



## ASX ANNOUNCEMENT

26 February 2018

ASX Market Announcements

ASX Limited

20 Bridge Street

Sydney NSW 2000

### Kibali South and Nizi Gold Projects Due Diligence Completed - Formal Decision to Proceed with Joint Venture Agreements

- Successful completion of technical and legal due diligence by Vector's technical management team and in-country legal consultants
- Vector has now formally advised state-owned company Société Minière de Kilo Moto of its decision to now proceed and finalise all necessary agreements and documentation to develop the Kibali South and Nizi Gold Projects
- The Kibali South Gold Project is located adjacent to and within the world-class Kibali Gold Mine, Africa's largest producing gold mine, developed at a total capital cost of approx. US\$2.5billion, with currently over 27Mozs of gold resources and operated by Randgold Resources under joint venture with AngloGold Ashanti and Société Minière de Kilo Moto
- The Nizi Gold Project comprises several identified gold prospects including the Baluma Gold Oxide Project and the King Leopold Gold Mine and is located just 43km from the Company's other major gold mine acquisition, the world-class Adidi-Kanga Gold Project (refer ASX Release 22 December 2017)
- The proposed Kibali South and Nizi Gold Project acquisitions are in addition to the previously announced Adidi-Kanga Gold Project acquisition and the Company's existing joint venture at the Maniema Gold Project

Vector Resources Limited ("Vector" or the "Company") is pleased to announce that it has successfully completed its legal and technical due diligence and formally notified Société Minière de Kilo Moto ("SOKIMO") of its decision to proceed with the establishment of a joint venture for the exploration and development of the Kibali South Gold Project and a development Partnership for the exploration and development of the Nizi Gold Project.

In December 2017, the Company announced (refer ASX Release 7 December 2017) that it had signed two agreements with SOKIMO under which it was granted 90 days to

finalise its due diligence on the Kibali South and Nizi Gold Projects ("Projects") located in the Ituri and Kilo Provinces in north-eastern Democratic Republic of Congo ("DRC").

The Company has during this 90 day period, had its technical management team and consultants complete a number of site visits to both the Kibali South and Nizi Gold Projects in order to assess the historical exploration and resource drilling, review historical production records where applicable, and review all other technical or project related information that was available. In addition, the Company's legal consultants in the DRC have completed a review of the granted mining licenses and legal tenure.

In January 2018, the Company announced (refer **ASX Release 5 January 2018**) that it had yet to identify any major technical issues or highlighted any areas of concern.

The completion now of the Company's detailed due diligence on the Projects has allowed this statement to remain true and the Company can confirm that it has not identified any material or significant issues associated with the Kibali South and Nizi Gold Projects, that it believes should prevent it from proceeding with the transactions.

The Company recognises that whilst the Projects are at various stages of exploration and development, both Project's offer major opportunities for the Company to significantly expand its exploration and development activities in DRC's gold sector with the addition of these multi-million-ounce gold projects.

It is now proposed that the Company and SOKIMO will proceed and finalise the key agreements and documentation which will incorporate the agreed commercial and joint venture terms following the findings of the legal and technical due diligence.

The Nizi Gold Project is proposed to be the subject of a joint partnership for the sole purpose of developing the Nizi Gold assets. The joint partnership agreement will establish the various commercial and legal terms required by Vector and SOKIMO. This form of agreement is in line with the requirements of SOKIMO, and Vector sees this as a strong strategic alliance to assist SOKIMO to realise better value from the Nizi Gold Project.

It remains the intention that Vector will operate and manage the Projects and will be responsible to undertake all exploration and development activities under a Joint Board and Technical Management Team comprising representatives of both Vector and SOKIMO. The aim is the completion of all necessary technical studies in order to advance to a formal commitment to develop the assets as standalone gold operations within two years of the incorporation of the new joint venture and Partnership.

Vector will be solely responsible for the funding all exploration expenditure and meet 100% of the costs to complete the Preliminary and Definitive Feasibility Studies as well as all ongoing government and regulatory costs associated with both gold projects.

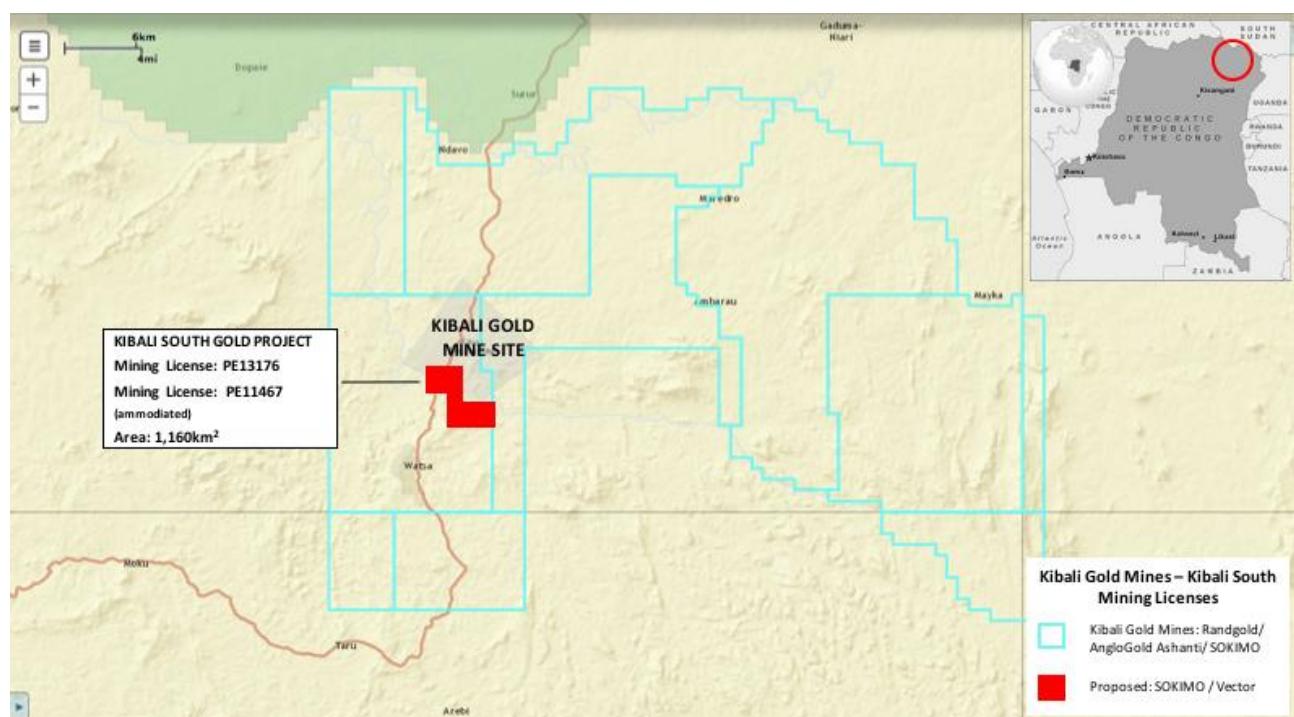
At all times during these exploration and development activities, Vector will look to utilise SOKIMO's existing resources and capabilities to assist in the accelerated implementation and completion of the exploration and feasibility study activities.

Of particular significance, both Vector and SOKIMO will identify ways to ensure the broad and ongoing participation in the Kibali South Gold Project and Nizi Gold Project by the nearby and surrounding communities in order to ensure that benefits from the future operation accrue to all stakeholders at all times.

## PROJECT INFORMATION

### Kibali South Gold Project

The Kibali South Gold Project is located in the Moto goldfields of the north-east DRC, approx. 560km north east of the city of Kisangani and 150km west of the Ugandan border town of Arua.



**Figure 1:** Location of the Kibali South Gold Project relative to the Kibali Gold Mine and Kibali Goldmines licenses

The Kibali South Gold Project is situated on two permit areas, Mining License PE13176 and Mining License PE11467, and is located immediately adjacent to the Kibali Gold Mine, a joint venture between Randgold Resources Limited ("Randgold") (45%), AngloGold Ashanti ("Anglo") (45%) and SOKIMO (10%). Kibali Goldmines operates the Kibali Gold Mine, which is Africa's largest gold mining operation.

The Kibali Gold Mine has total proved and probable reserves of 9.2Mozs and additional total resources of 17.4Mozs. It is an integrated open pit and underground operation

with twin declines, a vertical shaft and a 7.2Mtpa processing plant. The Kibali Gold Mine poured its first gold in September 2013 and in 2016 produced 585,946ozs at total cash costs of US\$736/oz. It has been developed at an estimated cost of US\$2.5 billion.

The Kibali South Gold Project covers an area of approximately 5kms by 3kms, near the town of Watsa, south of the Kibali River. It is in very close proximity to the Kibali Gold Mine and associated infrastructure.

SOKIMO hold 100% of PE13176 upon which the majority of the Kibali South Gold Project is located. SOKIMO has received an amodiation from Kibali Goldmines in respect to the portion of PE11467 (one of the main Mining Licenses that makes up the Kibali Gold Mine) that holds the balance of the Kibali South Gold Project.



**Figure 2 and 3:** The Kibali South Gold Project is located approx. 1km to 2km from the Kibali Gold Mine and Processing Plant

SOKIMO has signed a *Contract d'Assistance Technique et Financiere* under which Kibali Goldmines must locate, drill and return to SOKIMO new deposits that may be mined economically by them. This is the basis under which part of PE11467 has been "carved-out" and provided to SOKIMO and will now form part of the proposed joint venture with Vector.

### Nizi Gold Project

The Nizi Gold Project is located in the Ituri Province of the DRC approx. 120km south-east of the Kibali South Gold Project and 25km from the town of Bunia. The Nizi Gold Project is situated on Mining License PE5110.

The license area is the site of the previously operated King Leopold Mine, that was mined during Belgium colonial times and operated between 1908 to the 1960's.

It is proposed that the Company will complete a more detailed exploration plan for the Nizi Gold Project once the transaction is completed, with the expectation that particular attention will be paid to the King Leopold Gold Mine, where reports indicate that there are 7 veins identified at Nizi of which only 2 (veins 1 and 2) have previously been mined.

The Company is confident that the area remains highly prospective for gold based on on-going artisanal mining that also continues in the area.

The Company's CEO, Mr Simon Youds noted that "the addition of these two major gold projects will only further enhance the enviable gold endowment we are creating within the DRC and will see us strategically partnered with SOKIMO".

ENDS

**Simon Youds**

Chief Executive Officer

**For further information:**

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**About Vector Resources Limited**

Vector Resources Limited (ASX:VEC) is an Australian Securities Exchange listed gold exploration and development company focused on the Maniema Gold Project in the Democratic Republic of Congo.

The Maniema Gold Project was acquired by the Company in December 2016. The Project is located in the world renowned and under explored Twangiza-Namoya Gold corridor. The Project comprises seven granted exploitation licences: PR4792, PR4801, PR4803, PR4804, PR4805, PR4806 and PR4812 and which cover an area of over 500km<sup>2</sup> and include seven main prospects; Kabotshome, Mbutu, Mitunda, Mbala, Eveche, Lukele and Tubambo that have been defined within the project area from previous and recent exploration. The Kabotshome Gold Prospect is the most advanced with an Inferred Mineral Resource (JORC 2012) estimate of 7.0 million tonnes at 1.88g/t gold for 421,000 ounces of gold.

**Competent Person Statement**

The information in this release that relates to sampling techniques and data, exploration results, geological interpretation and Exploration Targets, Mineral Resources or Ore Reserves has been 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.

**Forward looking statements**

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will",

"expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.