

KordaMentha

ASX Announcement

26 February 2021

Vector Resources Limited (Administrators Appointed)
ACN 107 541 453 ('Vector' or 'the Company')
ASX:VEC

Update on Administration

As previously announced on 21 September 2020, Vector received notice of breach by the Company of the Adidi Kanga Share Sale and Purchase Agreement ('SSPA') from Mongbwalu Goldfields Investment Ltd ('MGI'). Subsequently, MGI requested that the escrow agent, Harneys Corporate Services Limited ('HCSL'), deliver to MGI the Company's shares in Mongbwalu Goldfields Investment Holdings 6 Limited ('MGIH6') which are held in escrow under the terms of the Escrow Agreement.

Vector and MGI have been in dispute since this time. We provide an update in terms of the dispute and various related matters below. We have also provided an update on the recapitalisation process involving Vector.

BVI Injunction Proceedings

Further to the announcement on 23 November 2020, we advise that the injunction brought against HCSL in the Eastern Caribbean Supreme Court in the British Virgin Islands ('BVI') was discharged on 22 January 2021. The court subsequently granted a stay of execution on the release of the escrow documents until 25 February 2021. Following this decision Vector commenced an action in the Federal Court of Australia and a further action for a stop notice in the BVI which are discussed below.

Federal Court Proceedings

On 24 February 2021, Vector was successful in obtaining orders in the Federal Court of Australia including that MGI is prohibited from enforcing the escrow arrangement (concerning HCSL holding Vector's shares in MGIH6) to effect a transfer of shares to MGI during Vector's voluntary administration. Importantly, the court also found that the Administrators were justified in seeking the intervention of the court in this matter for the benefit of all creditors in the administration of the Company.

Stop Notice Proceedings

On 24 February 2021, Vector also made an application in the Eastern Caribbean Supreme Court in the BVI for a stop notice to be issued to MGIH6 and HCSL. The effect of the stop notice is that HCSL as escrow agent must refrain from the transfer of, or any other dealings associated with, Vector's shares in MGIH6 without first providing Vector and its legal advisers with 14 days' notice in relation to its intended course of action.

International Chamber of Commerce

On 18 December 2020, the Company's legal advisers filed a Request for Arbitration between MGI and the Company in the International Chamber of Commerce ('ICC') as is contemplated under the dispute resolution process outlined in the sale documents governing Vector's acquisition of its interest in the Adidi-Kanga project. The first tranche of arbitration costs have now been paid to the ICC and tribunal members have been allocated to the dispute. This matter otherwise continues to progress under the direction of the ICC.

Recapitalisation process

The Administrators continue to work with a number of parties interested in the recapitalisation of Vector.

The Administrators remain committed to the preservation and maximisation of value through the recapitalisation process and thank you for your support during this period.

Claims by MGI

On 19 December 2020, MGI purported to terminate the SSPA on the basis of Vector entering into voluntary administration. The Administrators have rejected MGI's purported termination and have reserved all rights in respect of MGI's assertion.

The contact details for the Voluntary Administrators are:

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About KordaMentha Restructuring

KordaMentha Restructuring is the distressed business division of KordaMentha, an advisory and investment firm that helps clients to grow, protect and recover value.

KordaMentha Restructuring works with companies in financial distress – to restructure and to stabilise the business or to recover value on behalf of stakeholders. They have over 170 professional staff with diverse backgrounds and deep experience from accounting and agriculture to mining and real estate.