



ASX ANNOUNCEMENT

5 October 2018

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

CLEANSING PROSPECTUS

Vector Resources Limited (“**Vector**” or the “**Company**”) has today lodged with the Australian Securities and Investments Commission a prospectus pursuant to section 708A(11) of the *Corporations Act 2001* (Cth), the purpose of which is not to raise capital but to facilitate secondary trading of any shares that may be issued by the Company before the closing date under the prospectus.

To ensure shares issued are freely tradeable (i.e. not subject to secondary trading restrictions in the Corporations Act) the Company is obliged to issue a cleansing notice under section 708A(5) of the Corporations Act (Cleansing Notice), or issuing a prospectus under section 708A(11) of the Corporations Act.

The Company is unable to issue a Cleansing Notice as its shares were suspended from trading on ASX for more than five (5) trading days over the last 12 months. Accordingly, the primary purpose of the prospectus is to facilitate secondary trading of any shares that may be issued by the Company before the closing date under the prospectus.

- ENDS -

Simon Youds
Chief Executive Officer

For further information:

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Vector Resources Limited
ACN 107 541 453



PROSPECTUS

For the offer of 10,000 Shares at an issue price of \$0.05 per Share to raise up to \$500 (**Offer**).

The Offer opens on 5 October 2018 and closes at 5.00pm (WST) on 21 December 2018.

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any secondary trading restrictions that would otherwise apply to Shares issued by the Company prior to the Closing Date.

Refer to sections 1 and 2 of this Prospectus for more information in respect of the Offer.

IMPORTANT NOTICE

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. Please read the instructions in this document and on the accompanying Application Forms regarding acceptance of each Offer. If you do not understand this document, you should consult your professional adviser. The Securities offered by this Prospectus should be considered as a speculative investment.

Important information

General

This Prospectus is dated 5 October 2018 and was lodged with the Australian Securities and Investment Commission (**ASIC**) on the same date. Neither ASIC nor ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange (**ASX**) takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction specific prospectus for the offer of Shares (being continuously quoted securities under the Corporations Act), prepared in accordance with section 713 of the Corporations Act. In preparing this Prospectus, regard has been had to the fact that the Company is a 'disclosing entity' for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers.

Shares will not be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Electronic prospectus

This Prospectus may be viewed in electronic form at <https://www.vectorres.com.au> by Australian investors only. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by contacting the Company. The information on the Company's website does not form part of this Prospectus.

Risk factors

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the assumptions underlying the prospective financial information and the risk factors that could affect the performance of the Company. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest.

Applications

Applications for Shares by eligible participants may only be made on an Application Form attached to or accompanying the Prospectus. Please read the instructions in this Prospectus and on the accompanying Application Forms regarding the acceptance of the Offer. By returning an Application Form, lodging an Application Form with your stockbroker or otherwise arranging for payment for Shares in accordance with the instructions on the Application Form, an Applicant will be taken to acknowledge that they have received and read this Prospectus, have acted in accordance with the terms of the Offer to which the application applies and agreed to all of the terms and conditions as detailed in this Prospectus.

Applicants from overseas

This Prospectus does not make the Offer to investors who reside outside of Australia. The distribution of this Prospectus and the Application Forms (including electronic copies) outside Australia may be restricted by law. This Prospectus does not, and is not intended

to, constitute the Offer or invitation in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such the Offer or invitation. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Please refer to section 2.11 for further information.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including the ASX website at www.asx.com.au). The contents of any website or filing with ASIC or ASX by the Company are not incorporated into this Prospectus and do not constitute part of the Offer unless otherwise expressly stated. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company or subscribe for Shares.

The Company has not authorised any person to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any such extraneous information or representation may not be relied upon.

Forward-looking statements

This Prospectus includes forward-looking statements that have been based on current expectations about future acts, events and circumstances, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These forward-looking statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

Accordingly, the Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur. Further, except during the Offer Period and otherwise as required by law, the Company may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

Meaning of terms

Capitalised terms and certain other terms used in this Prospectus are defined in the Glossary in section 9.

Currency

References to "\$", "A\$", "AUD", or "dollar" are references to Australian currency, unless otherwise stated.

Time

References to time relate to the time in Perth, Western Australia, unless otherwise stated.

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Corporate Directory

Directors

Mr Gary Castledine
(Non-Executive Chairman)

Mr Michael Hendriks
(Non-Executive Director)

Mr Jason Brewer
(Non-Executive Director)

Company Secretary

Mr Andrew Steers

Registered Office and Principal Office

Suite 16
83 Mill Point Road
South Perth, Western Australia 6151

Email: info@vectorres.com.au

ASX Code

VEC

Website

www.vectorres.com.au

Solicitors to the Offer

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Telephone: +61 8 9426 6611
Facsimile: +61 8 9321 2002

Securities Registry*

Link Market Services Limited
Level 12, QV1 Building
250 St Georges Terrace
Perth, Western Australia 6000

Telephone: 1300 554 474
or +61 2 8280 7111

Auditor*

Ernst & Young
11 Mounts Bay Road
Perth, Western Australia 6000

Telephone: +61 8 9429 2222
Facsimile: +61 8 9429 2436

*Included for information purposes only. These entities have not been involved in the preparation of this Prospectus.

1. Investment Overview

1.1 Introduction

Vector Resources is an Australian Securities Exchange listed gold exploration and development company focused on gold exploration and development projects in the Democratic Republic of Congo (DRC). Vector currently owns the Maniema Gold Project in the DRC, which was acquired in December 2016.

The Company will continue to focus its operating and geological activities on advancing the Maniema Gold Project in the DRC. In addition, the Company will continue to review and assess new opportunities to add further gold projects in Africa.

1.2 Purpose of the Offer

On 21 September 2018, the Company held a general meeting of its shareholders where it obtained approval to issue the followings Shares:

- (a) issue of up to 50,000,000 Shares to Cuart Investments PCC Ltd (or its nominees) to satisfy debts owing to Cuart Investments PCC Ltd;
- (b) issue up to 8,250,000 Shares to Mr Bin Liu (or his nominees) to satisfy debts owing to Mr Liu;
- (c) issue up to 8,250,000 Shares to Mr John Boardman (or his nominees) to satisfy debts owing to Mr Liu;
- (d) issue a total of US\$5,000,000 of Shares to Mongbwalu Goldfields Investments Limited (MGI) (or the parties nominated by MGI), as consideration under the Sale Agreement at an issue price of A\$0.022 OR issue a total of US\$5,000,000 to private investors to raise cash of US\$5,000,000 to fund the consideration due to MGI at a price of no less than A\$0.022;
- (e) issue 10,000,000 Shares to Medea Natural Resources Limited (or its nominees) as consideration for its services to the Company as debt and structured finance advisors; and
- (f) issue up to 300,000,000 Shares as a future issue of Shares to sophisticated and professional investors.

The Company is obliged to ensure that the Shares issued upon their exercise are not subject to the secondary sale restrictions in the Corporations Act.

The Company is unable to issue a cleansing notice under section 708A(5) of the Corporations Act as its Shares have been suspended from trading on ASX for more than five trading days in the last 12 months.

Accordingly, the primary purpose of this Prospectus is to facilitate secondary trading of any Shares that may be issued by the Company as referred to above and any issue of Shares to sophisticated and professional investors under the Company's 15% placement capacity, made before the Closing Date, being 5.00pm on 21 December 2018.

Refer to section 2.2 for further details.

1.3 Company's assets

The Company's primary asset is the Maniema Gold Project in the DRC.

The Maniema Gold Project currently comprises of seven main prospects, being the Kabotshome, Mbutu, Mitunda, Mbala and Tubambo prospects.

Details of the Company's assets and current activities are set out in the announcements made to ASX and are available on the ASX website, www.asx.com.au, using the Company's ASX code 'VEC', or the Company's website at vectorres.com.au.

1.4 Key investment risks

The risks set out below have been identified as being key risks specific to an investment in the Securities offered by the Company pursuant to this Prospectus. These risks may adversely affect the Company's financial position, prospects and price of its Securities.

(a) Acquisition Risk

The Company is currently finalising the remaining conditions precedent for the acquisition of a 60% interest in the Adidi-Kanga Gold Project in the DRC.

There is a risk that this transaction is not finalised and completed by the various parties and as such the Company does not acquire its 60% interest in the Adidi-Kanga Project.

In addition, the Company is negotiating final commercial and partnership terms with Société Minière de Kilo Moto (SOKIMO) for the potential acquisition of a 60-70% interest in the Kibali South Gold Project and the Nizi Gold Project.

There is a risk that these acquisitions with SOKIMO are not finalised and that the Company does not acquire an interest in the Kibali South and/or the Nizi Gold Projects.

(b) Lease and licence risk

The Company's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate Licences (including the licences, concessions, leases, permits and regulatory consents in the DRC) which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, may depend on the Company being successful in obtaining the required statutory approvals for its proposed activities and having the licences, concessions, leases, permits or consents that it holds renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection with them.

In particular, there are risks that the Licences may not be renewed when required, may be withdrawn, may be made subject to limitations at the discretion of the government or authorities of the DRC or that changes to the conditions of the Licences will impact on the Company and its activities.

(c) Future capital requirements

The Company will most likely require further financing for its future business activities, in addition to amounts raised pursuant to the Offer. Any additional equity financing may be dilutive to Shareholders, undertaken at lower prices than the current market price or involve restrictive conditions which limit the Company's operations and business strategies.

No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a materially adverse effect on the Company's activities and its ability to continue as a going concern.

(d) Key personnel

Recruiting and retaining qualified personnel is important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong. If such persons cease to be employed

or otherwise engaged by the Company for whatever reason, the Company may be adversely affected.

(e) **Commodity price fluctuations**

The Company's potential earnings will be largely derived from the sale of mineral commodities. Accordingly, the Company's future revenues and cash flow will be impacted by fluctuations in the prices and available markets of these commodities. Any future revenue derived through any future sales of valuable minerals exposes the potential income of the Company to commodity price risks.

Commodity prices fluctuate and may be affected by numerous factors beyond the control of the Company including:

- A. current and expected future supply and demand for relevant commodities in the region and globally;
- B. forward-selling by producers;
- C. the level of production costs in major commodity-producing regions;
- D. macroeconomic factors such as expectations regarding inflation and interest rates; and
- E. the development of new technologies including any substitute products in relation to the current uses of particular commodities.

Any substantial decline in the price of those commodities or in transport or distribution costs may have a material adverse effect on the Company and the value of its Shares.

Refer to section 4 for further details of the key risks relevant to an investment in the Company.

1.5 The Board

The Board currently comprises three non-executive Directors, being Mr Gary Castledine (Non-Executive Chairman), Mr Michael Hendriks (Non-Executive Director) and Mr Jason Brewer (Non-Executive Director).

Biographies of the Directors are detailed below.

Gary Castledine – Non-executive Chairman

Gary Castledine has over 20 years' experience in stockbroking and capital markets. He was previously a founding director and 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.

Michael Hendriks – Non-executive Director

Michael 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.

Jason Brewer – Non-executive Director

Jason Brewer has over 18 years' international experience in the natural resources sector and in investment banking.

Mr Brewer has experience in a variety of commodities having worked in underground and opencast mining operations in Australia, Canada and South Africa. In addition, he has worked for major global investment banks including Dresdner Kleinwort Benson, NM Rothschild & Sons (Australia) Limited and Investec Bank (Australia) Limited in London, Sydney and Perth. He has extensive experience in delivery of African projects and has significant experience as an ASX company Director.

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2. Details of the Offer

2.1 Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 10,000 new Shares at an issue price of \$0.05 per new Share to raise up to \$500 (before expenses).

The Offer will only be extended to specific parties on invitation from the Directors.

Application Forms will only be provided by the Company to these parties.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

2.2 Purpose of Offer

The Company is seeking to raise only a nominal amount of \$500 under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company before the Closing Date.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body;
- (b) either:
 - (i) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

2.3 Applications for Shares

Applications for Shares may be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.05 per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered to the Company by the Closing Date at the following address:

The Company Secretary
Suite 16
83 Mill Point Road
South Perth, Western Australia 6151

Cheques must be made payable to "Vector Resources – Share Offer Account" and crossed "Not Negotiable".

An original, completed and lodged Application Form constitutes a binding and irrevocable offer to subscribe for the number of Options specified in that Application Form. The Application Form does not need to be signed to be valid.

If an Application Form is not completed correctly, it may be treated by the Company as valid at its discretion. The Directors' decision as to whether to treat such an Application Form as valid and how to construe, amend or complete a form is final.

2.4 Timetable

The Offer will open for receipt of Applications on 5 October 2018 and will close at 5.00pm (WST) on 21 December 2018.

The Directors reserve the right to extend the Offer Period or close the Offer prior to the Closing Date, subject to the requirements of the Corporations Act and the Listing Rules.

2.5 Issue of Shares

The Shares offered under the Offer are expected to be issued on 24 December 2018, and in any event as soon as practicable following the Closing Date for the Offer.

Holding Statements with respect to the Shares offered under the Offer are expected to be issued on 27 December 2018. The sale by an Applicant of any Shares prior to the receipt of a Holding Statement is at the Applicant's own risk.

2.6 ASX quotation

The Company will apply for Official Quotation on ASX of any Shares issued pursuant to this Prospectus within 7 days of the date of this Prospectus.

If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

2.7 Minimum subscription

The Offer is not subject to any minimum subscription condition or requirement.

2.8 Underwriting

The Offer is not underwritten.

2.9 Withdrawal

The Directors may decide to withdraw this Prospectus or the Offer at any time before issue of any Shares.

2.10 Application Moneys to be held on trust

Application Money will be held by the Company on trust in accordance with the requirements of the Corporations Act until the Shares to which the Application Money relates are issued under the Offer, or a refund of Application Money occurs in the circumstances described in this Prospectus.

The Company will retain any interest earned on Application Money, including in the event of any refund of Application Money.

2.11 Applicants outside of Australia

This Prospectus does not constitute the Offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer.

It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional adviser as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be issued Shares. Return of a duly completed Application Form will constitute a representation and warranty by an Applicant that there has not been any breach of such regulations.

The Company has not taken any action to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

Prospective investors located outside Australia are advised that the information contained within this Prospectus has not been prepared with regard to matters that may be of particular concern to them. Accordingly, prospective investors located outside Australia should consult with their own legal, financial and tax advisors concerning the information contained within the Prospectus and as to the suitability of an investment in the Shares in their particular circumstances.

2.12 CHESS and issuer sponsorship

The Company participates in the Clearing House Electronic Sub-Register System (**CHESS**), operated by ASX Settlement (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Rules. The Company operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of its Securities.

Under CHESS, the Company does not issue certificates to the holders of Securities. Instead, the Company provides holders with a Holding Statement (similar to a bank account statement) that sets out the number of Shares allotted and issued to them under this Prospectus.

This Holding Statement also advises investors of either their Holder Identification Number (**HIN**) in the case of a holding on the CHESS sub-register or Security Holder Reference Number (**SRN**) in the case of a holding on the issuer sponsored sub-register.

A statement is routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time; however, a charge may be incurred for additional statements.

2.13 Taxation implications

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions for potential Applicants.

Neither the Company nor any of its advisers or officers accept any responsibility or liability for any taxation consequences to potential Applicants in relation to the Offer. Potential Applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the Offer.

2.14 Privacy disclosure

The Company collects information about each Applicant from the Application Forms for the purpose of processing the Application and, if the Applicant is successful, for the purposes of administering the Applicant's Security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement.

The Company and the Securities Registry may disclose an Applicant's personal information for purposes related to the Applicant's investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth) (**Privacy Act**):

- (a) the Securities Registry for ongoing administration of the Company's register;
- (b) the Company's related bodies corporate (as that term is defined in the Corporations Act), agents, contractors and third-party service providers, as well as to ASX, ASIC and other regulatory authorities (including the Australian Taxation Office); and
- (c) the printers and the mailing house for the purposes of preparing and distributing Holding Statements and for the handling of mail.

If an Applicant becomes a Security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the Securities held) in its public register. This information must remain in the Company's register even if that person ceases to be a Security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Security holders) and compliance by the Company with legal and regulatory requirements.

If an Applicant does not provide the information required on the Application Form, the Company may not be able to accept or process their Application.

Under the Privacy Act, a person may request access to their personal information held by (or on behalf of) the Company or the Securities Registry. An Applicant can request access to their personal information by writing to the Company through the Securities Registry.

2.15 Enquiries

This Prospectus provides information for potential investors in the Company and should be read in its entirety.

If after reading this Prospectus you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or financial advisor.

3. Effect of the Offer

3.1 Capital structure

If all Shares offered under the Offer are subscribed for and the other Share issues are made, the capital structure of the Company is expected to be as follows.

| Security type | Number |
|--|----------------------|
| Shares | |
| Shares on issue at the Prospectus Date | 1,387,286,491 |
| Shares to be issued under Prospectus | 10,000 |
| Shares to be issued to Cuart Investments PCC Ltd ⁽¹⁾ | 50,000,000 |
| Shares to be issued to Mr Bin Liu ⁽²⁾ | 8,250,000 |
| Shares to be issued to Mr John Boardman ⁽³⁾ | 8,250,000 |
| Shares to be issued to MGI ⁽⁴⁾ | 348,310,693 |
| Shares to be issued to Medea Natural Resources ⁽⁵⁾ | 10,000,000 |
| Potential future Share issue to sophisticated and professional investors ⁽⁶⁾ | 300,000,000 |
| Total Shares following completion of the Offer ⁽⁷⁾ | 1,753,796,491 |
| Performance Rights | |
| Performance Rights on issue at the Prospectus Date | 60,000,000 |
| Performance Rights to be issued under Prospectus | Nil |
| Total Performance Rights on issue following the Implementation Date and completion of the Offer | 60,000,000 |

Notes:

- (1) Up to 50,000,000 Shares may be issued to Cuart Investments PCC Ltd to satisfy in part or in full the debt owing to Cuart Investments PCC Ltd – these Shares will only be issued by agreement of both parties.
- (2) Up to 8,250,000 Shares may be issued to Mr Bin Liu to satisfy in part or in full satisfaction of a debt owing to Mr Liu.
- (3) Up to 8,250,000 Shares may be issued to Mr John Boardman to satisfy in part or in full satisfaction of a debt owing to Mr Boardman.
- (4) On completion of the Adidi-Kanga Gold Project acquisition, the Company is obliged to issue MGI with US\$5,000,000 of Shares at a price of A\$0.022 per share. The number of Shares to be issued is variable based on the final exchange rate between the Australian and United States dollars. The Company disclosed a range of Share issues to MGI of between 284,981,476 and 348,310,693 for the Notice of Meeting that was held on 21 September 2018 and that was announced to the ASX on 21 August 2018. A copy of that Notice of Meeting is available free of charge from the Company's announcements platform at www.asx.com.au (ASX Code: VEC). The Company is using the number of Shares at the highest range for the table above. If the Company decides to issue Shares to private investors to raise this US\$5,000,000 in cash and at a price no less than A\$0.022 it would be expected to result in a lower number of Shares to be issued.
- (5) The Company will issue 10,000,000 Shares to Medea Natural Resources Limited as consideration for its services to the Company as debt and structured finance advisors.
- (6) The Company may place, to sophisticated and professional investors, up to 300,000,000 Shares to raise additional funds for working capital and other purposes – full details of the terms of any placement is provided in the Notice of Meeting that was held on 21 September 2018 and that was announced to the ASX on 21 August 2018. A copy of that Notice of Meeting is available free of charge from the Company's announcements platform at www.asx.com.au (ASX Code: VEC).
- (7) The total Shares following completion of the offer does not include any potential issue of Shares under the Company's 15% placement capacity.

The Performance Rights on issue comprise 60,000,000 Performance Rights issued to senior management and Directors, vesting on either of the following performance conditions being met:

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- (a) upon certification by an independent competent person on or before 31 December 2018 of a JORC Reported resource or reserve at the Maniema Gold Project of at least 1,000,000 ounces of gold of which at least 25% is in the indicated or better classification; or
 - (b) upon certification by an independent competent person on or before 31 December 2018 of a JORC Reported resource or reserve on any project acquired and managed by Vector of at least 3,000,000 ounces of gold of which at least 25% is in the indicated or better classification.

The full terms and conditions of the Performance Rights on issue are set out in the Notice of Annual General Meeting that was held on 30 November 2017, which was announced to ASX on 30 October 2017. A copy of that Notice of Annual General Meeting is available free of charge from the Company's announcements platform at www.asx.com.au (ASX Code:VEC).

3.2 Effect on control

The Offer will not have a material impact on control of the Company.

3.3 Substantial holdings

The Company does not have any substantial Shareholders.

The Offer will not result in any Shareholder becoming a substantial Shareholder.

3.4 Effect on financial position of the Company

After paying the expenses of the Offer of approximately \$8,206 (exclusive of GST), there will be no net proceeds from the Offer. The expenses of the Offer will be met from the Company's existing cash reserves.

The net effect of the Offer on the Company's financial position will be a net decrease in cash held of approximately \$8,206 (exclusive of GST).

4. Risk Factors

4.1 Introduction

The business operations of the Company and its controlled entities, as in any business, are subject to risks which may impact upon the Company's future performance. There cannot be any guarantee that the Company will achieve its stated objectives.

Potential Applicants should read the entire Prospectus and review announcements made by the Company to ASX (at www.asx.com.au under the code 'VEC') in order to gain an understanding of the Company, its activities, operations, financial position and prospects.

An investment in the Company's Securities should be considered speculative. Securities do not carry any guarantee with respect to the payment of any dividends, returns of capital or the market value of those Securities.

Potential Applicants should consider the risk factors set out below, which the Directors believe represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to acquire any Securities in the Company. The following risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

4.2 Company specific risks

The risks that have been identified as being key risks specific to an investment in the Company are set out in section 1.4.

4.3 Mining industry risks

Mineral exploration and mining may be hampered by circumstances beyond the control of the Company and are speculative operations which, by their nature, are subject to a number of inherent risks, including the following:

(a) **Exploration risks**

The success of the Company depends on the delineation of economically mineable reserves and resources. Exploration of the Company's existing exploration tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration tenements.

(b) **Operational and technical risks**

Mining and exploration development operations are vulnerable to a variety of operational and technical matters, and force majeure circumstances, including mechanical failure of plant and equipment and environmental and weather factors which prevent or impede land access. Such factors may prevent exploration and mining activities and/or lead to cost overruns.

(c) **Environmental risks**

The operations and activities of the Company are subject to environmental laws and regulations. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company intends to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(d) **Resource estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. These estimates were appropriate when made, but may change significantly when new information becomes available.

There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.

(e) **Exploration costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(f) **Ability to exploit successful discoveries**

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary Licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as those of the Company.

(g) **Mining and development risks**

The profitability of the Company depends upon the successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Mining and development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

(h) **Realising value from projects**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Assurances cannot be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(i) **Joint venture parties, agents and contractors**

There is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party, or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(j) **Competition**

The Company competes with other companies, including major mining companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There cannot be any assurance that the Company will be able to compete effectively with these companies.

(k) **Other**

Whilst the Company currently has not incurred any liabilities and is adequately insured, no assurance can be provided as to potential uninsured losses or liabilities that may arise in the future.

4.4 **General investment risks**

(a) **Securities market conditions**

As with all securities market investments, there are risks associated with an investment in the Company. Security prices may rise or fall and the price of Shares might trade below or above the Offer Price under the Offer.

General factors that may affect the market price of Securities, include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(b) **Price and exchange rate fluctuation**

The revenue derived through the sale of mineral commodities targeted by the Company exposes the potential income of the Company to price and exchange rate risks. Prices of mineral commodities fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for such commodities, forward selling by producers and the level of production costs. Moreover, prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, these commodities.

(c) **Liquidity risk**

There cannot be any guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell Shares held by them. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid for the Shares.

(d) **Securities investment risk**

Applicants should be aware that there are risks associated with any Securities investment. Securities quoted on a securities market, and in particular Securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the Securities regardless of the Company's performance.

(e) **Other risks**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk, and other matters that may interfere with the business or trade of the Company.

5. Rights and liabilities attached to Shares

Full details of the rights and liabilities attaching to the Shares are contained in the Constitution and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules, the ASX Settlement Rules and the common law. The Constitution is available for inspection free of charge at the Company's registered office and on the Company's website (www.vectorres.com.au).

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares:

(a) **Share capital**

All issued ordinary fully paid Shares rank equally in all respects.

(b) **Voting rights**

At a general meeting of the Company, every holder of Shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for each Share held, and for every contributing Share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing Share. Where there is an equality of votes, the chairperson has a casting vote.

(c) **Dividends**

Subject to the Corporations Act and any rights of persons entitled to Shares with special rights to dividends (at present there are none), all dividends as declared by the Directors shall be payable on all Shares in proportion to the amount of capital paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividends are paid, unless the share is issued on terms providing to the contrary.

Dividends are payable out of the profits of the Company as determined by the Directors. The Directors may direct that payment of the dividend be made wholly or in part by the distribution of specific assets or other securities of the Company.

(d) **Rights on winding-up**

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of Shares, the liquidator may on winding-up of the Company, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Transfer of Shares**

Subject to the Constitution, Shares in the Company may be transferred by:

- (i) a proper ASX Settlement transfer or any other method of transferring or dealing in Shares introduced by the ASX or operated in accordance with the ASX Settlement Rules or the Listing Rules as recognised under the Corporations Act; or
- (ii) an instrument in writing in any usual or common form or in any other form that the Directors, in their absolute discretion, approve from time to time.

(f) The Directors may refuse to register a transfer of Shares (other than a proper ASX Settlement transfer) only where:

- (i) the law permits it;
- (ii) the law requires it; or

- (iii) the transfer is a transfer of restricted securities (as defined in Listing Rule 19.12) which is, or might be, in breach of the Listing Rules or any escrow agreement entered into by the Company in respect of those restricted securities.

(g) **Further increases in capital**

Subject to the Constitution, the Corporations Act and the Listing Rules, Shares in the Company are under the control of the Directors, who may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine.

Subject to the Listing Rules, the Directors have the right to issue Options over Shares, to any person, for any consideration.

(h) **Variation of rights attaching to Shares**

The rights attaching to the Shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those Shares of that class, or in certain circumstances, with the written consent of the holders of at least seventy-five percent (75%) of the issued Shares of that class.

(i) **General meeting**

Each holder of Shares is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act and the Listing Rules

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6. Continuous disclosure documents

6.1 Continuous disclosure obligations

This is a Prospectus for the offer of continuously quoted securities (as defined in the Corporations Act) and is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a “disclosing entity” for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of the Company’, subject to certain exceptions.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

6.2 Documents available for inspection

The Company has lodged the following announcements with ASX since the lodgement of the Company’s 2018 annual financial report to shareholders on 1 October 2018:

| Date | Description of ASX Announcement |
|----------------|---|
| 3 October 2017 | Adidi-Kanga Gold Project Acquisition Nears Completion |
| 1 October 2017 | Appendix 4G |

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

Copies of documents lodged with ASX, in relation to the Company, including the Company’s corporate governance policies, may be obtained from the Company’s website (www.vectorres.com.au) or at ASX’s website (www.asx.com.au) using ASX Code ‘VEC’).

The Company will provide a copy of each of the following documents, free of charge, to any person on request from the date of this Prospectus until the Closing Date of the Offer:

- (a) the annual financial report of the Company for the financial year ended 30 June 2018, being the annual financial report of the Company most recently lodged with the ASIC before the issue of this Prospectus; and
- (b) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in section 6.2(a) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

7. Additional information

7.1 Material and related party contracts

(a) There are no material or related party contracts that have been entered with any of the Directors.

(b) **Directors' indemnity and insurance deeds**

The Company has entered into deeds of access, indemnity and insurance with each Director.

Under the deeds, the Company has undertaken, subject to the restrictions in the Corporations Act, to:

- (i) indemnify each Director in certain circumstances;
- (ii) maintain directors' and officers' insurance cover (if available) in favour of each Director whilst a Director and for 7 years after the Director has ceased to be a Director;
- (iii) cease to maintain directors' and officers' insurance cover in favour of each Director if the Company reasonably determines that the type of coverage is no longer available; and
- (iv) provide access to any Company records which are relevant to the Director's holding of office with the Company, for a period of 7 years after the Director has ceased to be a Director.

The deeds otherwise contain terms and conditions considered standard for deeds of this nature.

7.2 Litigation

As at the date of this Prospectus, the Company is not involved in or aware of any material legal proceedings in which it is involved or to which it is a party.

7.3 Security holding interests of Directors

At the date of this Prospectus the relevant interest of each of the Directors are as follows:

| Director | Shares | Performance Rights |
|---------------------|------------|--------------------|
| Mr Gary Castledine | 19,374,987 | 6,000,000 |
| Mr Michael Hendriks | 1,649,249 | 6,000,000 |
| Mr Jason Brewer | 50,000,000 | 6,000,000 |

7.4 Remuneration of Directors

The Constitution provides that the Directors may be paid for their services as Directors, as determined by the Company prior to the first annual general meeting. Such payment, in relation to Non-Executive Directors, is to be paid by way of a fixed sum and not by a commission or percentage of operating revenue or Company profits. The sum fixed, which is currently \$250,000, may be divided amongst the Directors as they may from time to time agree or, in the absence of agreement, in equal Shares.

Subject to the provisions of any contract between the Company and any Executive Director, the remuneration for Executive Directors may be fixed by the Directors from time to time.

A Director may be paid fees or other amounts as the Directors determine, where a Director performs duties or provides services outside the scope of their normal duties. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The table below sets out the remuneration of each Director for the financial years ending 30 June 2017 and 30 June 2018.

| Director | Financial year up to 30 June 2017 | Financial year up to 30 June 2018 |
|--|--|--|
| Mr Gary Castledine (appointed 24 February 2009) | \$48,000 (comprising director fees) | \$120,079 (comprising \$36,000 of director fees and \$84,079 in relation to share based payments) |
| Mr Michael Hendriks (appointed 22 June 2016) | \$36,000 (comprising director fees) | \$120,079 (comprising \$36,000 of director fees and \$84,079 in relation to share based payments) |
| Mr Jason Brewer (appointed 16 January 2017) | \$27,500 (comprising director fees) | \$144,079 (comprising \$60,000 of director fees and \$84,079 in relation to share based payments) |

Further information relating to the remuneration of Directors can be found in the Company's 2018 Annual Report, which can be found on the Company's website (www.vectorres.com.au) or ASX announcements webpage for the Company (ASX Code: VEC).

7.5 Expenses of the Offer

The expenses of the Offer (assuming full subscription) are expected to comprise the following estimated costs.

| Expense | Amount |
|----------------------------|----------------|
| Legal fees (including GST) | \$4,000 |
| ASIC fees | \$3,206 |
| Miscellaneous fees | \$1,000 |
| TOTALS | \$8,206 |

7.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus:

- (a) all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the 2 years before the Prospectus Date, any interest in:
 - (i) the formation or promotion of the Company;

- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
 - (iii) the Offer; and
- (b) amounts have not been paid or agreed to be paid (whether in cash, Securities or otherwise), and other benefit have not been given or agreed to be given, to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer.

Jackson McDonald (a partnership) have acted as solicitors to the Offer, and will be paid approximately \$4,000 (plus GST) for services related to this Prospectus. Jackson McDonald has been paid or is entitled to be paid approximately \$10,199 (plus GST) for legal services provided to the Company in the period 2 years prior to the Prospectus Date.

7.7 Consents and liability statements

The following persons have given their written consent to be named in the Prospectus in the form and context in which they are named and to the inclusion of a statement or report in this Prospectus in the form and context in which it is included:

| Party | Capacity in which named | Statement or report in this Prospectus |
|----------------------------------|-------------------------|--|
| Jackson McDonald (a partnership) | Solicitors to the Offer | Not applicable |

Each of the parties named above as providing their consent:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this section 7.7; and
- (c) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this section 7.7.

8. Directors' statement

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:



Mr Jason Brewer
Non-Executive Director

Date: 5 October 2018

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9. Glossary, definitions and interpretation

The meanings of the terms used in this Prospectus are as set out below.

| | |
|-------------------------------|--|
| A\$, AUD\$ or \$ | Australian dollars. |
| Applicant | A person who applies for Shares under and in accordance with this Prospectus. |
| Application | A valid application for Shares offered under this Prospectus. |
| Application Form | The application form for the Offer accompanying this Prospectus. |
| Application Moneys | Money received from an Applicant in respect of an Application. |
| ASIC | The Australian Securities and Investments Commission. |
| ASX | ASX Limited (ACN 008 624 691) trading as the 'Australian Securities Exchange'. |
| ASX Settlement | ASX Settlement Pty Limited (ACN 008 504 532). |
| ASX Settlement Rules | The settlement rules of ASX Settlement. |
| Board | The board of Directors of the Company. |
| Business Day | Has the meaning given to it in the Listing Rules. |
| CHESS | Clearing House Electronic Sub-register System operated by ASX Settlement. |
| Explanatory Memorandum | A statement explaining the intentions of the Annual General Meeting to Shareholders. |
| Closing Date | The closing date of the Offer, being 5.00pm (WST) on 21 December 2018. |
| Company or Vector | Vector Resources Limited (ACN 107 541 453). |
| Constitution | The constitution of the Company. |
| Corporations Act | <i>Corporations Act 2001</i> (Cth). |
| Director | A director of the Company as at the date of this Prospectus. |
| Executive Director | An executive Director of the Company. |
| GST | Goods and services tax. |
| Holding Statement | A statement of Shares registered in a CHESS account. |

| | |
|---------------------------------|--|
| Licence | The licences, concessions, leases, permits and regulatory consents in the Democratic Republic of Congo enabling Vector's exploration activities. |
| Listing Rules | The listing rules of ASX. |
| Non-Executive Director | A non-executive Director of the Company. |
| Offer Period | In relation to the Offer, the period commencing on the Opening Date and ending on the Closing Date for the Offer. |
| Offer Price | In relation to the Offer, the issue price of each new Share. |
| Official Quotation | The admission of Securities to the official list of the ASX. |
| Opening Date | The opening date of the Offer, being 5 October 2018. |
| Option | An option to subscribe for a Share. |
| Performance Right | A performance right which is exercisable into a Share subject to certain vesting conditions. |
| Privacy Act | <i>Privacy Act 1988</i> (Cth). |
| Prospectus | This document, including the Application Forms. |
| Prospectus Date | The date of this Prospectus, being the date that this Prospectus is lodged with ASIC. |
| Related Bodies Corporate | Has the meaning given to it in the Corporations Act. |
| Related Party | Has the meaning given to it in the Listing Rules. |
| Sale Agreement | The agreement between Vector and Mongbwalu Goldfields Investments Limited and Mongbwalu Goldfields Investment Holdings 6 Limited for the acquisition of a 60% interest in the Adidi-Kanga Gold Mine. |
| Subsidiary | Has the meaning given to that term in the Corporations Act. |
| Securities | Has the meaning given to that term in section 761A of the Corporations Act and includes a Share, an Option and a Performance Right. |
| Securities Registry | The Company's securities registry, Link Market Services Limited (ACN 083 214 537). |
| Share | A fully paid ordinary share in the capital of the Company. |
| Shareholder | The holder of a Share. |
| WST | Western Standard Time, being the time in Perth, Western Australia. |