.2015	**Received as Remuneration**	**Net Change Other***	**Balance 30.06.2016**	**Number Vested / Exercisable**
Gary Castledine	-	-	-	-	-
Michael Hendriks	-	-	-	-	-
Neville Bassett	-	-	-	-	-
Glyn Povey	4,000,000	-	(4,000,000)	-	-
Brian Williams	-	-	-	-	-
Total	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 2016, nil listed options (2015: nil) and nil unlisted options (2015: 4,000,000) 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 2016 $	Year Ended 30 June 2015 $
Brillo Investments Ltd	-	(80,666)
Gary Castledine	-	(80,000)
Mandevilla Pty Ltd	-	(152,000)
Lost State Pty Ltd	-	(280,077)
	-	(592,743)

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 nil (2015: $3,560) 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, nil unlisted options (2015: 4,000,000 unlisted options) have been issued by the company and the number of unissued ordinary shares of the company under option is nil (2015: 4,000,000).

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.

Gary Castledine
Chairman

DATED at PERTH this 29th September 2016

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Vector Resources Limited for the year ended 30 June 2016, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Petricevic
Partner - Audit & Assurance

Perth, 29 September 2016

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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 2016, 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.

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 2016 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 $7,105,184; a fair value loss on embedded derivative of $6,780,000; amortised cost of embedded derivative of $178,139; and loss from discontinued operations of $442 for the year ended 30 June 2016 and, as of that date, the consolidated entity's incurred net outflows from operating activities of $536,789.

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 11 to 17 of the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LIMITED
Chartered Accountants

M A Petricevic
Partner - Audit and Assurance

Perth, 29 September 2016

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 2016 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 29th September 2016

vector resources ltd

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Consolidated	
		Year Ended 30 June 2016	**Year Ended 30 June 2015**
	Note	**$**	**$**
Other Income	4	3,904	181,585
Forgiveness of debt		146,974	-
Fair value gain/(loss) on embedded derivative	16	(6,780,000)	(2,797,125)
Employee benefits expense		(3,267)	(56,634)
Consulting fees		(89,417)	(42,945)
Administration expenses		(97,271)	(129,508)
Depreciation expense		-	(1,525)
Due Diligence expense		(42,500)	-
Finance Costs	16	(178,139)	(1,282,236)
Impairment of exploration and evaluation	5	-	(72,822)
Occupancy costs		(2,938)	(9,976)
Directors fees		(49,583)	(85,775)
Other expenses from ordinary activities		(27,203)	(161,195)
Loss before tax		(7,119,440)	(4,458,156)
Income tax	6	-	-
Loss for the year from continuing operations		**(7,119,440)**	**(4,458,156)**
Loss for the year from discontinued operations	10	(442)	(5,901,569)
Loss for the year		**(7,119,882)**	(10,359,725)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of financial assets		14,698	-
Other comprehensive income for the year, net of tax		**14,698**	**-**
Total comprehensive loss for the year		**(7,105,184)**	**(10,359,725)**
Loss for the year Attributable to:			
Members of the parent entity		(7,105,184)	(10,359,725)
		(7,105,184)	**(10,359,725)**
Other comprehensive loss for the year attributable to:			
Members of the parent entity		-	-
		(7,105,184)	**(10,359,725)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

		Consolidated	
	Note	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Basic loss per Share			
Loss from continuing operations		(0.005)	(0.012)
Loss from discontinued operations		(0.000)	(0.017)
Total		**(0.005)**	**(0.029)**
Diluted loss per Share			
Loss from continuing operations		(0.005)	(0.012)
Loss from discontinued operations		(0.000)	(0.017)
Total		**(0.005)**	**(0.029)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated As at 30 June 2016 $	As at 30 June 2015 $
Assets			
Current Assets			
Cash and cash equivalents	8	173,252	307,221
Other receivables	9	23,565	3,043
		196,817	310,264
Assets and disposal group classified as held for sale	10	-	455,000
Total Current Assets		196,817	765,264
Non-Current Assets			
Property, plant & equipment	11	-	-
Financial assets	12	20,997	6,299
Exploration and evaluation expenditure assets	13	-	-
Total Non-Current Assets		20,997	6,299
Total Assets		217,814	771,563
Liabilities			
Current Liabilities			
Trade and other payables	14	16,099	692,227
Borrowings	15	-	1,671,861
Derivative financial instruments	16	-	4,320,000
Provisions	17	-	-
Liabilities included in disposal group held for sale	10	-	-
Total Current Liabilities		16,099	6,684,088
Total Liabilities		16,099	6,684,088
Net Assets/(Deficiency)		201,715	(5,912,525)
Equity			
Share capital	18	38,340,151	25,120,727
Reserves	19	-	2,502,913
Other components of equity	20	14,698	-
Accumulated losses	21	(38,153,134)	(33,536,165)
Total Equity		201,715	(5,912,525)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Consolidated Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Cash Flow from Operating Activities			
Receipts from customers		-	3,458,236
Interest received		3,907	5,796
Payment to suppliers and employees		(540,696)	(168,582)
Payments for production		-	(4,258,180)
Net Cash Used in Discontinued Operations		-	4,587
Net Cash Used in Operating Activities	23	(536,789)	(958,143)
Cash Flow from Investing Activities			
Payments for exploration, evaluation and development		(279,104)	(250,099)
Due diligence costs		(42,500)	-
Proceeds from sale of Golden Iron Resources Ltd		455,000	-
Proceeds from sale of equity investments		-	150
Proceeds from sale of property, plant and equipment		-	63,636
Net Cash Used in Investing Activities		133,396	(186,313)
Cash Flow from Financing Activities			
Finance Costs		-	(92,500)
Proceeds from borrowings		-	1,600,000
Repayment of borrowings		-	(1,400,000)
Proceeds from issue of shares		280,000	202,035
Share issue costs		(10,576)	(28,572)
Net Cash Provided by Financing Activities		269,424	280,963
Net (Decrease) Increase in Cash Held		(133,969)	(863,493)
Cash at the Beginning of the Year		307,221	1,170,714
Included in disposal group	10	-	-
Cash at the End of the Year	8	173,252	307,221

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital $	Option Reserve $	Other Compon-ents of Equity $	Accumulated Losses $	Total $
Consolidated					
Balance as at 30 June 2014	**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)
Balance as at 30 June 2015	**25,120,727**	**2,502,913**	**-**	**(33,536,165)**	**(5,912,525)**
Balance as at 30 June 2015	**25,120,727**	**2,502,913**	**-**	**(33,536,165)**	**(5,912,525)**
Loss for the period	-	-	-	(7,119,882)	(7,119,882)
Other comprehensive income for the period	-	-	14,698	-	14,698
Total comprehensive income for the period	-	-	14,698	(7,119,882)	(7,105,184)
Expiration of share options	-	(2,502,913)	-	2,502,913	-
Convertible note conversion	12,950,000	-	-	-	12,950,000
Proceeds from share issue	280,000	-	-	-	280,000
Share issue expenses	(10,576)	-	-	-	(10,576)
Balance as at 30 June 2016	**38,340,151**	**-**	**14,698**	**(38,153,134)**	**201,715**

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 Standard*s 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 2016 were approved and authorised for issue by the board of directors on 29 September 2016.

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.

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.

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.

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.

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.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle

These amendments arise from the issuance of Annual Improvements to IFRSs 2012-2014 Cycle in September 2014 by the IASB.

Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of AASB 5 Non-current Assets Held for Sale and Discontinued Operations does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of AASB 5.

AASB 2015-1 is applicable to 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 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project.

The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy

AASB 2015-2 is applicable to 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 1057 Application of Australian Accounting Standards

In May 2015, the AASB decided to revise Australian Accounting Standards that incorporate IFRSs to minimise Australian-specific wording even further. The AASB noted that IFRSs do not contain application paragraphs that identify the entities and financial reports to which the Standards (and Interpretations) apply. As a result, the AASB decided to move the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation), unchanged, into a new Standard AASB 1057 Application of Australian Accounting Standards.

AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs removes the application paragraphs from each Australian Accounting Standard.

AASB 1057 and AASB 2015-9 are applicable to 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 22 for Segmental Information. The company operates only in the exploration industry in Australia.

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.

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.

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 12).

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. 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.

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:

- 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 Incom*e.

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 $7,105,184 (2015: $10,359,725) including a fair value loss on embedded derivative of $6,780,000 (2015: $2,797,125), amortised cost of embedded derivative of $178,139 (2015: $1,374,736) and loss from discontinued operations of $442 (2015: $5,901,569) for the year ended 30 June 2016 and had a net cash outflow from operating activities of $536,789 (2015: $958,143).

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; or
- Debt finance, including convertible notes issues; or

As reported, the company has disposed of its portfolio of mineral interests for a consideration of $455,000. The disposal will 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.

Accordingly, the Directors believe that subject to prevailing equity market conditions and the matters referred to in Note 27, 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.

Available-for-sale financial assets

Available-for-sale (AFS) 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. All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses, which are recognised in profit or loss.

Reversals of impairment losses for AFS securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

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.

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three (3) levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

All financial assets are determined to be Level 1.

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.

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 10).

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 16).

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.

b. Interest Rate Risk

At 30 June 2016, 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 2016 $	Year Ended 30 June 2015 $
Change in Profit/(Loss)		
Increase in interest rate by 1%	(66,502)	(102,974)
Decrease in interest rate by 1%	66,502	102,974
Change in Equity		
Increase in interest rate by 1%	(66,502)	(102,974)
Decrease in interest rate by 1%	66,502	102,974

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	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Consolidated								
Financial Assets								
Cash and cash equivalents	152,812	307,221	14,760	-	5,680	-	173,252	307,221
Receivables	-	-	-	-	23,565	3,043	23,565	3,043
Other current assets	-	-	-	-	-	-	-	-
Assets classified as held for re-sale	-	-	-	-	-	455,000	-	455,000
Available for sale financial assets	-	-	-	-	20,997	6,299	20,997	6,299
	152,812	307,221	14,760	-	50,242	464,342	217,814	771,563
Weighted average interest rate	0.75%	0.61%	-	-				

	Floating Interest Rate		Fixed Interest Rate <1 Year		Non-interest Bearing		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$	$	$
Consolidated								
Financial Liabilities								
At amortised cost								
Payables					16,099	692,227	16,099	692,227
Borrowings	-	-	-	-	-	1,671,861	-	1,671,861
Financial Instruments	-	-	-	-	-	4,320,000	-	4,320,000
	-	-	-	-	16,099	6,684,088	16,099	6,684,088

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

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 2016 is detailed below:

	Consolidated	
	Year Ended 30 June 2016	Year Ended 30 June 2015
	$	$
Trade and Other Receivables		
Trade Debtors	-	132,753
Provision for Doubtful Debts	-	(132,753)
Other Receivables	23,565	3,043
	23,565	3,043

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

Less than 6 months	23,565	3,043
6 months to 1 year	-	-
1 to 5 years		-
Over 5 years	-	-
	23,565	3,043

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.

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

	Consolidated	
	Year Ended 30 June 2016 $	**Year Ended 30 June 2015 $**
Financial Assets		
Cash and cash equivalents	173,252	307,221
Trade and other receivables	23,565	3,043
Assets classified as held for re-sale	-	455,000
Available for sale financial assets	20,997	6,299
	217,814	771,563

The fair values are comparable to their carrying amount.

Financial Liabilities		
Trade and other payables	16,099	692,227
	16,099	692,227

4. Revenue

	Consolidated	
	Year Ended 30 June 2016 $	**Year Ended 30 June 2015 $**
Non-Operating Activities		
Interest received	3,904	5,414
Muriels Extension stamp duty refund	-	157,853
Other income	-	18,318
	3,904	181,585

5. Impairment of exploration and evaluation

	Consolidated Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Impairment of exploration and evaluation		
Iron ore assets	-	(934)
Gold assets	-	(71,888)
	-	(72,822)

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

Following the completion of the sale of Golden Iron Resource Ltd (refer note 10), the Company no longer holds and mining 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 2016 $	Year Ended 30 June 2015 $
Prima facie tax (benefit) on operating loss from ordinary activities before tax at 30%	(2,131,555)	(3,107,918)
Entertainment expenses	-	-
Depreciation expense	-	458
Impairment of financial assets available-for-sale	4,409	591
Write off capitalised exploration expenditure previously claimed	-	1,886,522
Accounting loss on option expiry	-	-
Fair value gain on a derivative	2,034,000	839,138
Tax effect on timing difference	(62,697)	(476,460)
Capital raising and other costs deducted	(46,665)	(57,267)
Capitalised exploration expenditure	-	(89,963)
Depreciation per tax	-	(458)
Future income tax benefits not brought to account	202,508	1.005,357
Income tax for the year	-	-

(c) Deferred tax assets/liabilities:

	Consolidated Year Ended 30 June 2016	Year Ended 30 June 2015
Deferred tax balances	$	$
Deferred tax liabilities:		
Capitalised exploration expenditure	-	136,500
	-	136,500
Deferred tax assets:		
Capital Raising	-	71,819
Available for sale financial assets	-	-
Provisions and accruals	-	64,681
Carry forward income tax losses	-	-
Carry forward capital losses	-	-
Deferred tax assets not recognised	-	136,500
Net deferred tax asset/liability	-	-
Unrecognised deferred tax balances		
Deferred tax assets:		
Available for sale financial assets	88,186	103,951
Capital raising costs	28,327	-
Provisions and accruals	-	10,351
Loss on the fair market value adjustment on derivative	-	839,138
Carry forward capital losses	213,401	350,779
Carry forward income tax losses	10,401,300	10,187,763
	10,731,214	11,491,982

(d) Tax losses

The company has Australian income tax losses of $34,670,999 (2015: $33,959,209) and Australian capital losses of $2711,337 (2015: $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, Grant Thornton Audit Pty Ltd, for:

	Consolidated Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Auditing or reviewing of the financial statements	38,560	43,629
	38,560	43,629

8. Cash and Cash Equivalent

	Consolidated Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Cash at bank	161,252	295,221
Restricted cash (a)	12,000	12,000
Total	173,252	307,221

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	12,000	12,000

9. Trade and Other Receivables

Current

Trade Debtors	-	132,753
Provision for Doubtful Debts	-	(132,753)
Other Receivables	23,565	3,043
	23,565	3,043

10. 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.

On 8 December 2015, the Company announced that it had terminated the Agreement with Longflex.

The Company entered into a new agreement with Toil Resources Pty Ltd for the disposal of Golden Iron Resources Ltd on terms no less favourable and for the same consideration payable pursuant to the Longflex Agreement.

During the year, the Company completed the disposal of its interest in the share capital of Golden Iron Resources Ltd.

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:

	Consolidated	
	Year Ended 30 June 2016 $	**Year Ended 30 June 2015 $**
Operating sales revenue	-	3,276,478
Cost of sales	-	(2,974,607)
Other income	2	5,969
Debt forgiveness	120,944	-
Administration expenses	-	(1,146)
Impairment of exploration and evaluation	-	(6,155,585)
Exploration expenditure not capitalised	(121,382)	-
Occupancy costs	-	(6)
Other expenses	(6)	(52,672)
	(442)	(6,203,440)
Loss for the year from discontinued operations	(442)	(5,901,569)

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)

	As at 30 June 2016	As at 30 June 2015
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	-	455,000
Trade and other payables	-	-
Liabilities classified as held for sale	-	-

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)
Investing activities	-	(114,702)
Cash flows from discontinued operations	-	(1,871,024

11. Property, Plant and Equipment

Property Plant & Equipment by category:

	Consolidated	
	Year Ended 30 June 2016 $	**Year Ended 30 June 2015 $**
Buildings and Improvements		
Opening balance	-	19,154
Plus: additions	-	-
Less: depreciation	-	(2,433)
Less: disposal	-	(31,250)
Held for sale or included in disposal group	-	-
Plus accumulated depreciation written back on disposal	-	14,529
	-	-
Computer Software		
Opening balance	-	943
Plus: additions	-	-
Less: depreciation	-	(943)
Less: disposal	-	(3,183)
Held for sale or included in disposal group	-	-
Plus: accumulated depreciation written back on disposal	-	3,183
	-	-
Plant and Equipment		
Opening balance	-	7,456
Plus: additions	-	-
Less: depreciation	-	(486)
Less: disposal	-	(57,653)
Held for sale or included in disposal group	-	-
Plus: accumulated depreciation written back on disposal	-	50,683
	-	-
Motor Vehicles		
Opening balance	-	93,489
Plus: additions	-	-
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
	-	-
Furniture & Fixtures		
Opening Balance	-	5,302
Plus: additions	-	-
Less: depreciation	-	(350)
Less: disposal	-	(104,535)
Held for sale or included in disposal group	-	-
Plus: accumulated depreciation written back on disposal	-	99,583
	-	-

Property Plant & Equipment by category:

	Consolidated	
	Year Ended 30 June 2016 $	**Year Ended 30 June 2015 $**
Computer Equipment		
Opening balance	-	2,079
Plus: additions	-	-
Less: depreciation	-	(2,079)
Less: disposal	-	(9,517)
Held for sale or included in disposal group	-	-
Plus: accumulated depreciation written back on disposal	-	9,517
	-	-
Total Property, Plant and Equipment		
Opening balance	-	128,423
Plus: additions	-	-
Less: depreciation	-	(11,531)
Less: disposal	-	(372,164)
Held for sale or included in disposal group	-	-
Plus: Accumulated depreciation written back on disposal	-	255,272
	-	-

12. Financial Assets

	Consolidated Year Ended 30 June 2016 $	Consolidated Year Ended 30 June 2015 $
Available for Sale Financial Assets	314,951	314,951
Provision for impairment	(293,954)	(308,652)
	20,997	6,299

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.

13. Exploration and Evaluation Expenditure

Non-Current		
Deferred exploration expenditure, at cost	-	-
Exploration expenditure movement:		
Brought forward at beginning of year	-	6,383,533
Exploration expenditure impaired during the year	-	(6,228,407)
Exploration expenditure amortised during the year	-	-
Exploration expenditure capitalised during year	-	299,874
Transferred to assets classified as held for re-sale	-	(455,000)
Carried forward exploration expenditure	-	-

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.

During the year, the company completed the sale of Golden Iron Resources Ltd (refer note 10) and now no longer hold tenements.

14. Trade and Other Payables

Current		
Trade Payables	11,163	54,706
Other Payables	4,936	44,778
Due to Directors and related entities (i)	-	592,743
	16,099	692,227

(i) The directors provided the Group with written confirmation that these payments will be deferred until such time that the Group has sufficient funds. Refer to Note 26.

15. Borrowings

	Consolidated	
	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Current		
Unsecured Convertible Notes (i)	-	1,671,861
	-	1,671,861

(i) Unsecured Convertible Notes

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

Redemption Date: 12 months from date of issue

Conversion Price: the lesser of:

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

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

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

Interest Rate: Nil%

Due to the terms of the unsecured convertible notes, there is an embedded derivative liability which is measured at fair value as a derivative financial instrument (refer Note 16).

During the period, the 1,850,000 Notes were converted at an issue price of $0.002 per Note into 925,000,000 Shares.

16. Derivative Financial Liabilities

	Consolidated	
	Year Ended 30 June 2016	**Year Ended 30 June 2015**
	$	**$**
Derivative liability from convertible financing facility	-	4,320,000
	-	4,320,000

	Consolidated	
	Year Ended 30 June 2016	**Year Ended 30 June 2015**
	$	**$**
Carrying amount at 1 July	4,320,000	-
Recognition of derivative from convertible financing facility	-	1,522,875
Fair value movement	6,780,000	2,797,125
Conversion of derivative liability	(11,100,000)	-
	-	4,320,000

(i) Derivative financial instruments

Due to the terms of the convertible notes (refer Note 15) there was an embedded derivative liability. The derivative liability was 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 2016 was due to the difference in the share price between inception and the conversion date.

Amounts amortised of $178,139 (2015: $1,282,236) pertaining to the convertible note was recognised in the profit and loss.

During the period, the convertible notes were converted to ordinary equity (refer Note 18) extinguishing the embedded derivative liability.

17. Provisions

	Consolidated	
	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Provision for annual leave		
Opening balance	-	19,580
Additional provisions	-	1,756
Amount utilised	-	(21,336)
	-	-

18. Share Capital

Ordinary Shares

Share capital 1,349,071,146 (2015: 404,071,146) fully paid ordinary shares.

	Consolidated	
	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
At the beginning of the reporting period	25,120,727	24,947,264
Fully paid ordinary shares issued from conversion of convertible note	12,950,000	-
Fully paid ordinary shares issued during the period from capital raising	280,000	202,035
Share issue costs	(10,576)	(28,572)
At reporting date	38,340,151	25,120,727

	Number of shares	Number of shares
Opening balance	404,071,146	303,053,646
Settlement of convertible note	925,000,000	-
Issued during the period	20,000,000	101,017,500
Closing balance	1,349,071,146	404,071,146

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.

19. Reserves

Options and Share Based Payments Reserve

	Consolidated	
	Year Ended 30 June 2016	**Year Ended 30 June 2015**
	$	**$**
At the beginning of the reporting period	2,502,913	2,502,913
Options issued	-	-
Expiration of share options	(2,502,913)	-
At reporting date	-	2,502,913

	Number of options	**Number of options**
Opening balance	4,000,000	162,107,260
Issued during the period	-	-
Forfeited during the period	-	-
Expired during the period	(4,000,000)	(158,107,260)
Closing balance	-	4,000,000

20. Other Components of Equity

The details of other reserves are as follows:

	AFS financial assets reserve	**Total**
	$	**$**
Balance at 1 July 2014	-	-
OCI for the year:		
AFS financial assets:		
Current year gains	-	-
Balance at 30 June 2015	-	-

	AFS financial assets reserve	**Total**
	$	**$**
Balance at 1 July 2015	-	-
OCI for the year:		
AFS financial assets:		
Current year gains	14,698	14,698
Balance at 30 June 2016	14,698	14,698

21. Accumulated Losses

Accumulated Losses

	Consolidated	
	Year Ended 30 June 2016	**Year Ended 30 June 2015**
	$	**$**
At the beginning of the reporting period	33,536,165	23,176,440
Loss for the period	7,119,882	10,359,725
Expiration of share options	(2,502,913)	-
At reporting date	38,153,134	33,536,165

22. 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. *Discontinued 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 10).

Segment Performance	Gold		Iron Ore		Unallocated		Total	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Operating sales revenue	-	-	-	-	-	-	-	-
Revenues from discontinued operations	-	3,276,860	-	-	-	-	-	3,276,860
Cost of sales	-	-	-	-	-	-	-	-
Cost of goods sold from discontinued operations	-	(2,974,607)	-	-	-	-	-	(2,974,607)
Other income	-	158,268	-	-	3,904	23,317	3,904	181,585
Forgiveness of debt	-	-	-	-	146,974	-	146,974	-
Fair value gain/(loss) on embedded derivative	-	-	-	-	(6,780,000)	(2,797,125)	(6,780,000)	(2,797,125)
Employee benefits expenses	-	-	-	-	(3,267)	(56,634)	(3,267)	(56,634)
Consulting fees	-	-	-	-	(89,417)	(42,945)	(89,417)	(42,945)
Administration expenses	-	(243)	(156)	(243)	(97,115)	(129,022)	(97,271)	(129,508)
Depreciation	-	-	-	-	-	(1,525)	-	(1,525)
Due diligence expenses	-	-	-	-	(42,500)	-	(42,500)	-
Finance costs	-	-	-	-	(178,139)	(1,282,236)	(178,139)	(1,282,236)
Impairment of exploration and evaluation	-	(71,888)	-	(934)	-	-	-	(72,822)
Occupancy costs	-	-	-	-	(2,938)	(9,976)	(2,938)	(9,976)
Directors' fees	-	-	-	-	(49,583)	(85,775)	(49,583)	(85,775)
Change in fair value of financial assets	-	-	-	-	14,698	-	14,698	-
Other expenses	-	(1,747)	(51)	(52)	(27,152)	(159,396)	(27,203)	(161,195)
	-	84,390	(207)	(1,229)	(7,104,535)	(4,541,317)	(7,104,742)	(4,458,156)
Operating losses from discontinued operations	(442)	(6,203,822)	-	-	-	-	(442)	(6,203,822)
Loss for the period	(442)	(5,817,179)	(207)	(1,229)	(7,104,535)	(4,541,317)	(7,105,184)	(10,359,725)

	Gold		Iron Ore		Unallocated		Total	
	2016 **$**	**2015** **$**	**2016** **$**	**2015** **$**	**2016** **$**	**2015**	**2016** **$**	**2015** **$**
Segment Assets								
Exploration Expenditure								
Opening balance	-	6,383,533	-	-	-	-	-	6,383,533
Exploration expenses	-	298,941	-	934	-	-	-	299,875
Exploration Written off	-	(6,227,474)	-	(934)	-	-	-	(6,228,408)
Amortisation	-	-	-	-	-	-	-	-
Transferred to assets								
Classified as held for re-sale	-	(455,000)	-	-	-	-	-	(455,000)
	-	-	-	-	-	-	-	-
Other assets	-	455,000	2,721	3,093	215,093	313,470	217,814	771,563
Total Assets	-	455,000	2,721	3,093	215,093	313,470	217,814	771,563
Segment liabilities	-	-	-	(165)	(16,099)	(6,683,923)	(16,099)	(6,684,088)
Net Assets	-	455,000	2,721	2,928	198,994	(6,370,453)	201,715	(5,912,525)

23. 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

	Consolidated	
	Year Ended 30 June 2016 $	**Year Ended 30 June 2015 $**
Cash at bank and in hand	173,252	307,221
Reconciliation of loss after income tax to net cash outflow from operating activities		
Loss for the year	(7,105,184)	(10,359,725)
Non-cash flows in loss from ordinary activities		
Depreciation expenses	-	1,525
Loss on write off of property, plant and equipment	-	53,256
Forgiveness of debt	(268,477)	-
Finance costs	178,139	1,282,236
Fair value loss on embedded derivative	6,780,000	2,797,125
Gain on the financial assets available for sale	(14,698)	(1,970)
Exploration expenditure written off	-	6,221,207
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(20,522)	514,285
(Increase)/Decrease in inventory	-	3,257,977
Increase/(Decrease) in trade and other payables	(86,047)	(3,267,592)
Increase/(Decrease) in provisions	-	(1,456,467)
Net cash used in operating activities	(536,789)	(958,143)

24. Controlled Entities

a. Composition of the Group

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 2016 %	2015 %
Golden Iron Resources Ltd	Gold Exploration	Australia	-	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

*Subsequent to year end the entity was deregistered. The effect is immaterial to financial statements.

b. Losing control over a subsidiary during the reporting period

During the year, the Group disposed of its 100% equity interest in its subsidiary, Golden Iron Resources Ltd. The subsidiary was classified as held for sale in the 2015 financial statements (see Note 10).

Consideration of $455,000 was received in 2016. At the date of disposal, the carrying amounts of Golden Iron Resources Ltd's net assets were as follows:

	$
Non-current assets:	
Property, plant and equipment	-
Exploration and evaluation expenditure assets	455,000
Current assets	
Inventories	-
Other receivables	-
Cash and cash equivalents	-
Total assets	455,000
Current liabilities	
Trade and other payables	-
Total liabilities	
Total net assets	455,000
Net cash received	**455,000**
Loss on disposal	**-**

25. Commitments and Contingencies

	Consolidated	
	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Exploration Expenditure		
No later than one (1) year	-	-
Longer than one(1) year, but not longer than five (5) years	-	-
Longer than five (5) years	-	-
	-	-

During the 2015 year (refer Note 10), Vector disposed of its entire tenement portfolio and as such has no exploration expenditure commitments post 30 June 2015.

26. 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 2016 $	Year Ended 30 June 2015 $
Brillo Investments Ltd	-	(80,666)
Gary Castledine	-	(80,000)
Mandevilla Pty Ltd	-	(152,000)
Lost State Pty Ltd	-	(280,077)
	-	(592,743)

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 earned by 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

	Consolidated	
	Year Ended 30 June 2016 $	**Year Ended 30 June 2015 $**
Short-term	156,152	282,907
Forgiveness of debt	(267,919)	-
Post-employment superannuation		-
Option based payments		-
	(111,767)	282,907

During the year, the directors forgave directors' fees and consulting fees totalling $267,918. Details of the movement in the fees payable to the directors are set out in the table below:

	B Williams $	G Castledine $	N Bassett $	G Povey $	Total $
Payable at 30 June 2015	**80,666**	**80,000**	**152,000**	**280,077**	**592,743**
Invoiced including GST through 2016	29,335	30,000	70,933	45,767	176,035
Fees Forgiven*	(42,145)	(19,417)	(85,413)	(120,944)	(267,919)
GST Forgiven*	(4,215)	(1,942)	(8,541)	(12,094)	(26,792)
Payout	(63,641)	(88,641)	(128,979)	(192,806)	(474,067)
Outstanding as at 30 June 2016	**-**	**-**	**-**	**-**	**-**

*Fees forgiven and GST forgiven were applied against 2016 payables first and the remaining balance was applied against 2015 payables.

27. 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 the Company:

1. Entered into a binding heads of agreement to acquire a 70% interest in the Maniema Gold Project in the Democratic Republic of Congo; and

2. Announced that it is proposing to raise $1,650,000 to complete the acquisition of the Maniema Gold Project and to fund planned exploration activities over the next 12 months, further particulars of which are detailed in the *Review of Activities*.

28. Earnings per Share

	Consolidated	
	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Net loss for the year	(7,105,184)	(10,359,725)
Weighted average number of ordinary shares outstanding during the year used in calculations of EPS	1,306,448,195	359,235,972
EPS – dollars	(0.005)	(0.0288)
Diluted EPS - dollars	(0.005)	(0.0288)

29. Parent Entity Information

	Consolidated	
Information relating to Vector Resources Ltd	**Year Ended 30 June 2016 $**	**Year Ended 30 June 2015 $**
Current Assets	217,814	5,435,981
Total Assets	217,817	5,435,984
Current Liabilities	(16,099)	(679,083)
Total Liabilities	(16,099)	(6,668,889)
Net Assets	201,718	(1,232,905)
Issued Capital	38,340,151	25,120,727
Option Reserve	-	2,502,913
Accumulated losses	(38,138,433)	(28,856,545)
Total Shareholder's Equity	201,718	(1,232,905)
Loss of the parent Entity	(7,108,113)	(2,160,038)
Total Loss of the parent entity	(7,108,113)	(2,160,038)

30. Contingent Liabilities and Contingent Assets

There are no material contingent liabilities or contingent assets of the Group at balance date.

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:

2016

	Number of options	Weighted Average Exercise Price
Opening balance	4,000,000	$0.40
Issued during the period	-	-
Expired during the period	(4,000,000)	$0.40
Exercised during the period	-	-
Closing balance	-	-

There were no outstanding options at the end of the reporting period.

2015

	Number of options	Weighted Average Exercise Price
Opening balance	162,107,260	$0.25
Issued during the period	-	-
Forfeited during the period	(158,107,260)	-
Exercised during the period	-	-
Closing balance	4,000,000	$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.

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the *Australian Securities Exchange* (ASX) listing rules as at 16 September 2016.

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	Spinite Pty Ltd	100,000,000	7.41%
4	Myra Nominees Pty Ltd	100,000,000	7.41%
5	Comprehensive Investments Pty Ltd	65,500,000	4.86%
6	Eagle Brilliant Holdings Limited	51,090,538	3.79%
7	Chaleyer Holdings Pty Ltd <Rubben Family A/C>	50,000,000	3.71%
8	Filmrim Pty Ltd	48,000,000	3.56%
9	Melanie Therese Verheggen	42,644,660	3.16%
10	Josephus Jeffrey Verheggen	30,000,000	2.22%
11	SGI Pty Ltd <SGI Unit A/C>	25,000,000	1.85%
12	Delmace Pty Ltd <R & C Super Fund A/C>	25,000,000	1.85%
13	Filmrim Pty Ltd <Majufe Super A/C>	25,000,000	1.85%
14	Lobster Beach Pty Ltd	24,000,000	1.78%
15	Gleneagle Securities Nominees Pty Ltd	23,542,500	1.75%
16	Investor Capital (Singapore) Pte Ltd	20,000,000	1.48%
17	Hawera Pty Ltd <The Bailey Family A/C>	17,666,666	1.31%
18	RPM Super Pty Ltd <RPM Super Fund>	17,000,000	1.26%
19	Slade Technologies Pty Ltd <Embrey Family S/Fund>	16,536,988	1.23%
20	Josephus Jeffrey Verheggen	15,250,000	1.13%
		947,634,752	70.25%

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%
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	28	2,115
1,001-5,000	43	143,658
5,001-10,000	137	1,233,203
10,001-100,000	552	23,612,252
100,001 and over	346	1,324,079,918
Total	**1,106**	**1,349,071,146**
Unmarketable Parcels	835	34,956,050

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

Stock Exchange Listing

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

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.

vector
resources ltd

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance statement of Vector Resources Limited (the 'company') has been prepared in accordance with the 3rd Edition of the Australian 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 29 September 2016.

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.

During the year, the role of Chief Executive Officer was facilitated by Managing Director Mr Glyn Povey until his resignation on 22 June 2016. The Company currently has no executives and this 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 form 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	7 years 7 months	Independent – Non-Executive Chairman
Michael Hendriks	22 June 2016	3 months	Independent – Non-Executive Director
Neville Bassett	22 April 2010	6 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 Michael Hendriks and Mr Neville Bassett are independent non-executive directors. 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 2016 and the half-year ended 31 December 2015, 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.

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.