ASX ANNOUNCEMENT

17 October 2018

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

US$35M COMMITTED OFFER OF DEBT FUNDING SECURED FOR THE ADIDI-KANGA GOLD PROJECT

Key Highlights:

- The Vector Board has accepted a US$35m committed offer of funding from Dubai-based FT (Fast Telecom) General Trading LLC (FT General) that is proposed to be used by the Company to fund the Adidi-Kanga Gold Project acquisition, Definitive Feasibility Study (DFS) and potential future development activities.
- FT General is a diversified conglomerate with interests in telecoms and property and which has recently expanded its interests into commodities and metals trading
- The funding is in addition to the US$20m debt facility executed with Medea Future Materials Fund L.P. announced to ASX on the 18th September 2018, and which is proposed to be used to satisfy potential repayment of existing indebtedness at the Adidi- Kanga Gold Project due to a local DRC bank on completion of the Adidi-Kanga DFS and a positive Decision to Mine.
- Formal documentation of the binding terms sheet is well advanced with lawyers in Australia and execution by the parties is scheduled for later this week.
- The US$35m of funding is to be provided in 3 tranches (refer Appendix 1 for detailed summary of terms) as the Company advances the Adidi-Kanga Gold Project:
  - i. Tranche 1 – US$5m upon legal completion of the Adidi-Kanga acquisition;
  - ii. Tranche 2 – US$10m upon receipt and presentation of the approved Work Plan and Budget for the DFS for the Project; and
  - iii. Tranche 3 – US$20m upon finalisation of the DFS and a positive decision to mine having been made for the Adidi-Kanga Project.
- With the committed offer of US$35m funding accepted by the Company and being documented, the Company is now awaiting confirmation from its DRC based lawyers on satisfaction of the remaining conditions to the Adidi-Kanga Gold Project acquisition

Vector Resources Limited ("**Vector**" or the "**Company**") is pleased to confirm that's its Board of Directors have accepted a committed offer of debt funding of US$35m ("**Debt Facility**") with a Dubai based entity – FT General Trading LLC ("**FT General**"), a diversified industrial group now targeting strategic investments in world-class gold mining projects in Africa.

The Debt Facility funding is proposed to be used by Vector for payments relating to the acquisition of the Adidi-Kanga Gold Project ("**Adidi-Kanga**" or the "**Project**") in the Democratic Republic of Congo ("**DRC**"), the completion of the Definitive Feasibility Study ("**DFS**") and for its potential future development.

Facility Terms

The Company has been advancing several competing funding proposals to meet the up-front acquisition costs, costs to complete the DFS and to also meet some of the initial Project development costs. After several meetings between FT General and representatives of the Company's executive management and Board in London and Dubai, the Vector Board has accepted the committed offer of funding by FT General, based on the competitive terms and structure of the proposed financing, which it believes will allow the Company to aggressively advance the Adidi Kanga Gold Project.

FT General is already progressing a number of direct strategic investments in Africa's mining sector with a particular focus on advanced gold projects as well as gold trading and physical gold holdings, as part of their investment strategy to establish a broad Dubai based, well-funded gold mining company, targeting direct minority investments in gold projects in West and Southern Africa.

The Debt Facility is proposed for a total amount of US$35m and is repayable in full on maturity. Tranches 1 and 2 are repayable in 36 months from the drawdown of Tranche 1, and Tranche 3 is repayable in 24 months of its drawdown. Interest of 7.0% p.a. is payable on a quarterly basis in arrears, in cash or at the Lender's election in shares at the 10-day VWAP.

The principal loan amount outstanding can also be converted into shares in Vector, from completion of the DFS and subject to shareholder approval, with the initial US$5m Tranche 1 amount converting at a 25% premium to the Company's 10-day VWAP share price (5 days before and 5 days after the drawdown date); and the US$10m Tranche 2 amount and the US$20m Tranche 3 amount at a 50% premium to the Company's 10-day VWAP share price (5 days before and 5 days after the drawdown date). Appendix 1 includes a detailed summary of committed offer of finance terms and conditions, which includes the receipt of all statutory and shareholder approvals that are required.

Completion of Project Acquisition

The finalisation of the Debt Facility is considered by the Company as a major step in the acquisition of Vector's interest in the Adidi-Kanga Gold Project.

The Company is working with FT General's appointed lawyers in Perth now to finalise the formal loan documentation this week, with the first drawings to meet the scheduled US$5m of cash compensation due to Mongbwalu Goldfields Investment Limited ("MGI") on completion of the Acquisition.

With the committed offer of funding from the Debt Facility accepted by the Board and currently being documented, the Company is now working with its DRC based lawyers to ensure the satisfaction of the final outstanding conditions are achieved for completion of the Adidi-Kanga acquisition.

The Company has already received confirmation that the relevant Board of Directors for MGI, Adidi-Kanga Resources S.A. ("**AKR**") and Mongbwalu Gold Mines S.A. ("**MGM**") have all met in the DRC and approved the DRC Restructure Documents and the transfer of the licence (PE5105) from MGM to the new joint-venture company AKR. Legal sign off on the execution of these documents and receipt of any associated DRC regulatory approvals is now due.

In addition, the Loan Repayment and Codebition Agreements are required to be executed by the relevant parties in the DRC.

Upon receipt of these confirmations and the finalisation of all remaining conditions precedent, the Company will immediately progress drawdown of the Tranche 1 US$5m amount under the Debt Facility and issue the US$5m of share-based consideration due to MGI and as approved by Vectors shareholders at the General Meeting of the Company held on 21 September 2018.

- ENDS -

Simon Youds
Chief Executive Officer

For further information:

E-mail: info@vectorresources.com.au

Web: www.vectorres.com.au Twitter: @VECResources

Facebook: @VECResources

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^2 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 Resource Estimates 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 licenses 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.

Appendix 1 - Key terms of the Debt Facility.

1. Loan Drawdowns: The loan is to be drawn in three tranches:
   i. Tranche 1 – US$5.0m to be available to be drawn on completion of the Project acquisition;
   ii. Tranche 2 – US$10.0m to be available to be drawn on presentation of the Work Plan and Budget for the DFS stage of the Project; and
   iii. Tranche 3 – US$20.0m to be available to be drawn on a positive Decision to Mine being made by the shareholders of the Project
2. Loan Term: Tranche 1 & 2 - 36 months from the drawdown of Tranche 1
   Tranche 3 – 24 months from the drawdown of Tranche 3
3. Interest Rate: 7% per annum
4. Interest Payments: Payable quarterly (ending 31 March, 30 June, 30 September and 31 December each year) in arrears – Lenders option to make each quarterly instalment in Vector ordinary shares at the prevailing exchange and share prices at the time of conversion (share price based on 10-day volume weighted average price at conversion date)
5. No early repayment penalties
6. Lender has right to convert principal (and outstanding interest at the conversion time) to ordinary shares in Vector based on various share price premiums as noted further below

Lenders Loan Conversion Rights:

The Company has agreed to conversion rights for the Lender, to potentially convert the outstanding debt into ordinary shares of Vector.

The conversion of an outstanding loan balance into shares in Vector is based on the following:

A. Subject to shareholder approval and any other statutory approvals required;
B. Tranche 1 loan amount to be converted at a 25% premium to the 10 day volume weighted average price, being the 5 days prior and 5 days subsequent to the Tranche 1 loan drawdown date;
C. Tranche 2 loan amount to be converted at a 50% premium to the 10 day volume weighted average price, being the 5 days prior and 5 days subsequent to the Tranche 2 loan drawdown date;
D. Tranche 3 loan amount to be converted at a 50% premium to the 10 day volume weighted average price, being the 5 days prior and 5 days subsequent to the Tranche 3 loan drawdown date;