


GWENDOLYN – IN SITU GOLD RESOURCE INCREASED BY 139 %
Directors

Damien O'Reilly (Chairman)
 Glyn Povey (Managing Director)
 Gary Castledine
 Neville Bassett
 Robert Hyndes
 Brian Williams
Company Secretary
 Neville Bassett

Address

Level 1, 3 Richardson Street
 West Perth WA 6005
 P.O. Box 1325
 West Perth WA 6872
 Australia

Contact

P: +61 8 6188 7800
 F: +61 8 9481 8772
contact@vectorresources.com.au
www.vectorresources.com.au

Share Registry

Link Market Services Ltd
 Ground Floor, 178 St Georges Tce
 Perth WA 6000
 Australia
 P: +61 1300 554 474
 F: +61 2 9287 0303
www.linkmarketservices.com.au

Key Highlights

- **Inferred Resource increased from 33,300 ounces to 79,700 ounces,**
- **Resource tonnages increase from 317,700 to 988,700 a 211% increase,**
- **In-Pit tails indicated resource of 238,000 tonnes and 5,600 ounces,**
- **An additional Exploration Target* between the two resource deposits varying between 688,000-1,270,000 tonnes and 53,000-114,000 ounces,**
- **The un-oxidised basement is yet to be tested,**
- **93.6% of tenement yet to be explored,**
- **New inferred resource strike is approximately over 440 metres,**
- **Assay results from 13 holes drilled to-date from the Phase 2 drill program are still pending,**
- **Mineralisation is open in all directions,**
- **24 RC holes totalling 2,232 metres still to be drilled in Phase 1 and 2 drill programs.**

Western Australian focussed resources company Vector Resources Ltd (ASX: VEC) ("Vector" or "the Company") is pleased to announce a significant resource up-grade at the Gwendolyn Project in Western Australia on tenement P77/3976.

Data received to date from this year's drilling programs were given to SRK Consulting (SRK) for validation, modelling and analysis.

The resource modelling work has resulted in an outstanding increase to the project's resource. The historical resource at Gwendolyn was 317,700 tonnes for 33,300 ounces of gold. This new resource upgrade brings the project to **988,700 tonnes** for **79,700 ounces** of gold, a **139% increase**. The resource upgrade consists only of the oxidised zone, from surface to approximately 89 metres in depth. At this stage there is insufficient drill density to include the below oxidisation or fresh rock intercepts in the resource.

SRK also completed resource modelling for the previously treated tails located within the historical pit. The results of this work, increases the indicated resource by **238,000 tonnes** for **5,600 ounces**.

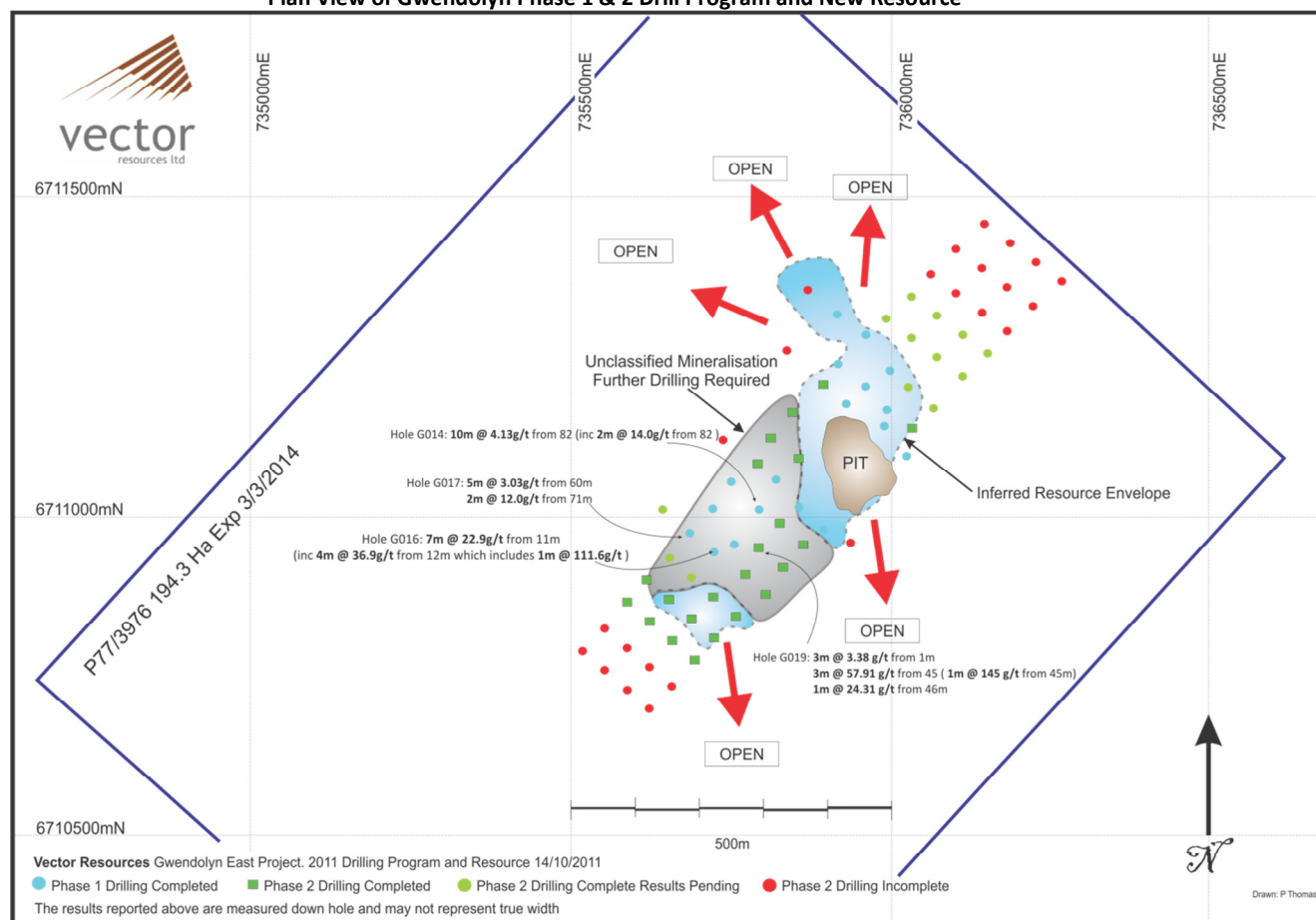
SRK also reviewed the unclassified material identified between the two inferred resources which represents an area similar in size to the Inferred material. An estimation has been undertaken on the unclassified material resulting in an 'Exploration Target' of between 688,000 t at 2.4 g/t and 1,270,000 t at 2.8 g/t for between 53,000 - 114,000 ounces of contained gold (see page 7 of the attached SRK Resources Project Memo for a detailed explanation)*.

This year Vector has completed 53 reverse circulation (RC) holes for 5,848 metres of the two programs that total 77 holes for 8,080 metres. With the completion of the remaining holes in the Program of Works (PoW) a total strike length of approximately 950 metres will be tested. The approximate length of the new northern resource is approximately 340 metres and the southern deposit approximately 100 metres.

Only 6.4% approximately of the tenement has been explored with 93.6% remaining to be explored. From the 40 holes assayed to date, 30 holes hit intercepts of mineralisation giving the drill programs for the project a success ratio of 75% for every hole drilled to date.

Managing Director Glyn Povey said, “The Vector Board and management team were extremely proud of the hard work committed by everyone involved over the past six months on this project and the results of the resource upgrade are inspiring with substantial potential for upside remaining”.

Plan View of Gwendolyn Phase 1 & 2 Drill Program and New Resource



The In Situ Resource

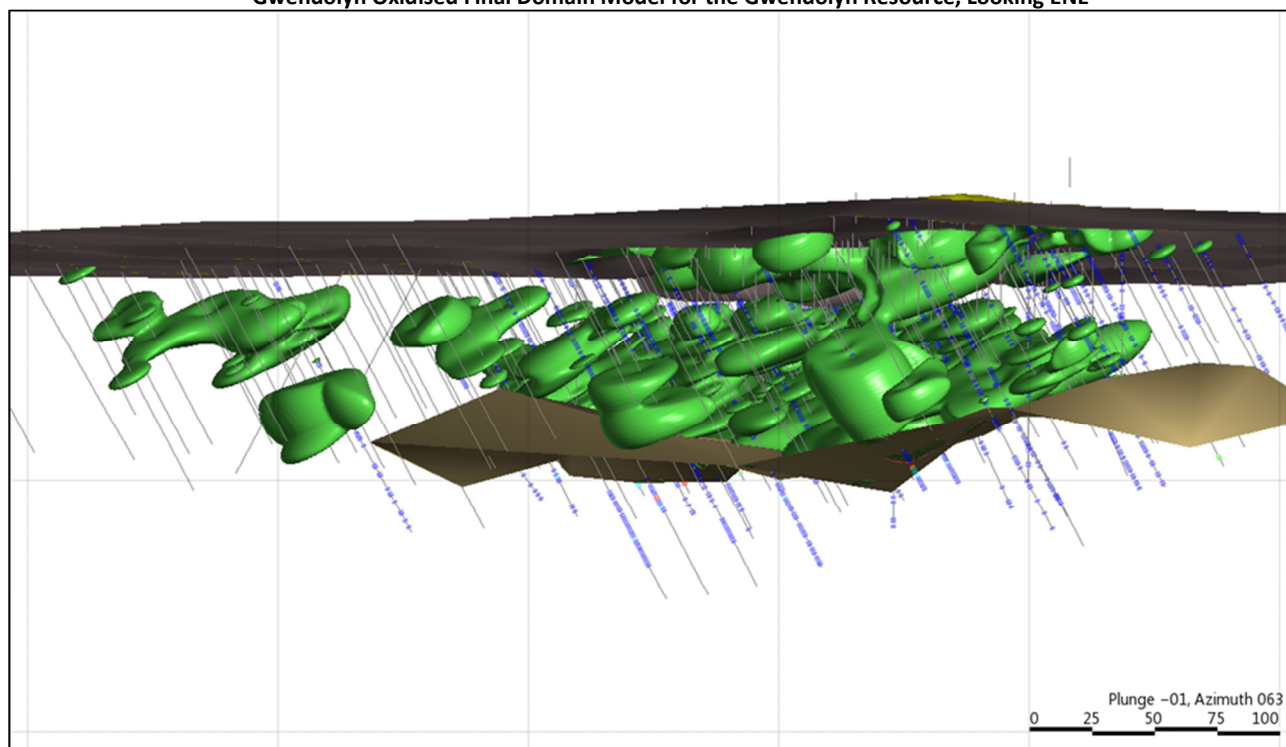
SRK was engaged by Vector to carry out validation, resource modelling and analysis of both historical data and new data from current drilling. The in situ Mineral Resource was estimated within a constraining wireframe based on a low cut-off grade envelope of 0.2 g/t. The envelope was generated using Leapfrog™ software. The estimation is by Ordinary Kriging, with a top cut of 15g/t applied to the composited data. This work concentrated on the oxide domain starting from the surface to an approximate depth of 89 metres. Currently the drill density below the base of oxidation is insufficient to meet JORC requirements for resource estimates. Further drilling will address this issue.

From the resource model the indications are that Gwendolyn has high quality ounces within the deposit. By applying a “lower cut-off grade” of 1 g/t Au the resources ounces are only reduced by 500 ounces. The diagrams below represent the new resource and 3 dimensional cross section view.

Gwendolyn In Situ Oxidised Inferred Resource Table

Cut-off grade (g/t)	Tonnes	Grade (g/t)	Au(troy ounces)
0	988,700	2.54	79,700
0.2	988,700	2.54	79,700
0.4	988,700	2.54	79,700
0.6	988,700	2.54	79,700
0.8	986,700	2.54	79,500
1	974,700	2.57	79,200

Gwendolyn Oxidised Final Domain Model for the Gwendolyn Resource, Looking ENE



Pit Tails Resource

The Gwendolyn pit is half filled with tailings. The tailings have been estimated within a wireframe outlining the tailings volume, controlled by the aircore drilling results. The estimation is by Inverse Distance (power 2). The base of the tailings has been derived from the Aircore logs drilled in 2009. The surface elevation of the waste dump has been created from differential GPS measurements. Vector has combined these surfaces with newly acquired differential GPS data to create a new topographic surface. This was combined with the collar elevations from the Phase 1 drilling to create a final topography for resource estimates.

Gwendolyn Tails Indicated Resource Table

Cut-off grade (g/t)	Tonnes	Grade (g/t)	Au(troy ounces)
0	238,000	0.7	5,600
0.2	238,000	0.7	5,600
0.4	235,000	0.8	5,600
0.6	185,000	0.8	4,700
0.8	81,000	0.9	2,400
1	14,000	1.1	500

Unclassified Material

As reported by SRK there is a large amount of ground between the two JORC Compliant resource deposits to the north and south that is at this time considered an Exploration Target due to the current drill density. This Exploration Target with a range of **688,000 tonnes at 2.4g/t for 53,000 ounces to 1,270,000 tonnes at 2.8g/t for 114,000 ounces*** of contained gold, requires additional drilling to make inferred category or better. From the Phase 1 and 2 drilling completed to-date there were significant high grade intercepts contained within this unclassified material. In particular:

- **Hole G014: 10m @ 4.13g/t, including 2m @ 13.94g/t;**
- **Hole G016: 7m @ 22.88g/t, including 4m @ 36.9g/t which is inclusive of the 1m @ 111.6g/t,**
- **Hole G017: 5m @ 3.03g/t and 2m @ 12.0g/t; and**
- **Hole G019: 3m @ 3.38g/t and 3m @ 57.91g/t, including 1m @ 145 g/t and 1m @ 24.31 g/t.**

SRK Consultants Sarah Monoury, Peter Williams and Daniel Guibal carried out the resource modelling. Attached is the SRK Report of the resource modelling work completed to date.

Significant Upside

Gwendolyn has significantly increased its resource with encouraging results from the partial completion of the Phase 2 drilling. Further increases are anticipated as results are received. Other fundamentals are also encouraging and include:

- Additional mineralisation intercepts identified at depth outside the existing resource;
- Mineralisation continues to be discovered in all directions;
- Mineralisation intercepts found from surface to 122 metres;
- The remaining Phase 2 drilling will continue to test the along strike potential;
- Significant unclassified zone yet to be included in resource
- Geology boundaries and oxidisation zone have been identified; and
- Approximately 93.6% of tenement still requires exploration.

ENDS

**Notes on Exploration Targets*

In accordance with Clause 18 of the JORC Code, it is important to note that the 'Target Resource' referred to above remains subject to further exploration and evaluation to bring the 'unclassified material' to a JORC Compliant resource. The current interpretation is conceptual in nature and remains preliminary and is based on exploration, evaluation and resource definition work undertaken to date.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Peter Thomas who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Thomas is employed by Thomas Bradley and Associates Pty Ltd.

Mr Thomas has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Thomas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears".

Project Memo

Client:	Vector Resources Ltd	Date:	14 October 2011
Attention:	Glyn Povey	From:	Daniel Guibal, Peter Williams
Project No:	VEC001	Revision No:	1
Project Name:	Gwendolyn Resource Estimation		
Subject:	Competent Persons Statement		

SRK Consulting (Australasia) Pty Ltd was engaged by Vector Resources Ltd (Vector) to make an assessment of the historical data for the Gwendolyn deposit, review the new drilling undertaken and determine if a resource estimate for the deposit to JORC standard was possible within the limits of the data.

Although the historical data are not to the standard currently expected under the JORC Code, SRK has determined that there are sufficient data to provide an Inferred Resource, given that the drilling density is adequate and there is sufficient information available to locate the historical drilling effectively.

The open pit at Gwendolyn has been used to store tailings from past gold processing operations. These were drilled using the air-core technique in 2009, and sampling from this program is used to estimate an Indicated Resource for the tailings.

The results of the Mineral Resource Estimation prepared in accordance with the JORC Code are given in Table 1.

Table 1: Mineral Resource Estimate Statement for Vector Resources' Gwendolyn Project as at 12 October 2011, reported as gold contained within a 0.2g/t grade shell, in situ mineralisation

Cut-off grade (g/t)	Tonnes (Mt)	Grade (g/t)	Contained Au (troy ounces)
0.0	998,700	2.54	79,700
0.2	998,700	2.54	79,700
0.4	998,700	2.54	79,700
0.6	998,700	2.54	79,700
0.8	996,700	2.54	79,500
1.0	974,700	2.57	79,200

Table 2: Mineral Resource Estimate Statement for Vector Resources Gwendolyn Project as at 12 October 2011, reported as gold contained within open pit tailings storage facility

Cut-off grade (g/t)	Tonnes	Grade (g/t)	Au (troy ounces)
0.0	238,000	0.7	5,600
0.2	238,000	0.7	5,600
0.4	235,000	0.8	5,600
0.6	185,000	0.8	4,700
0.8	81,000	0.9	2,400
1.0	14,000	1.1	500

Note: The in situ Mineral Resource was estimated within a constraining wireframe based on a low cut-off grade envelope of 0.2 g/t. The envelope was generated using Leapfrog™ software. The estimation is by Ordinary Kriging, with a top cut of 15g/t applied to the composited data.

The tailings have been estimated within a wireframe outlining the tailings volume, controlled by the aircore drilling results. The estimation is by Inverse Distance (power 2).

The grades and tonnes have been rounded to reflect the degree of uncertainty related to the estimate.

The Gwendolyn Resources lies within tenement P77/3976 held by Golden Iron Resources.

The information in this Memorandum that relates to Mineral Resources is based on information compiled by Dale Annison and Pete Thomas of Vector Resources Ltd, and Sarah Monoury, Peter Williams and Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Daniel Guibal takes overall responsibility for the Resource Estimate. Pete Thomas is responsible for the integrity of the drilling results and historical data compilation. Peter Williams, Pete Thomas and Daniel Guibal are Members of The Australasian Institute of Mining and Metallurgy and have sufficient experience which is relevant to the assessment of the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking to qualify as Competent Persons in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 edition). The Competent Persons consent to the inclusion of the information in this Memorandum in the form and context in which it appears.

1.1 Gwendolyn Resource

The Gwendolyn Resource estimate is based on several phases of drilling which date from 1985 (Table 2).

Table 2: Drilling data at Gwendolyn Project as at 12 October 2011, used to estimate the resources

Hole No.	Report No. / reference	Date drilled	Holes	Metres drilled	Company
Historic RC drilling					
JRR 1 - 12	A18297, A18660	10/85 – 04/86	12	899	St Joe Australia Pty Ltd; Bornite Pty Ltd
JRR 31 - 46	A18297, A18660	10/85 – 04/86	16	1,249	
JRR 48 - 81	A18297, A18660	10/85 – 04/86	34	2,664	
JRR 84 - 101	A21678		18	1,521	Sons of Gwalia
JRR111 - 114	A21678		4	379	Sons of Gwalia
JRR 130 - 165	A21678		36	2,342	Sons of Gwalia
JRR 172 - 189	A21678		18	1,187	Sons of Gwalia
JRR 203 - 208	A21678	08/87 – 09/87	6	323	Sons of Gwalia
JRR 231 - 256	A32474	10/88 – 11/88	26	1,145	Sons of Gwalia
Recent Aircore drilling of tailings					
GP001 – G035	AC-2009.dat	2009	35	705	Golden Iron Resources
Recent RC drilling					
G001 – G018	Phase 1	06/11	18	1,886	Vector Resources
G019 – G041	Phase 2	09/11 – 10/11	23	2,590	Vector Resources
Diamond drilling					
JRD 1 – 3, 5, 6	A21678	03/87 - 05/87	5	354.05	Sons of Gwalia
JRD 7 - 11	A32483	05/89 – 06/89	5	170.8	Sons of Gwalia

Note: Report numbers refer to open file reports in the Department of Mines and Petroleum.

There have also been numerous programs of RAB and Aircore drilling in the area, but the results from these programs have not been included in the database used for resource estimation. Lithological information for the holes is recorded, but the large numbers of codes used and uncertainty in the meaning of codes has resulted in SRK being unable to validate this information well enough to generate meaningful lithological domains.

The location of the drill collars used for the resource estimation is shown in Figures 1 through 4.

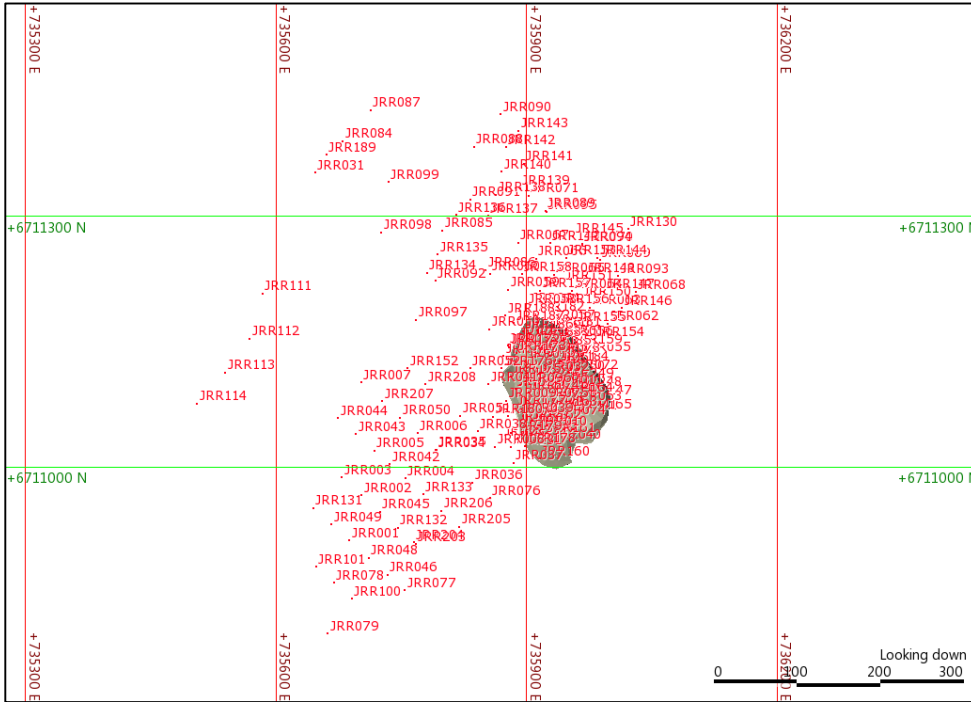


Figure 1: Location of historic RC drill collars, showing location of open pit

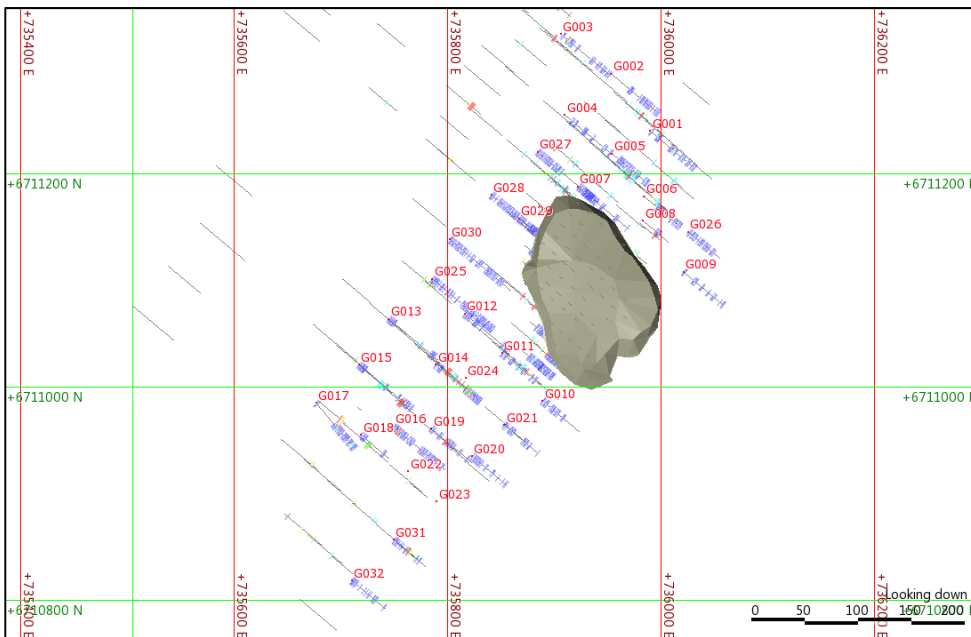


Figure 2: Location of Phase 1 and Phase 2 drill collars, showing location of open pit

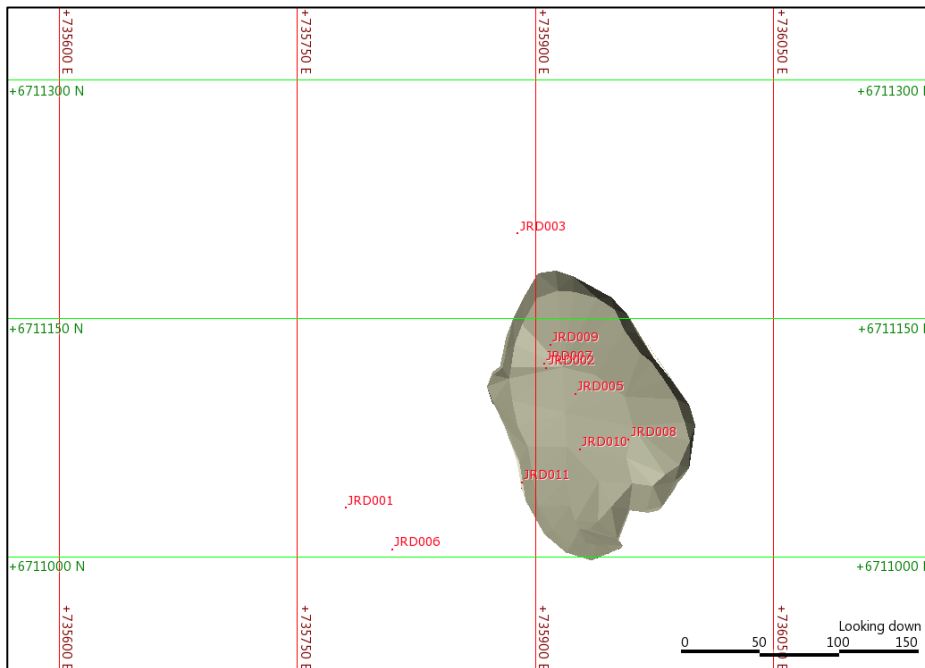


Figure 3: Location of historic diamond drill collars, showing location of open pit

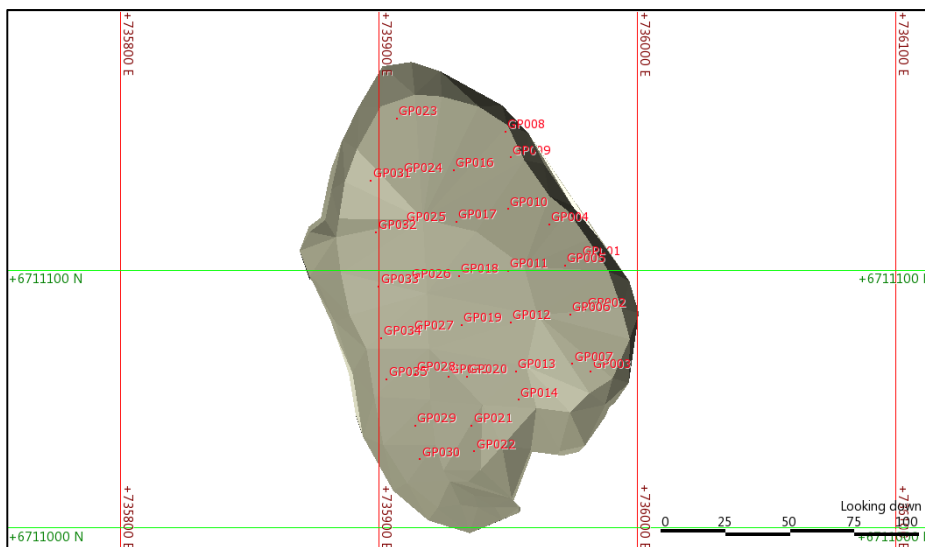


Figure 4: Location of 2009 in pit Aircore drill collars, to test tailings

1.2 Domaining

The Gwendolyn pit is half filled with tailings. The base of the tailings has been derived from the Aircore logs drilled in 2009. The surface elevation of the waste dump has been created from differential GPS measurements. Vector has combined these surfaces with newly acquired differential GPS data to create a new topographic surface. This was combined with the collar elevations from the Phase 1 drilling to create a final topography.

The estimation of the in situ resource is constrained by a mineralisation envelope defined by a 0.2 g/t grade shell created in Leapfrog™ software, the topography as the upper surface, and a wireframe, provided by Vector, of the top-of-fresh-rock as the lower bounding surface. All material on the model is oxide material. Two trends are apparent in the grade data. An upper zone is present with a horizontal trend and a deeper zone with mineralisation controlled by the remnant bedding direction dipping about 45° to the northwest. The model reflects the imposition of both trends to control the grade model. The final domain is shown in Figure 5.

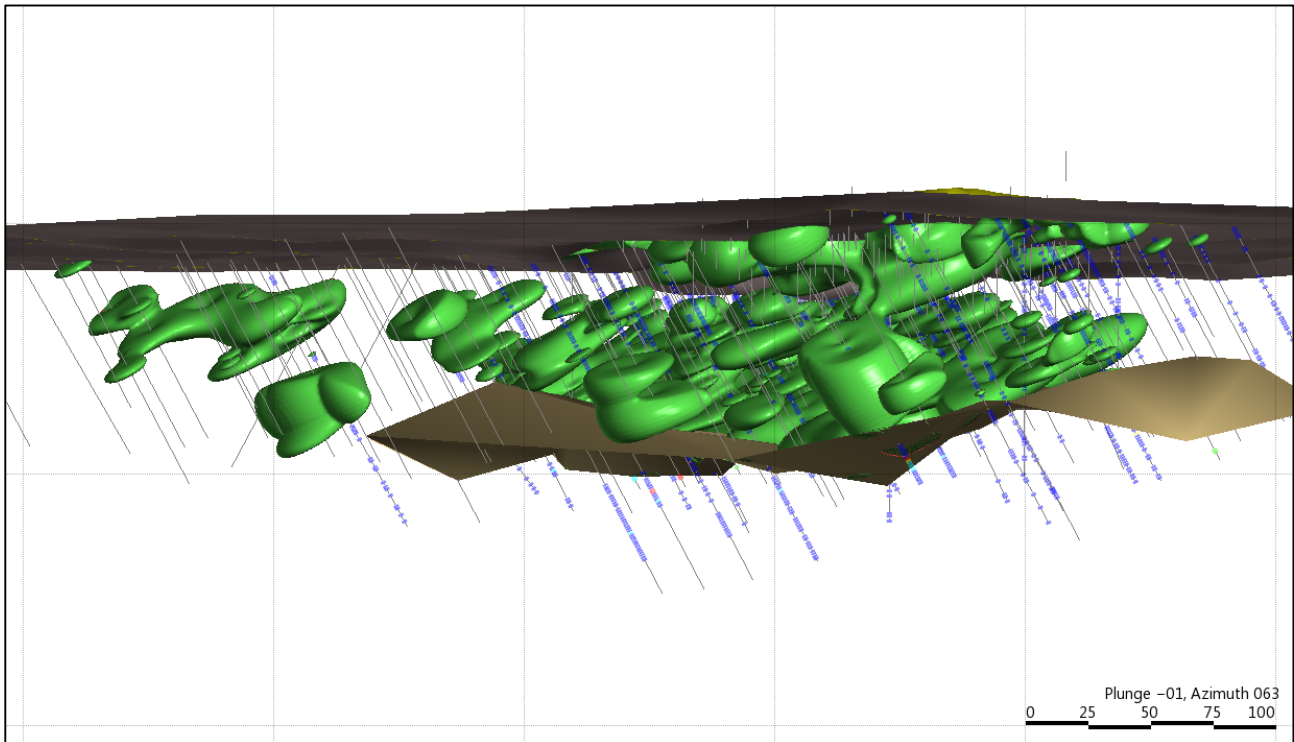


Figure 5: Final domain model for the Gwendolyn Resource, looking ENE

A constant SG value of 2.1 is used for converting volumes to tonnages. SRK was unable to find density measurements in the data provided; however, a value of 2.1 was reported in a previous report, and is considered reasonable, as all of the mineralisation modelled is in the oxide zone.

For the tailings, a constant SG of 1.8 has been applied, as a typical density of gold tailings in this region.

1.3 Estimation and Classification

Estimation of the resource was by Ordinary Kriging within the single oxide domain defined. Variography showed a strong short-range structure and a longer range in the direction of the bedding dip and in the direction of drilling of up to 30 m. However, the short-range structure is indicative of a high short-range variability within the deposit. This accounts for the detailed infill drilling in the historical data of 12.5 m by 12.5 m in places.

The short range also accounts for the high degree of smoothing in the kriging estimation, which results in very little reduction of total tonnage between 0 and 0.6 g/t cut-offs.

Kriging quality is also poor where the drill spacing exceeds 25 m. This factor, combined with the poor quality control on the historical data, has resulted in classification of the block model into Unclassified areas and areas of Inferred Resources. These are shown in Figure 6.

The tailings have been estimated by inverse distance interpolation weighted to the power of 2. The drill spacing is 20 m x 20 m, and the histograms indicate a low variability. SRK has classified the tailings resource as Indicated.

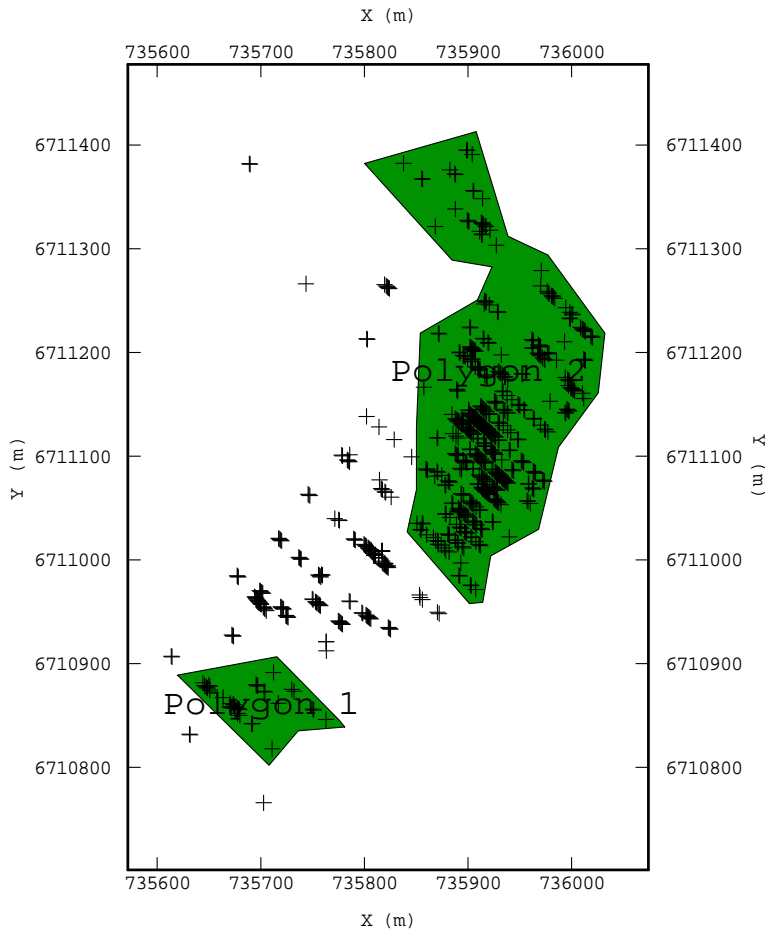


Figure 6: Polygons showing areas classified as Inferred; other areas are Unclassified

1.4 Unclassified Materials

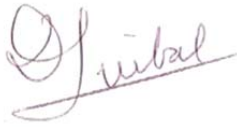
The unclassified material represents an area similar in size to the Inferred material. Although there is a significant amount of drilling in these areas, SRK considers the drill spacing, together with reliance on historic data, is insufficient to include as an Inferred Resource.

However, the data has been used in the estimation, and suggest that there is an Exploration Target in the unclassified area of between 688,000 t at 2.4 g/t and 1,270,000 t at 2.8 g/t for between 53,000 oz and 114,000 oz of contained gold. This Exploration Target is calculated based on an assumption that the current average grade in that area will not increase from the current composite average, but that a 15% average grade reduction is possible with additional drilling.

The estimation of the Target range also assumes that the current outline of the mineralised zone is reasonably well constrained, allowing only a 20% increase in tonnes, but there is potential to reduce the tonnes by 35% as a result of infill drilling.

SRK notes that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain whether further exploration will result in the determination of a Mineral Resource.

Prepared by



Daniel Guibal

Corporate Consultant (Geostatistics and Resource Estimation)



Peter Williams

Corporate Consultant (Geology)