vector resources ltd

and controlled entities

ABN 99 107 541 453

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

CORPORATE DIRECTORY

Directors

Damien O'Reilly	Non-executive Chairman
Glyn Povey	Managing Director
Gary Castledine	Non-executive Director
Neville Bassett	Non-executive Director
Jianhua Sang	Non-executive Director
Brian Williams	Non-executive Director

Company Secretary

Neville Bassett

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TABLE OF CONTENTS

Vector Resources Limited Annual Report 2012

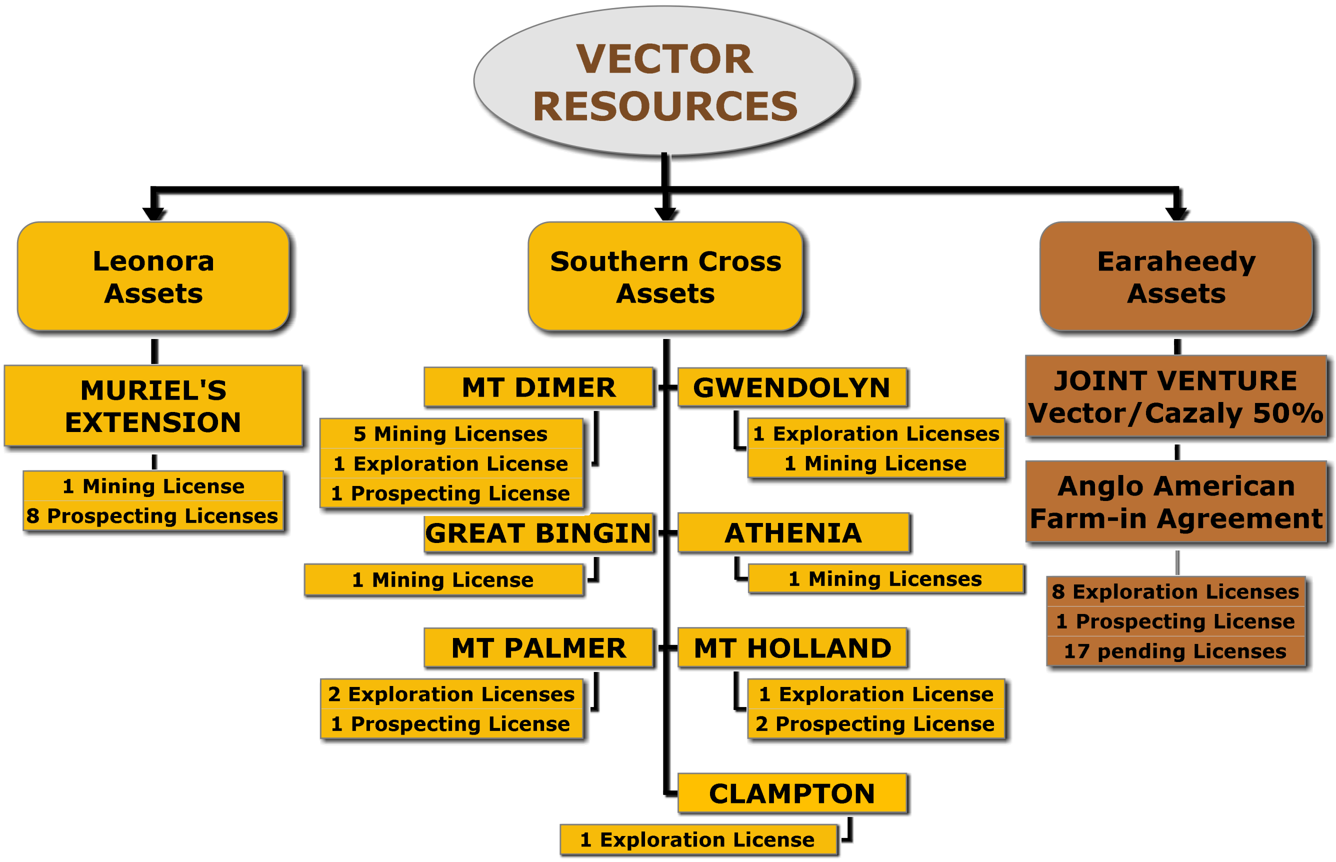
Review of Activities

Overview

Vector Resources Limited ("Vector" or the "Company") is a Western Australian focused resource company. During the financial year, Vector has strategically expanded its asset portfolio through acquiring additional ground adjacent to the flagship group of tenements at Mt Dimer. This has strengthened the Company's land holdings held in the highly prospective portfolio of gold assets within the Southern Cross hub.

The Company has advanced all of its projects within the three major hubs of Southern Cross, Leonora and Earaheedy Basin during the financial year. Several tenements were converted to mining leases and significant exploration activities were conducted throughout the Southern Cross and Earaheedy hubs. The Company was pleased to announce the signing of a Farm-In Agreement with Anglo American in September 2011 on iron ore tenements associated with Earaheedy Joint Venture. The new Tenement Structure below depicts the regional hubs and the tenements within.

Vector Group / Tenement Structure



Board and Management

During the year the Board and Management delivered the new strategic direction of the Company with outstanding success. The strategy the Board developed for the Company was to:

- Develop a safe and disciplined low cost gold exploration and mining business
- Expand existing resource
    - Complete evaluation of the substantial geological data base
    - Drill identified targets where resources are open and highly prospective
- Medium term
    - Aggressive exploration program to increase existing near surface resources
    - Acquire additional tenements that complement existing tenements
    - Move lead projects into position for production
- Pathway to production
    - Assess existing mining infrastructure and resource for near term production
    - Develop and progress assets towards mining potential with a combination of owner / toll process opportunities

With the success of the drill programs from Phase 1 and 2 at Mt Dimer and Gwendolyn East during the first half of the financial year, executive management made a decision to increase the skill and professional levels of the geological team to ensure the Company had the ability to provide the required information for feasibility work.

The Company engaged personnel with the additional skills of resource modelling and an overall increased knowledge level and professionalism that was seen by the Board as needed to progress the Company's projects. The Company now has five permanent staff, four long-term casual, two permanent consultants and access to four additional contractors that are used only when required.

These additional team members have been instrumental in achieving the success of the Company over the year under tight budgets, timing and remote operating conditions. With the ongoing commitment of its team, Vector is well placed to continue to achieve its future targeted milestones.

Capital Raising

Placement

On 16 November 2011, the Company announced its intention to raise $4 million by way of the placement of 50,000,000 ordinary fully paid shares at $0.08 each, together with a free 1:1 attaching listed option at an exercise price of $0.20 expiring 30 June 2012 (Listed Option).

The capital raising was completed in two tranches:

(i) on the 22 November 2011, the Company announced the completion of Tranche 1 – 12,500,000 Shares (25% of the total raising) to raise $1,000,000 and issued under the Company's 15% placement capacity under ASX Listing Rule 7.1; and

(ii) on the 20 January 2012, the Company announced the completion of Tranche 2 – 37,500,000 Shares (75% of the total raising) to raise $3,000,000, together with the 50,000,000 free attaching Listed Options on a 1:1 basis, issued following the approval of the Company's shareholders in the General Meeting held on the 6 January 2012.

Pro-rata Option Offer

On 20 March 2012, the Company announced a one (1) for two (2) non-renounceable pro-rata offer of new options, exercisable at $0.25 each on or before 3o January 2015 to holders of the Company's then existing listed options. Shareholders approved the proposed offer in the General Meeting held on 12 June 2012.

Subsequent to year end, the option offer closed fully subscribed with the issue of 88,016,722 new optins raising an amount of $880,167 (before expenses of the issue).

Southern Cross Projects

Since the acquisition of Golden Iron Resources Limited in January 2011, the Company has been actively exploring and progressing the status of all the tenements within the Southern Cross hub with excellent results. The management team has undertaken an aggressive pace of exploration across these projects located in the endowed gold province of Southern Cross, Western Australia.

The Southern Cross portfolio consists of seven major spokes surrounding the hub flagship project of Mt Dimer. These projects cover 41,376 hectares consisting of eight mining, six exploration and four prospecting licenses, all having either known gold resources or prospective for gold mineralisation.

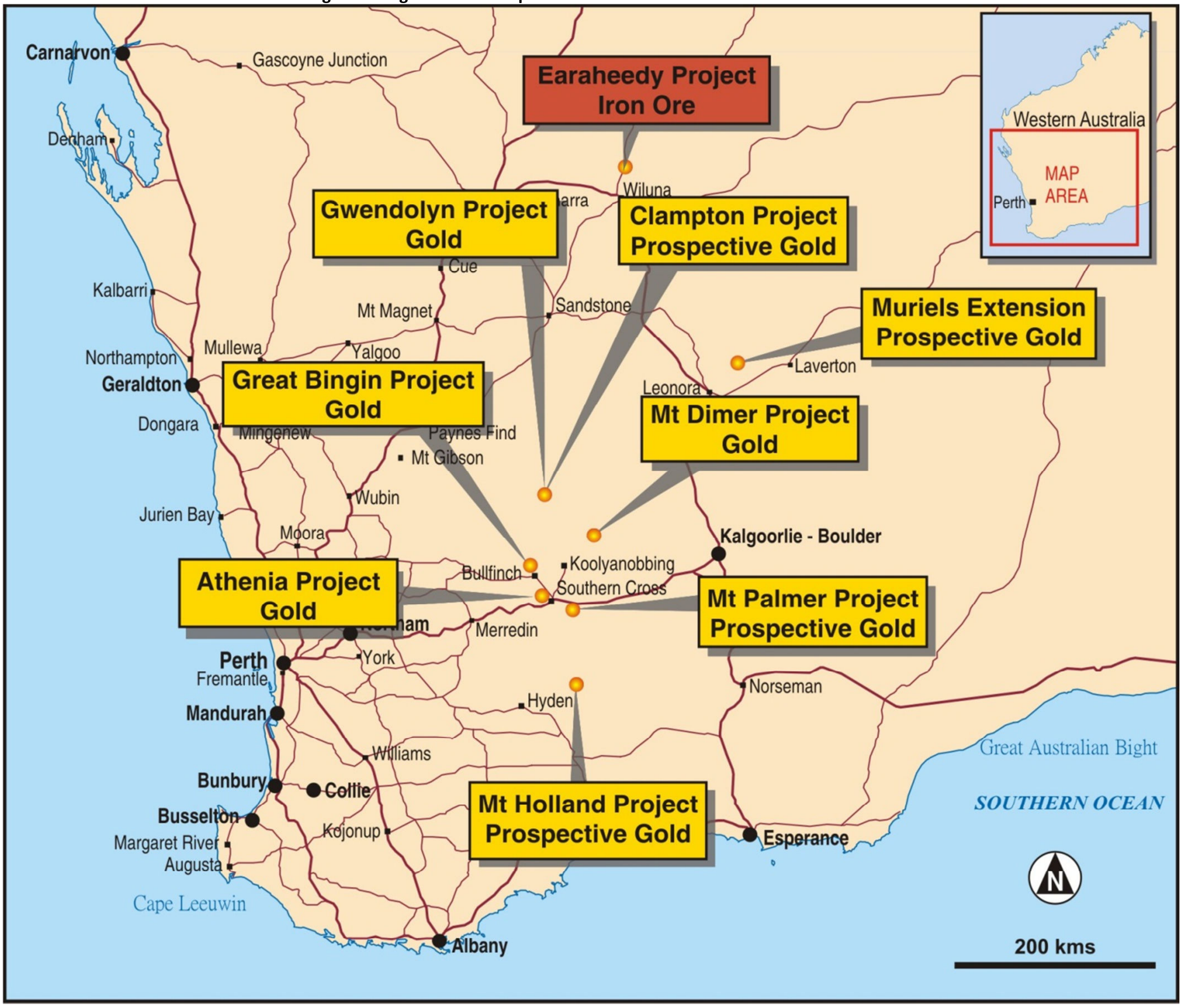
During the financial year, the Company increased its global resource from the inherited 118,800 ounces to 308,765 ounces of contained gold.

Table 1: Global Resource Table - Vector's gold assets within Western Australia

JORC Category	Measured Resource			Indicated Resources			Inferred Resource			Total Resource		
Project	Tonnes	g/t Au	Total Oz Au	Tonnes	g/t Au	Total Oz Au	Tonnes	g/t Au	Total Oz Au	Tonnes	g/t Au	Total Oz Au
Mt Dimer *	88,800	4.6	10,400				429,570	5.0	68,555	518,370	4.7	78,955
Gwendolyn				2,619,990	1.8	151,791	1,357,940	1.3	57,109	3,977,930	1.6	208,900
Gwendolyn Tails				238,000	0.7	5,600				238,000	0.7	5,600
Great Bingin *							54,700	7.4	12,960	54,700	7.4	12,960
Athenia *							49,300	1.5	2,350	49,300	1.5	2,350
Total	**88,800**	**4.6**	**10,400**	**2,857,990**	**1.7**	**157,391**	**1,891,510**	**2.3**	**140,974**	**4,838,300**	**2.0**	**308,765**

The following map details the locations of the project assets representing the three major hubs within the Company's portfolio.

Figure 1: Regional View Map - Tenement locations with Western Australia



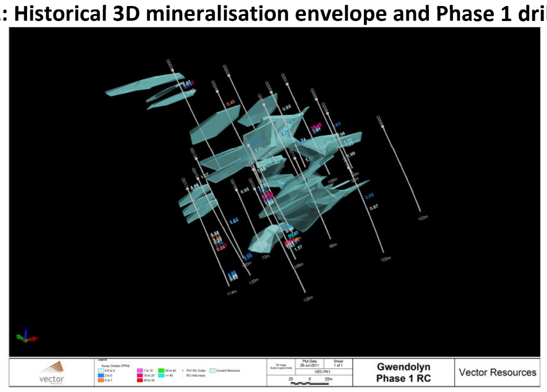
Gwendolyn M77/1263 and E77/1580

The Gwendolyn portfolio consists of two tenements, M77/1263 and E77/1580. M77/1263 was previously tenement P77/3976 and the granting of the conversion to a mining lease was obtained on the 15 May 2012. The two tenements cover more than 487 hectares located within a historic mined area.

The two Gwendolyn tenements have been aggressively explored this financial year. Phase 1 drilling commenced and was completed in June 2011. Prior to the drilling of this RC program tenement M77/1263 had a historic resource of 33,300 ounces Au contained metal. The results of this program were highly successful with the Company receiving outstanding results from 15 of the first 18 holes drilled; some of the significant intercepts are listed below:

- 10m @6.68g/t from 82m;
- 6m @7.54g/t from 54m;
- 2m @11.95g/t from 71m;
- 1m @27.6g/t from 67m;
- 4m @ 4.46g/t from 19m;
- 5m @ 3.03g/t from 60m;
- 7m @ 22.88g/t from 11m; and
- 10m @4.13g/t from 82m

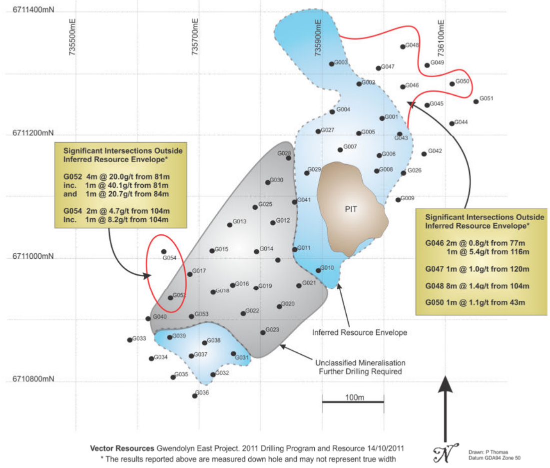
Figure 2: Historical 3D mineralisation envelope and Phase 1 drilling



During the financial year, the results of Phase 1 reported in July and August 2011 led to the drilling of a Phase 2. Phase 2 was a RC drill program consisting of 54 drill holes totalling 6,020 metres to commence in August 2011 to explore the along strike potential extension of the historical pit and expand the understanding of the near mine geology and mineralisation to the NE and SW. Minimal shallow RAB drilling was historically conducted to the SW on the oxide pit with significant intercepts which were investigated as part of this program. The results of this program continued on the success of Phase 1 with the Company receiving outstanding results from the 41 holes drilled out of the 54 hole program, some of the significant intercepts are listed below:

- 3m @ 57.91g/t from 45m;
- 4m @ 19.85g/t from 81m;
- 2m @8.93g/t from 104m;
- 2m @4.16g/t from 45m;
- 1m @7.52g/t from 93m;
- 1m @ 5.41g/t from 116m;
- 2m @4.68g/t from 104m
- 3m @ 3.38g/t from 1m;
- 1m @ 3.99g/t from 71m;
- 4m @ 2.51g/t from 54m;
- 3m @ 3.00g/t from 45m;
- 3m @ 2.44g/t from 0m; and
- 3m @ 2.41g/t from 63m.

Figure 3: Plan View Map - Mineralisation envelope and Phase 2 drilling

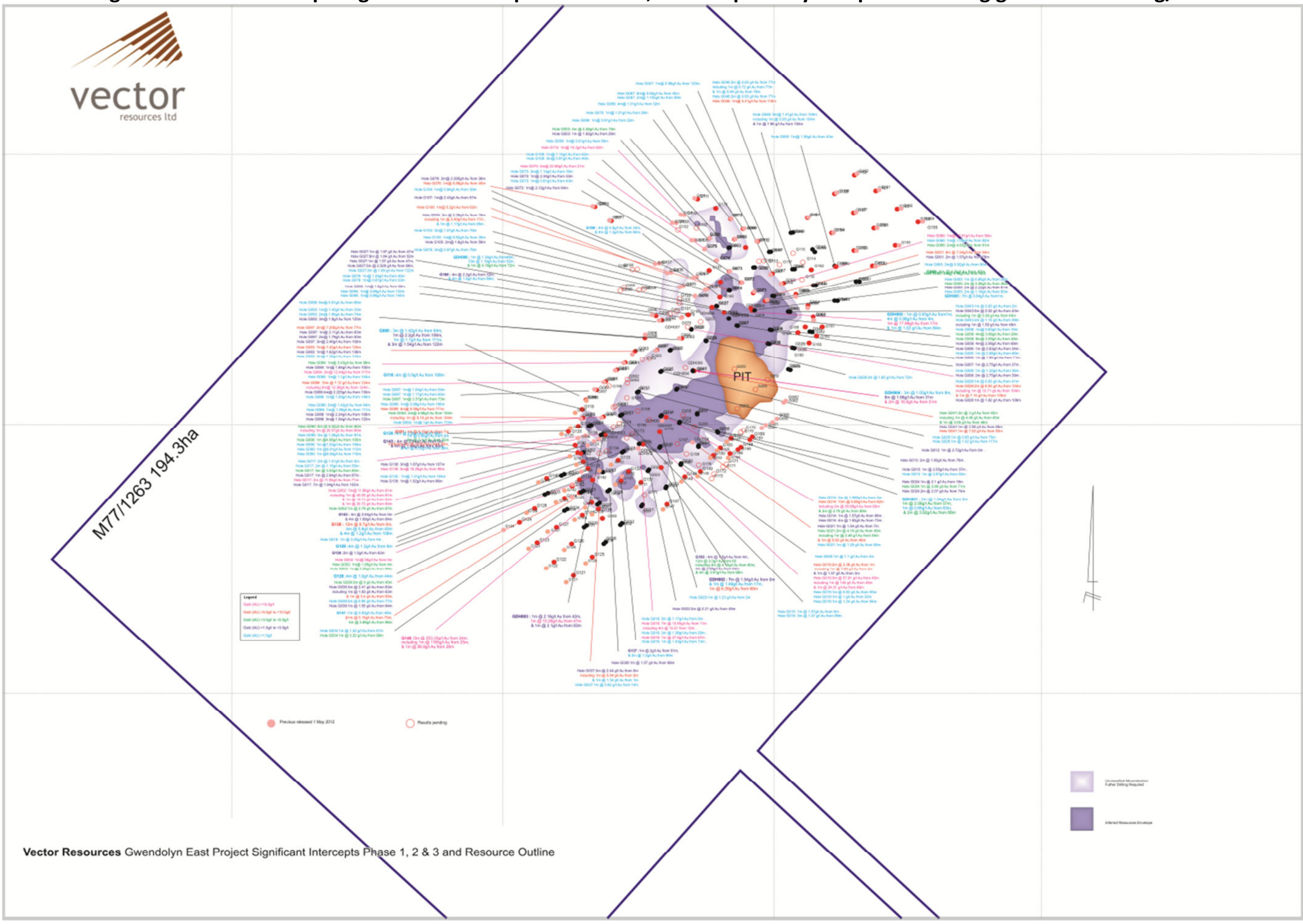


The results from the combination of the Phase 1 and 2 drill program and suitable historical drill data was provided to SRK for resource validation and modelling work. This work was carried out during November and December 2011. The construction of a sound data set of information for resource modelling purposes also allow the technical team to develop a Phase 3 drill program that combined diamond core (DC) and RC to further explore the extent of the mineralisation envelope and complete infill drilling within the December 2011 resource to improve categories. The DC holes were also intended for metallurgical and geotechnical testing purposes.

The Company has received outstanding results from the Phase 3 program which commenced in February 2012 and was completed in late June 2012. Some of the significant intercepts are listed below:

- 5m @ 253.33g/t from 24m;
- 1m @ 56g/t from 0m;
- 4m @ 47.99g/t from 33m;
- 8m @ 26.87g/t from 4m;
- 5m @ 22.68g/t from 21m;
- 8m @21.11g/t from 61 m;
- 1m @ 20.51g/t from 36m;
- 4m @ 19.79g/t from 132m;
- 1m @ 17.99g/t from 17m;
- 2m @ 16.6g/t from 51m;
- 3m @ 14.45g/t from 29m;
- 2m @ 12.44g/t from 117m;
- 2m @ 12.35g/t from 92m.
- 7m @ 11.9g/t from 81m;
- 3m @ 10.9g/t from 12m;
- 2m @ 9.19g/t from 95m;
- 12 m @ 8.38g/t from 0m;
- 4m @ 8.38g/t from 111m;
- 2m @ 7.21g/t from 77m;
- 10m @ 7.12g/t from 124m;
- 7m @ 7.42g/t from 125m;
- 5m @ 6.4g/t from 93m;
- 2m @ 5.60g/t from 9m;
- 6m @ 4.52g/t from 80m;
- 3m @ 3.54g/t from 102m;
- 12m @ 3.38g/t from 60m;
- 5m @ 3.38g/t from 19m;
- 8m @ 3.23g/t from 51m.
- 16m @ 3.15g/t from 112m;
- 8m @ 3.1g/t from 92m;
- 4m @ 3.09g/t from 28m;
- 8m @ 3.09g/t from 48m;
- 5m @ 2.68g/t from 40m;
- 8m @ 1.72g/t from 84m;
- 5m @ 1.31g/t from 19m;
- 13m @ 1.19g/t from 52m;
- 10m @ 1.19g/t from 19m; and

Figure 4: Plan View Map - Significant intercepts of Phase 1, 2 and 3 partially completed drilling greater than 0.8 g/t Au



The Phase 3 drill program has identified that the mineralisation envelope continues to expand in all directions with several different mineral domains now geologically constrained.

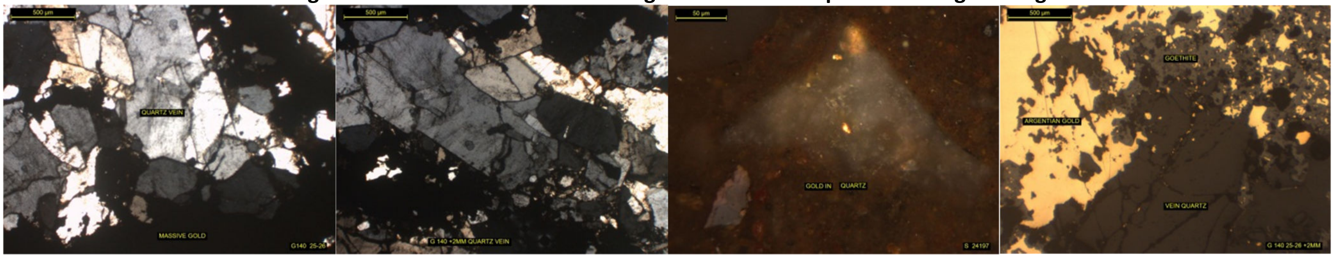
Drilling of the Phase 3 program also identified (as of June 2012) seven oblique high grade structures almost perpendicular to the main mineralisation envelope that is dipping to the North West at approximately 30 – 35 degrees. During June 2012, the Company release an internal resource upgrade based on information that had been received to-date from the Phase 3 Program. This resource upgrade was based on approximately 40% of Phase 3 and 100% of Phases 1 and 2, which significantly increased the resource to 214,500 ounces of contained Au metal.

During the drilling of the Phase 3 Program a bonanza intercept was identified through the drilling of hole G140, which had intercepted one of the high grade lodes. The results of this hole were outstanding and the Company sent material to two different accredited laboratories for analysis. The results of these samples assayed varied between 1,176g/t to 1,475g/t from the metre intercept.

The Company also engaged Roger Townend and Associates, Consulting Mineralogists, to review the material of the significant intercept of hole G140. A drill sample (G140 25-26) was sampled and a split analysed for gold gave values of 1,212 and 1,165ppm. The drill sample is investigated for the nature of its gold and for comparison, the pulp split from the assay was also briefly examined. To facilitate examination, the drill material which consisted of chips to mm, ranging down to fine dust was screened at 2mm and 500µ and polished thin sections were made of the 2mm fraction, and polished sections of the other fractions and the pulp.

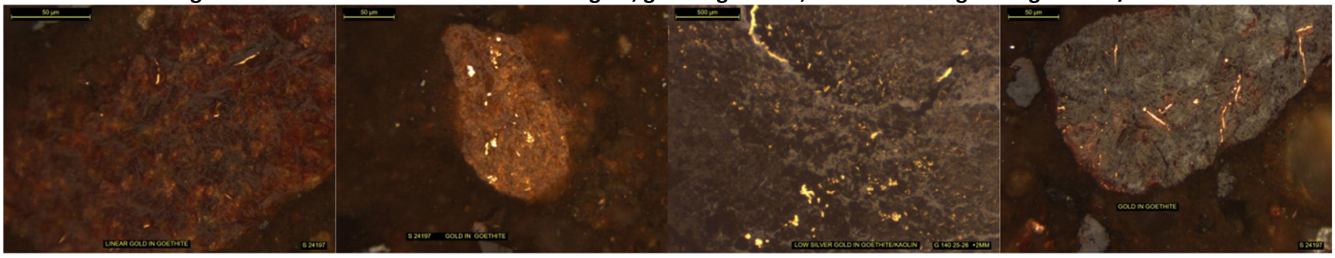
The summary of results was that gold was detected in all samples, with the exception of presence of low silver. The exceptions were gold was locked within vein quartz. SEM analyses found silver values between 16 and 18%. One of these was the large centimetre sized gold peaks in quartz vein. The mineralogy present apart from quartz is of a secondary nature, that is, kaolin, goethite and possibly secondary manganese oxides. In the +2 mm fraction, there are number of unequivocal quartz vein chips. One of these contains a substantial quantity of silver bearing gold.

Figure 5: +2 mm slides – Hole G140 gold and silver in quartz and Argentian gold



Much of the gold occurs with secondary goethite, or kaolin and then is very low in silver suggesting a secondary origin. Several of the kaolin rich chips have a foliation indicating a possible biotite / chlorite rich schist precursor. There was evidence of former pyrite with gold. The presence of elevated chromium in one chip may be related to the chromium muscovite, fuchsite, rather than being directly derived from basic/ultramafic igneous material. A negative parameter for this origin is the lack of titanium oxides, and usually present in satellite/laterite above those lithology's.

Figure 6: +2 mm slides – Hole G140 linear gold, gold in goethite, and low silver gold in goethite / kaolin



There is also gold contained within goethite with one particle of 300µ containing numerous veins of gold. Another 200µ quartz contains fine gold. Discrete irregular gold was detected with long dimension of 350µ. One unique discrete grain of 100 X 50µ appears to be zoned, with a silver rich nucleus. This is the reverse of Argentian gold when exposed to acidic solutions in superficial environments such as alluvial channels. The mineralogy of the pulp sample S24197 is compatible with the above drill material.

Figure 7: +2 mm slides – Hole G140 gold veins in goethite, coarse free gold in goethite, gold in goethite, gold in goethite ex pyrite

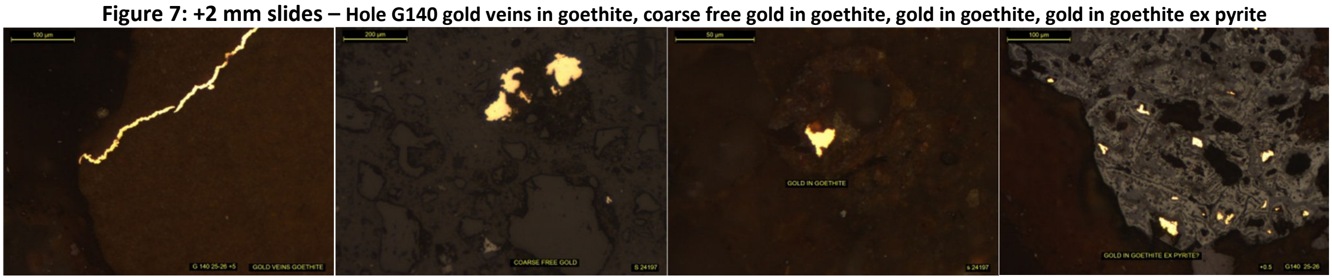


Figure 8: +2 mm slides – Hole G140 gold in aluminosilicates, gold in goethite, gold in goethite / manganese odixes, gold in kaolinsed schist

The results of this patrology investigation gave the technical team a high level of confidence in the sample being a true representation of the local geology. It also assisted in identifying the correlation of gold bearing mineralisation being present with goethite through the deposit. This representation has been further identified within the PQ^3 diamond core.

During the financial year, the Gwendolyn East's resource has been upgraded three times from the historical reported resource. In October 2011, there was a 155% increase in the global Gwendolyn East resource as it went from 33,300 ounces of inferred to 84,800 ounces of indicated (6.6%) inferred (93.4%) of contained Au metal. In December 2011, a further increase to the resources, as it went from 84,800 ounces of indicated (6.6%) inferred (93.4%) to 111,600 ounces indicated (5%) inferred (95%) of contained Au metal. In June 2012 the Gwendolyn East resource went from 111,600 ounces indicated (5%) inferred (95%) to 214,500 ounces indicated (73.4%) inferred (26.6%) of contained Au metal.

This work on the Gwendolyn East project has increased the projects resource in less than a year by 544% from 33,300 ounces to 214,500 ounces of contained Au metal and over 73% of the resource is now in the indicated category. This performance has given the Gwendolyn project the potential of being the first mining operation of Vector.

The October 2011, resource upgrade consisted of two main domains of material, an in-situ mineralisation of 998,700 tonnes @ 2.54g/t for 79,700 ounces of contained Au metal at inferred category and 238,000 tonnes @ 0.7g/t for 5,600 ounces of contained Au metal at indicated category from the open pit tailings storage facility.

Table 2: 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 suit mineralisation

Cut-off grade (g/t)	Tonnes	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 3: 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

The in-situ Mineral Resource was estimated within a constraining wireframe based on a low cut-off grade envelope of 0.2g/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 air core drilling results. The estimation is by Inverse Distance (power 2).

Figure 9: 3D looking ENE - Final domain model for the Resource

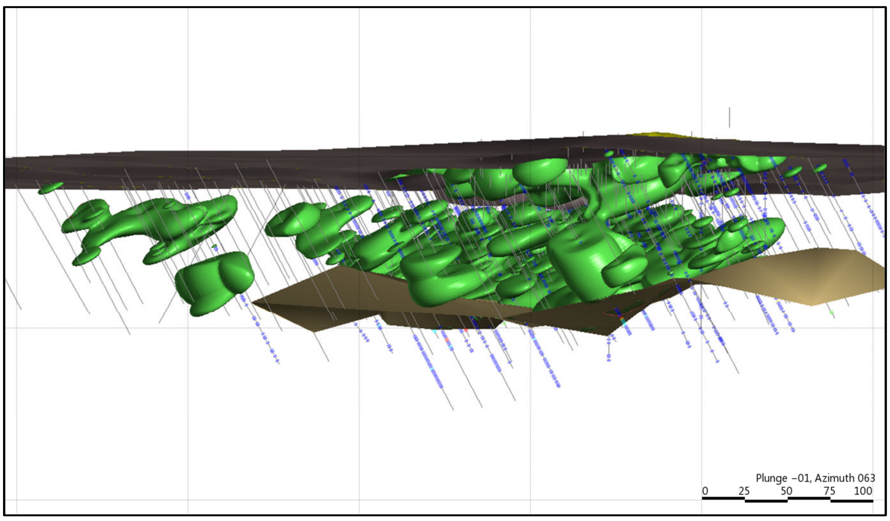
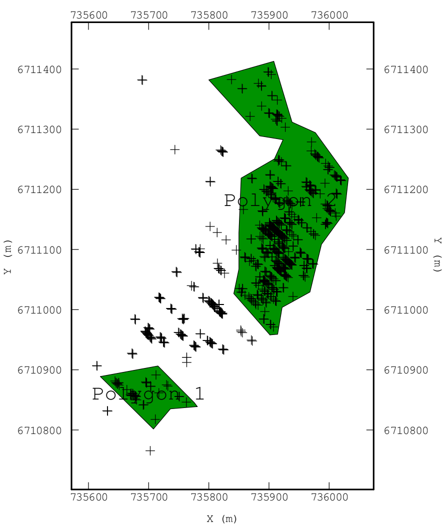


Figure 10: Polygons showing areas classified as Inferred; other areas are Unclassified



In addition to the October 2011, resource, SRK Consulting identified a large exploration target area. This unclassified material represents an area similar in size to the Inferred material. Although there is a significant amount of drilling in these areas, SRK considered 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 suggested that there is an Exploration Target in the unclassified area of between 688,000t at 2.4g/t and 1,270,000t at 2.8g/t for between 53,000 ounce and 114,000 ounce 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.

In December 2011, the Company updated the Gwendolyn resource once an additional 13 holes of assay were received from the Phase 2 drill program. A total of 54 recent drill holes by Vector covered a large part of the Gwendolyn deposit that assisted in validation of historical RC, AC and DD. As a result, SRK was asked to review the existing data, assess the new drill holes and re-estimate the resources to JORC standards. The key elements of the Mineral Resource study for the Gwendolyn project carried out by SRK Consulting were:

- Determination of whether a reportable JORC resource can be estimated
- Assessment of quality and continuity of the lithological and grade data
- Estimation of the Au Mineral Resource
- Classification and reporting of the estimate in accordance with the JORC Code (2004 Edition)

The Gwendolyn Project is at an exploration stage. The existence of historical drilling and a new RC drilling programme allowed a geostatistical domain based on the Au grade continuity to be created. This geostatistical domain, named Mineralisation 0.2g/t, is based on a low cut-off grade envelope (shell) of 0.2g/t. Although the historical drilling was not to the standard currently expected under the JORC Code, an Inferred Mineral Resource was estimated and a potential Exploration Target defined.

Within the 0.2g/t Mineralisation domain, the in situ Gwendolyn Inferred Mineral Resource is estimated to be 1,214,000t at an Au grade of 2.71g/t, with a gold content of 106,000 oz. The Exploration Target is estimated to be between 592,000t at an Au grade of 2.4g/t (i.e. 46,000 ounces) and 1,100,000t at an Au grade of 2.9g/t (i.e. 103,000 ounces).

The domain Tailings have been estimated within a wireframe outlining the tailings volume, controlled by the air-core results.

The Gwendolyn Tailings Indicated Mineral Resource is estimated to be 238,000t at an Au grade of 0.7g/t, containing 5,600 ounces.

Details of the Resource are given in the following two tables:

Table 4: Mineral Resource Estimate Statement for Vector Resources' Gwendolyn Project as at 30 November 2011, reported as gold contained within a 0.2g/t grade shell, in suit mineralisation – Inferred Resource

Cut-off grade (g/t)	Tonnes	Grade (g/t)	Contained Au (troy ounces)
0.0	1,214,000	2.71	106,000
0.2	1,214,000	2.71	106,000
0.4	1,214,000	2.71	106,000
0.6	1,208,000	2.72	106,000
0.8	1,207,000	2.72	106,000
1.0	1,200,000	2.73	106,000

Table 5: Mineral Resource Estimate Statement for Vector Resources' Gwendolyn Project as at 30 November, reported as gold contained within open pit tailings storage facility – Indicated Resource

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

This second geological modelling also utilised Leapfrog™ software, that allowed rapid construction of 3D wireframe models. On account of the small amount of geological information available for most of the drilling, the second model was generated using gold grade parameters. With the Phase 3 drilling program undertaken by Vector, additional geological information became available.

The assay data were filtered by drilling type in order to select only RC and DD samples. The selected data were then composited using a 2 metre length while the missing values, below detection or blank interval were assigned to the background value 0.01g/t. This choice resulted in a conservative wireframe, as no extrapolation to areas of unknown grade are allowed during the modelling.

The two structural trends suggest that the mineralisation is associated with a weathering zone and a rock type. However, the geological information was insufficient to support this explanation at the time of the modelling work. Therefore, the model reflects the imposition of both trends to control the grade model. The mineralisation envelope was defined by a 0.2g/t grade shell as shown on Figure 11.

Figure 11: 3D looking ENE - Final domain (Mineralisation 0.2g/t) model

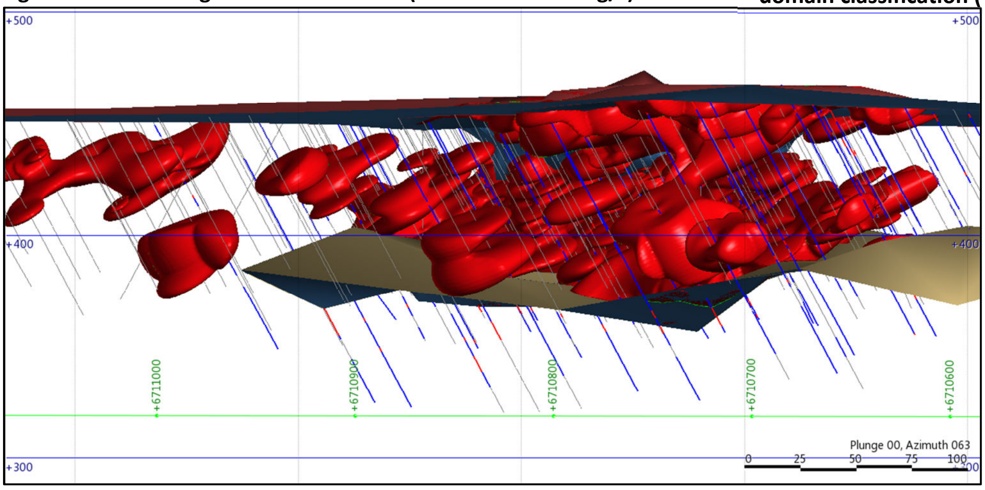
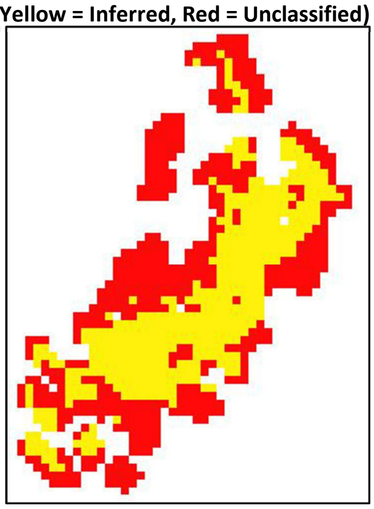


Figure 12: Horizontal Projection - 0.2g/t mineralisation domain classification (Yellow = Inferred, Red = Unclassified)



During the work associated with the second resource modelling, SRK Consulting redefined the exploration target of significance. The unclassified material represents tonnage slightly smaller than the Inferred material. The conversion to Inferred Resource requires some infilling and additional QA/QC information. In the Unclassified area, there is an Exploration Target.

The estimation range of the Exploration Target within the Unclassified areas ranges from 592,000t at 2.4g/t to 1,100,000t at 2.9g/t, thus containing between 46,000 ounce and 103,000 ounce. SRK notes that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource at the time of the modelling.

With the Phase 3 drill program commencing in February 2012, the program was designed to continue drilling extensional exploration targets outside the known resource and carry out infill drilling within the resource, with the Company's intention to complete an internal resource upgrade during June 2012. This internal resource estimate was released on the 25 June 2012 with a global increase of 102,900 ounces based on the additional information from approximately 87 drill hole results of the Phase 3 program.

The third resource upgrade has significantly increased in size by 92% and classification as a result of the Phase 3 program which is a 544% increase on resource since June 2011. The fully diluted indicated resource is now a combination of 2,619,990 tonnes at 1.81g/t for 151,791 Au ounces of material and 238,000 tonnes at 0.7g/t for 5,600 Au ounces of tails, totalling 2,857,990 tonnes at 1.72g/t for 157,391 Au ounces. The fully diluted inferred resource is now 1,357,940 tonnes at 1.31g/t for 57,109 Au ounces of material, giving a total of 4,215,930 tonnes at 1.58g/t for 214,500 Au ounces.

Within the 0.2g/t Mineralisation Domain, the in-situ Gwendolyn indicated Mineral Resource is estimated to be 2,619,990 tonnes at an Au grade of 1.81g/t with a gold content of 151,791 ounces. Within the 0.2g/t Mineralisation Domain, the in-situ Gwendolyn inferred Mineral Resource is estimated to be 1,357,940 tonnes at an Au grade of 1.31g/t with a gold content of 57,109 ounces.

The Gwendolyn Tails Indicated Mineralisation Resource is estimated to be 238,000 tonnes at an Au grade of 0.7 g/t, containing 5,600 ounces as previously stated in the SRK report attached to the December 2011 resource upgrade announcement.

Table 6: Mineral Resource Estimate Statement for Vector Resources' Gwendolyn East Project as at 25 June 2012, reported as gold contained within a 0.4 g/t grade shell in situ mineralisation – Indicated Resources

FROM	TO	VOLUME	TONNES	SG	Au	Cumulative		Au Grade (g/t)	Au Troy Ounces
						Volume	Tonnes		
10.0	999,999	23,200	49,880	2.15	33.63	23,200	49,880	33.63	53,576
5.0	10.0	49,800	107,070	2.15	7.05	73,000	156,950	15.50	77,697
1.0	5.0	329,800	709,070	2.15	2.05	402,800	866,020	4.49	124,152
0.8	1.0	88,400	190,060	2.15	0.90	491,200	1,056,080	3.84	129,622
0.6	0.8	138,400	297,560	2.15	0.69	629,600	1,353,640	3.15	136,218
0.4	0.6	259,000	556,850	2.15	0.49	888,600	1,910,490	2.38	145,020
0.2	0.4	330,000	709,500	2.15	0.30	1,218,600	2,619,990	1.81	151,791
-	0.2	155,600	334,540	2.15	0.11	1,374,200	2,954,530	1.62	153,009

Table 7: Mineral Resource Estimate Statement for Vector Resources' Gwendolyn East Project as at 25 June 2012, reported as gold contained within a 0.4 g/t grade shell in situ mineralisation – Indicated and Inferred Resources

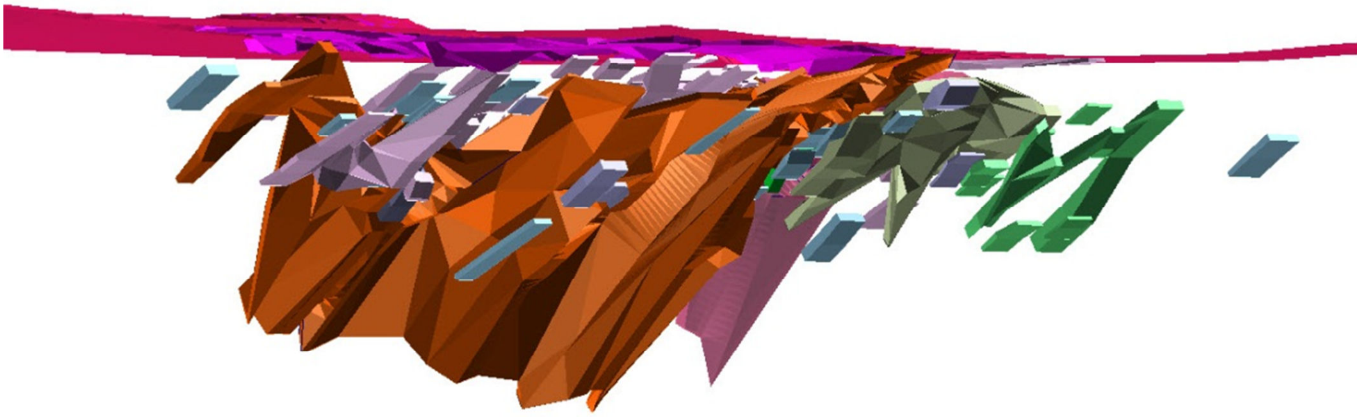
FROM	TO	VOLUME	TONNES	SG	Au	Cumulative		Au Grade (g/t)	Au Troy Ounces
						Volume	Tonnes		
10.0	999,999	33,200	71,380	2.15	28.94	33,200	71,380	28.94	65,968
5.0	10.0	70,400	151,360	2.15	7.00	103,600	222,740	14.03	99,789
1.0	5.0	475,600	1,022,540	2.15	2.07	579,200	1,245,280	4.21	167,504
0.8	1.0	130,200	279,930	2.15	0.90	709,400	1,525,210	3.60	175,571
0.6	0.8	190,400	409,360	2.15	0.70	899,800	1,934,570	2.99	184,667
0.4	0.6	396,600	852,690	2.15	0.50	1,296,400	2,787,260	2.23	198,177
0.2	0.4	553,800	1,190,670	2.15	0.28	1,850,200	3,977,930	1.64	208,900
-	0.2	200,600	431,290	2.15	0.12	2,050,800	4,409,220	1.49	210,499

Table 8: Mineral Resource Estimate Statement for Vector Resources' Gwendolyn East Project as at 7 June 2012, reported as gold contained within open pit tailings storage facility, SRK December 2011 Report – Indicated Resources

Cut-off Grade (g/t)	TONNES	SG	Au	Au Troy Ounces
0.00	238,000	1.80	0.70	5600
0.20	238,000	1.80	0.70	5600
0.40	235,000	1.80	0.80	5600
0.60	185,000	1.80	0.80	4700
0.80	81,000	1.80	0.90	2400
1.00	14,000	1.80	1.10	500

Gold mineralisation appears to be constrained to a highly altered boundary between the basalt and banded iron/banded chert horizons. This boundary exhibits semi-brittle and brittle structures which carry high grade Au. A study is underway to characterise the alteration styles adjacent to the mineralisation. Some petrographic work has been undertaken to better understand controls on mineralisation and a geological model is in the process of being developed. Surface mapping has revealed some tight folding in the banded iron and study continues to examine the extent of this folding – we wish to distinguish between folding related to compressional tectonics and folding related to a shearing of the rocks. Such study will help the Company to explore mineralisation down dip.

Figure 13: Mineralisation model looking NW



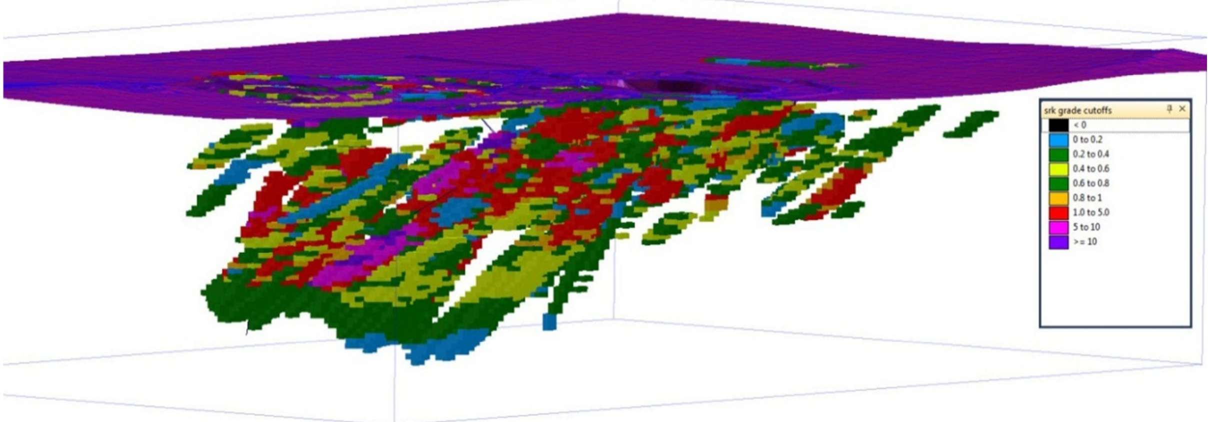
The current RC chip and diamond logging is now complete, which will allow the Company's geologists to model the known alteration zones in both 2D and 3D and understand the geological controls related to the known mineralisation.

The third resource up-grade used inverse distance cubed for the grade estimation using a 10E X 10N X4RL block size. The search ellipse directions were based on the Spadis directions with a shallow plunge to the SW and dipping 30 degrees to the WNW. Search radius of 30mN x 25mE x 5mRL was run to fill the block models.

Classification of the Mineral Resource Estimate is linked to the degree of confidence in the model. It depends on various aspects of the modelling process. The classification is defined by the *Australian Joint Ore Reserves Committee* (JORC) and documented in the *Code for Reporting Mineral Resources and Ore Reserves (2004 edition)*, commonly called the JORC code. The resource block model, wireframing and resource calculations and classification were derived by works carried and supervised by Mr Arnel Mendoza who is an employee of the Company. The following factors have been taken in account for the classification:

- Historical drilling QA/QC data is not to standard;
- Poor modelling in the drill spacing of the mineralisation carries where it exceeds 25m;
- Drill density in the domain tailings is good;
- The data variability in the domain tailings is low;
- The geological information is currently being developed and current information provided was insufficient to develop a robust 3D geological model based on geological data at this time;
- Due to the drill density within the 0.2g/t Au mineralisation domain, it was possible to create a reasonable well-constrained grade shell; and
- Substantial SG Density measurements were obtained during the course of logging the recent eight diamond drill holes. At this stage the average SG Density for the oxidised material was used which is considered conservative given that the resource now extends into the transition and fresh material.

Figure 14: Mineralisation ore block mode looking NW



The resource remains open in all directions and at depth along the known strike and plunge. Drilling carried out late in June 2012 was targeting the potential mineralisation at depth to the south west of the current mineralisation envelope. This drilling was part of the Phase 4 program that is currently ongoing. Trend indicators suggest there was a potential steepening of the high grade lodes at depth. Initial results of this drilling have been highly encouraging. The Company is continuing to aggressively explore the tenement as extension and infill drilling. This work will continue through the first half of the new financial year.

Mining Proposal Works

During the financial year the company carried out the first of three major flora and fauna surveys over the two tenements M77/1263 and E77/1580. This work was carried out in preparation for future feasibility and mining proposal activities. It was also considered a prudent measure to determine the extent of the historical disturbance on the tenements.

In April 2012, the Company engaged Niche Environmental Services to carry out an autumn survey and produce a report on the Gwendolyn project. The first pass of the Level 2 flora and vegetation survey comprised a desktop review, quadrat-based survey, census of the flora and subsequent analysis of the survey data.

There were no Threatened Ecological Communities (TECs) with the project area or surrounds and there were no matters listed under the provisions of the *EPBC Act* that were considered to be relevant to the project area. Based on this, there are not considered to be any flora and vegetation issues that would require referral for assessment under the provisions of the Act.

Further surveys are planned in September and October 2012 to complete the flora and fauna surveys as well as a hydrology report. The second part of the Level 2 flora and vegetation survey will cover both tenements and proposed access roads and infrastructure sites to comply for mining approval. This work will commence in September 2012.

Mineral Engineering Technical Services Pty Ltd (METS) have been engaged by the Company to carry out metallurgical test work for the feasibility study. This test work will identify flow sheet, mass balance and process facility design based on a modular system between 330,000 to 500,000 tonnes per annum. The facility will incorporate a crush and grind circuit feeding into a gravity plant with CIP tail. This work is currently underway and the timing for completion is in line with the scheduling of the mine feasibility.

Mt Dimer (M77/427, M77/428, M77/957, M77/958, M77/965, E771992, P77/4081 & P77/4086)

Mt Dimer covers 2,480.6 hectares and is located in the Archaean Diemals-Marda Greenstone Belt and contains significant and proven high-grade quartz hosted gold mineralisation.

In September 2011, the Company applied to the Department of Mines and Petroleum (DMP) to acquire an exploration and two prospecting license for ground that is adjoining to the north of the two main mining tenements M77/427 and M77/428. This ground totalling 482.3 hectares and complemented the existing tenements for identification of future exploration targets. During May to August 2012, the Company received confirmation from the DMP that the application of these three tenements was granted.

Figure 15: Plan View Map – Mt Dimer tenements with newly granted ground E77/1992, P77/4081 and P77/4086

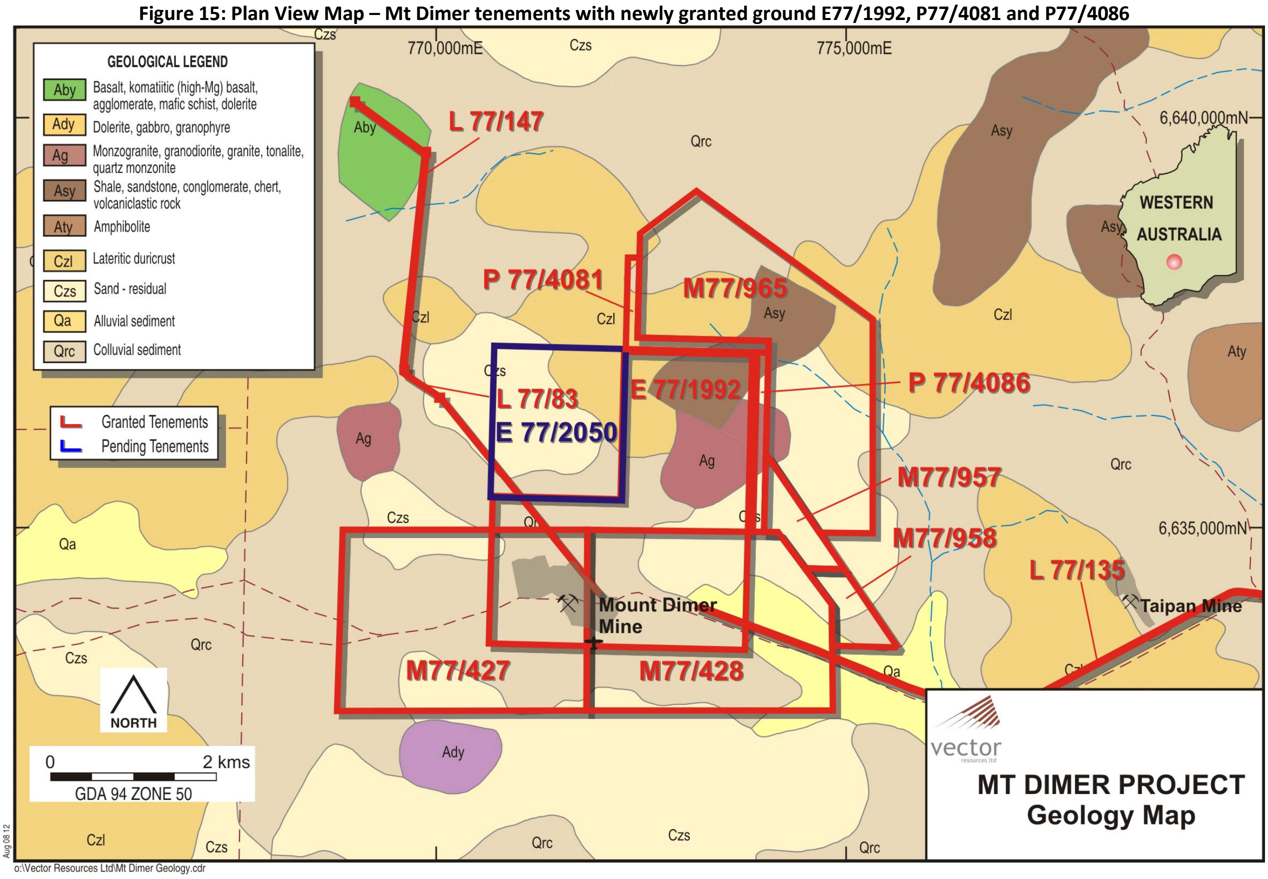
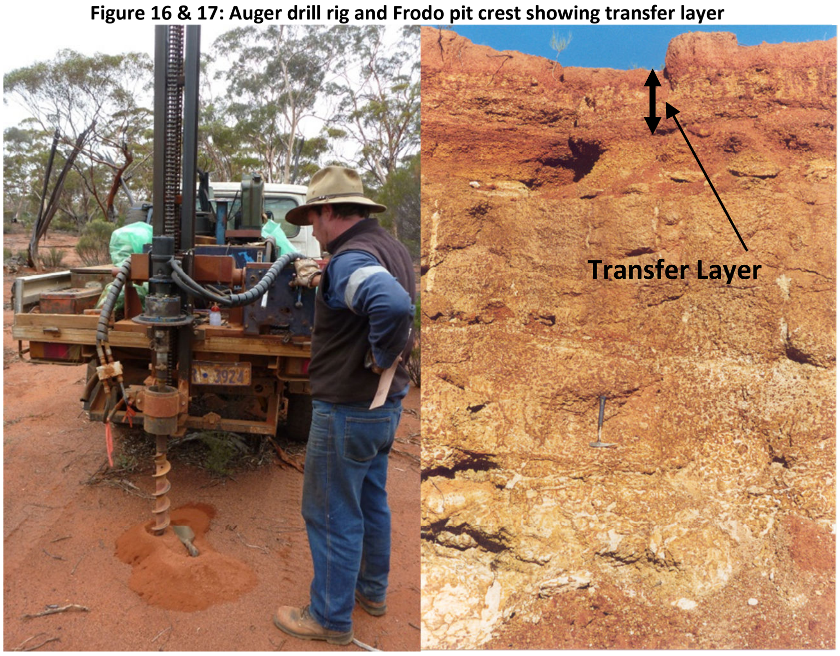


Figure 16 & 17: Auger drill rig and Frodo pit crest showing transfer layer



The Company commenced a geochemical auger program in May 2011 after initial review of the historical data of tenements M77/427 and M77/428 showed a deficiency in the process of the historical geochemical program that indicated samples previously taken had not penetrated the silcrete or transfer layer of the surface material.

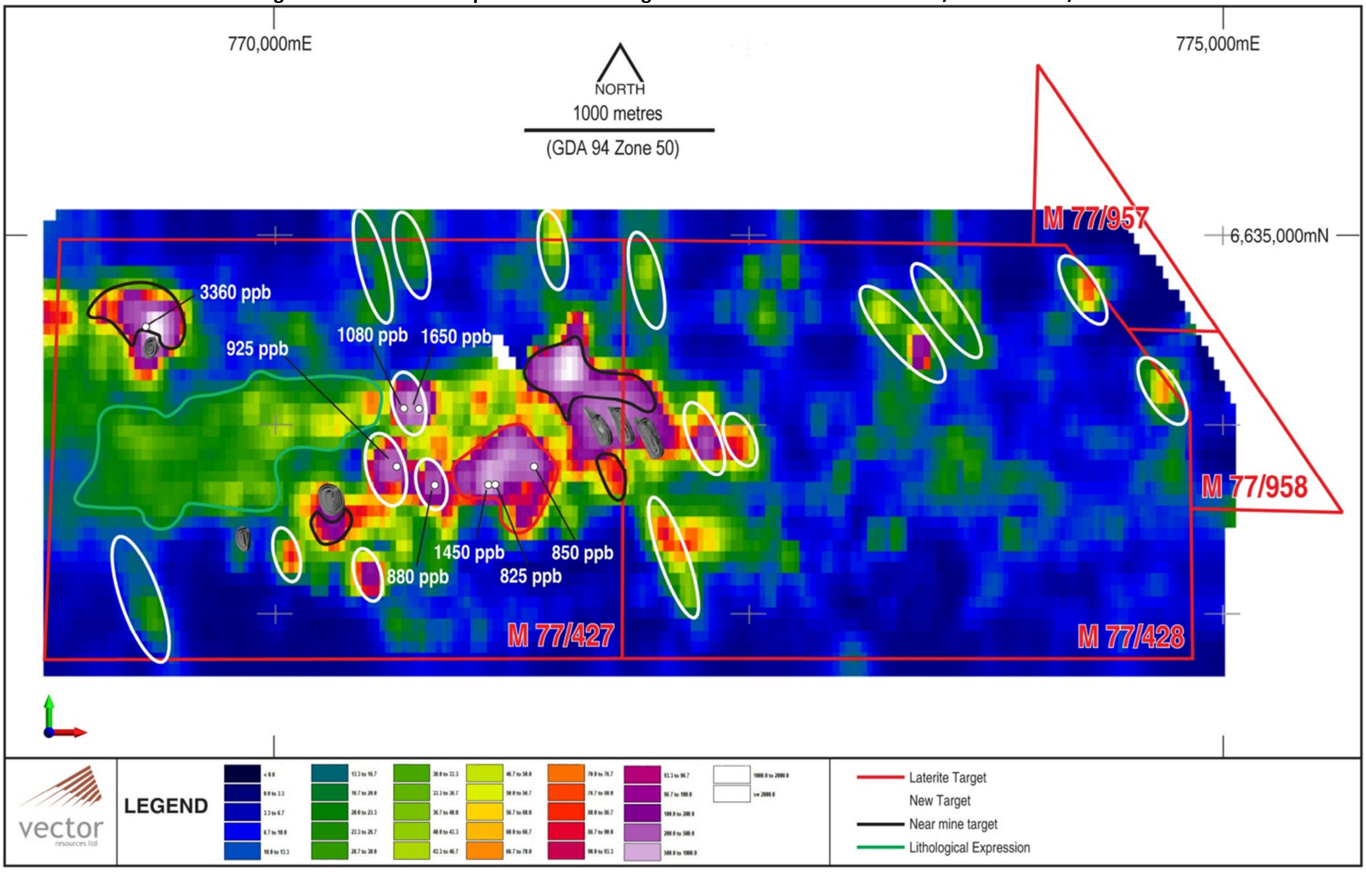
The Company carried out a 40 metre by 100 metre grid pattern of auger drilling to depths of three metres ensuring that each hole had penetrated the transfer layer. Figure 4 shows the surface to transition of the transfer layer at the historic Frodo open pit located to the north west of tenement M77/427.

The results of this program were received in August 2011 with extremely encouraging signs. The program over tenements M77/427 and M77/428 identified 17 new Greenfield targets, 4 extensions of known mineralisation and a fairly large oxide area. A total of 22 highly prospective target areas were identified with a definite structural correlation with geochemical results and aeromagnetic survey data. The parts per billion (ppb) readings of gold (Au) from some of these results were outstanding, being 800 to 3,300 times the back ground levels. These included:

- 3360 ppb
- 1650 ppb
- 1450 ppb
- 1080 ppb
- 925 ppb
- 880 ppb
- 850 ppb
- 825 ppb

The values surrounding the historical mine workings clearly indicate the potential extensions of historical pits along strike to the north and south. In particular targets circled in BLACK (refer to Figure 18 below) indicate a potential significant extension of Kali West, LO1, LO2 and LO3 pits to the north and Golden Slipper and LO3 to the south. Targets circled in WHITE represent newly discovered gold anomalies and have a strong correlation with structural trends.

Figure 18: Plan View Map - Geochemical auger drill results of tenements M77/427 and M77/428



The Comparison between the historical survey and the current program is clearly seen in Figures 19 and 20.

Figure 19: Plan View Map - Historic geochemical auger drill results

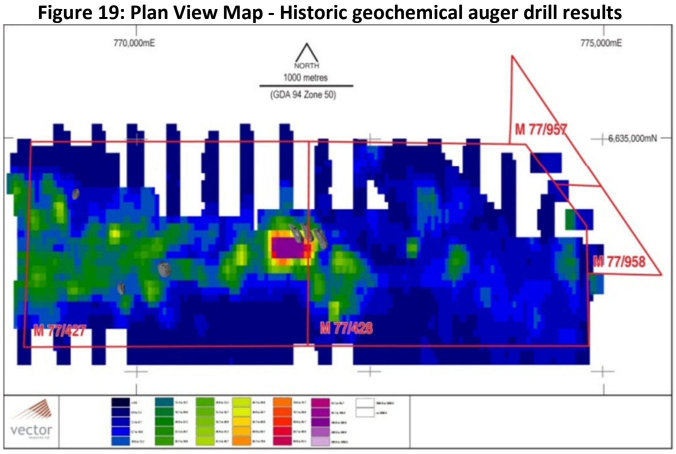
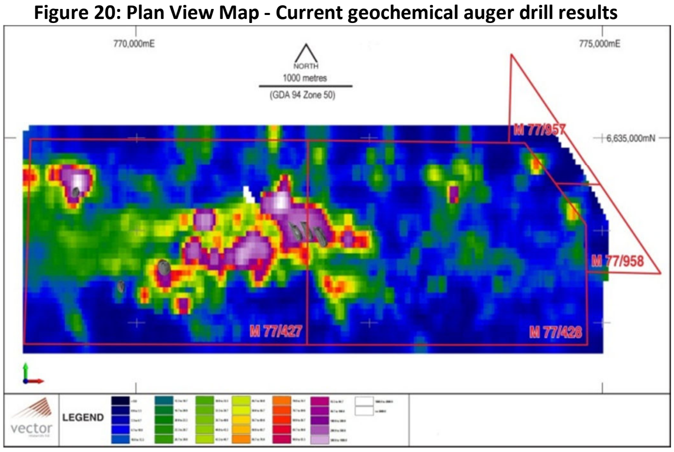


Figure 20: Plan View Map - Current geochemical auger drill results

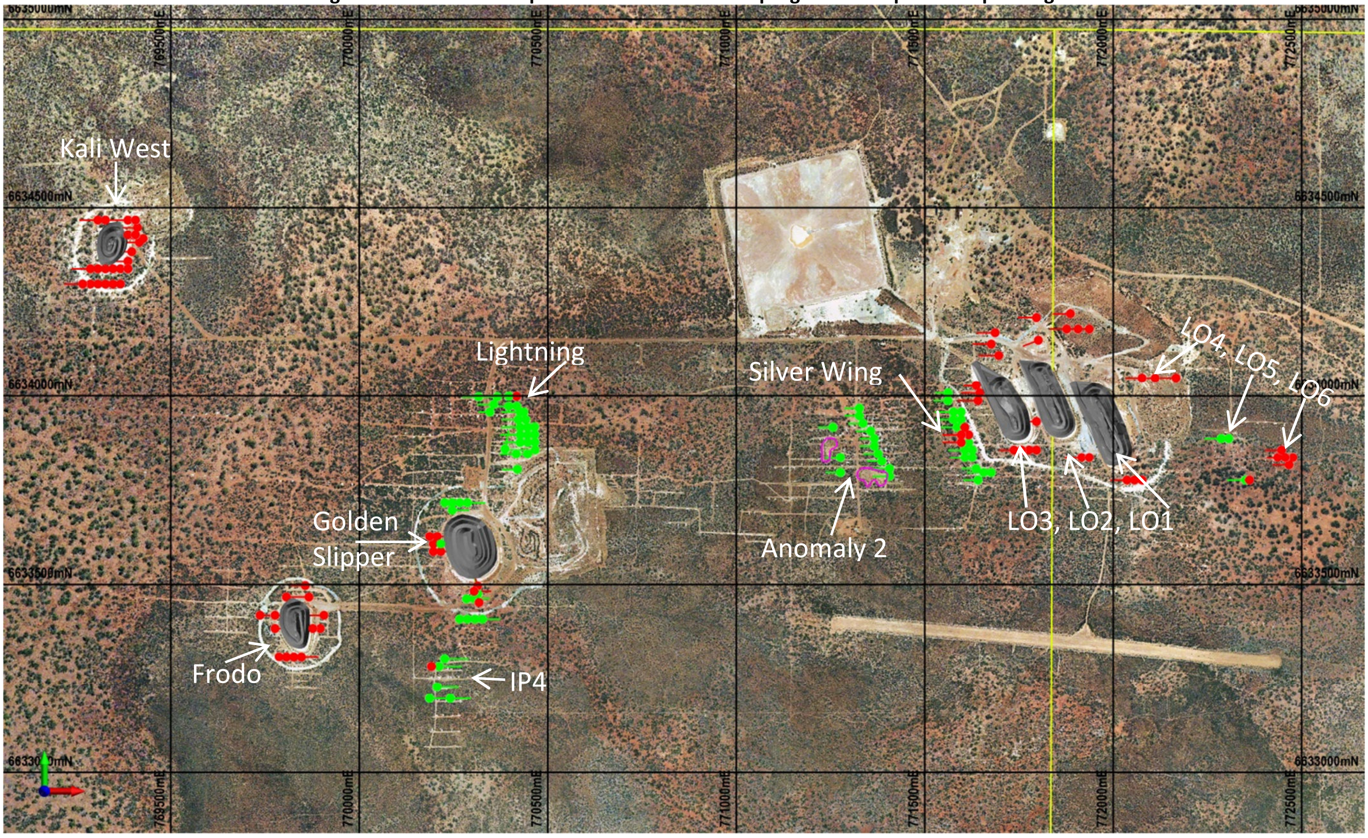


The auger program was further expanded to tenements M77/957, M77/958, M77/965 on a grid spacing of 80 metres by 200 metres that was later in-filled in various locations to 40 metres by 100 metres. These results will be investigated by the technical team in preparation for a future reverse air blast (RAB) or air core drill program.

During the financial year, the Company applied to the DMP for a Phase 1 drill program using reverse circulation (RC) drilling consisting of 147 drill holes totalling 14,770 metres and approval was received in July 2011. This program was designed to explore the potential extension of the historical pits and expand the understanding of the near mine geology and mineralisation and commenced in August 2011.

Additional anomalies and intercepts previously identified by shallow RAB and RC drilling will be investigated as part of this program. The priority one drill holes of this program will explore the potential mineralisation of extensional targets identified from the geochemical auger program considered extensions of historic mining. Several anomalies considered as new targets will also be explored at this time and based on the new data, the drill designs were well placed to explore their potential.

Figure 21: Plan View Map - Mt Dimer Phase 1 drill program – complete and pending



During the financial year, 78 holes for 7,610 metres have been completed targeting four specific areas of Lightning, Anomaly 2, Silver Wing and Golden Slipper South. Some of the significant intercepts in the areas drilled are listed below.

- 6m @ 24.81ppm from 62m
- 4m @ 21.71ppm from 50m
- 4m @ 20.98ppm from 87m
- 6m @ 15.7g/t from 22m
- 10m @ 14.39ppm from 76m
- 7m @ 13.07ppm from 48m
- 6m @ 3.99ppm from 93m
- 3m @ 12.7g/t from 57m
- 3m @ 12.66g/t from 93m
- 4m @ 11.83g/t from 31m
- 9m @ 10.18ppm from 54m
- 3m @ 7.45g/t from 63m
- 7m @ 5.28ppm from 41m
- 2m @ 7.8g/t from 25m
- 18m @ 2.86ppm from 46m

The success of the priority drilling of the Phase 1 program resulted in a resource update of the Lightning deposit and continued to encourage the technical team on potential extensions to the historical open pits.

Lightning

Lightning was discovered during the sterilisation drilling for the Golden Slipper waste dump. The Lightning mineralisation consists of quartz veining and is hosted by granite. An underlying sheared mafic unit has been interpreted from the low-level magnetic data. Current drilling has greatly enhanced our understanding of the geology and mineralisation of the Lightning Prospect.

The drilling at Lightning has clearly shown that the mineralisation continues at depth and along strike. Significant intercepts were achieved during the drilling that included 6m @ 24.81g/t inclusive of 1m @ 136g/t, 4m @ 20.98g/t , 7m @ 13.07g/t, 10m @ 14.39g/t, 9m @ 10.18g/t , 7m @ 5.28g/t , 18m @ 2.86g/t, 6m @ 3.99g/t.

SRK Consulting (SRK) was engaged by Vector to carry out validation, resource modelling and analysis of both historical data and new data from current drilling. Geological surfaces and wireframes provided by Vector were reviewed. Gold mineralisation is controlled by the quartz vein; however a significant amount of gold occurs outside the vein. The quartz vein was modelled on geological information provided by drill hole data. The Inferred Mineral Resource was estimated within a constraining wireframe based on a low cut-off grade envelope of 0.2g/t. The envelope was generated using Leapfrog™ software. The estimation is by Ordinary Kriging, with a top cut of 30g/t Au for oxide and 35g/t Au for fresh material applied to the composited data. Figure 22 represents the new resource and 3 dimensional cross-section view. This new resource upgrade brings the deposit resource to 161,270 tonnes @ 2.62g/t for 13,575 ounces of contained gold, a 180% increase from the historical resource.

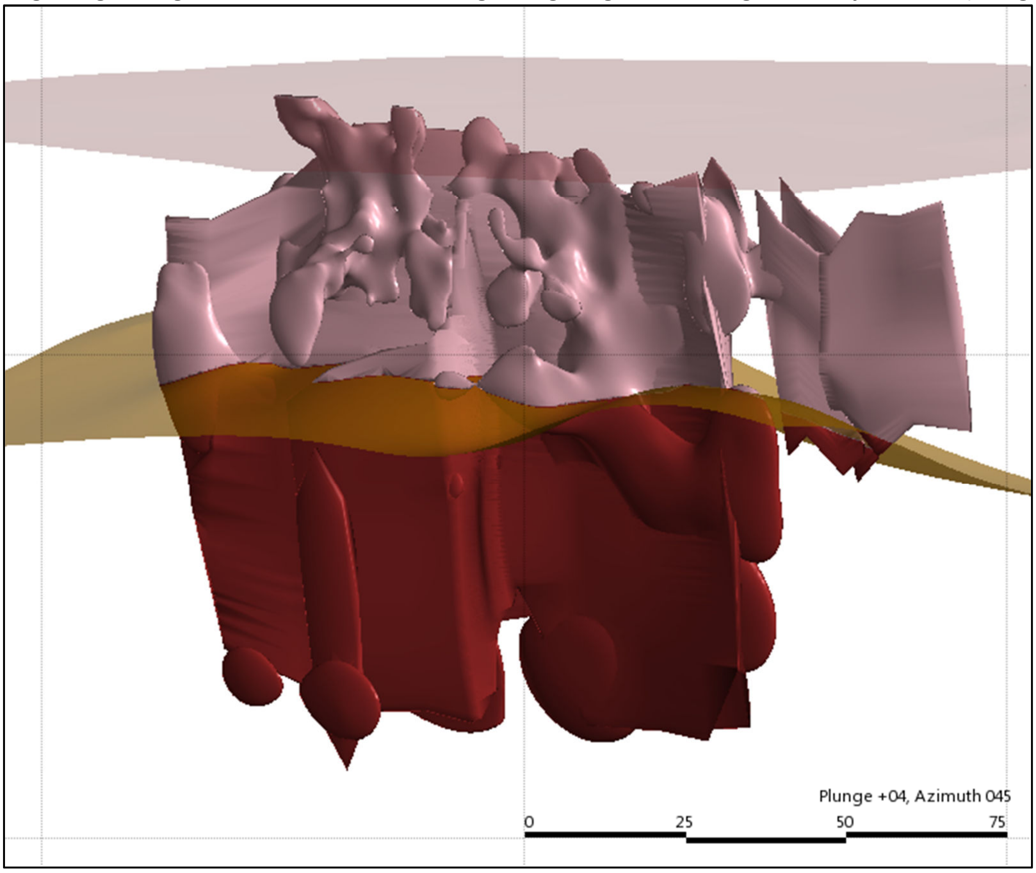
Table 9: Lightning oxidised mineralisation Inferred Resource

Cut-off grade (g/t)	Tonnes (t)	Grade (g/t)	Contained Au (troy ounces)
0	50,420	1.71	2,775
0.5	46,150	1.84	2,735
1	37,350	2.1	2,510
1.5	24,760	2.5	1,995
2	15,260	3.05	1,480
2.5	8,810	3.6	1,015
3	5,370	4.1	710

Table 10: Lightning fresh mineralisation Inferred Resource

Cut-off grade (g/t)	Tonnes (t)	Grade (g/t)	Contained Au (troy ounces)
0	110,850	3.05	10,800
1	71,660	4.45	10,230
2	50,300	5.75	9,240
3	36,970	6.9	8,180
4	27,890	8	7,170
5	21,395	9.05	6,230
6	16,595	10.1	5,390
7	12,970	11.1	4,630
8	10,190	12.1	3,960
9	8,030	13.05	3,370
10	6,340	14	2,860

Figure 22: Lightning's two geostatistical domains resulting from geological modelling divided by the TOFR (orange surface)



During October and December 2011, the Company applied for the approval of 2 Program of Works (PoW) for drill programs designed to target the seventeen new anomalies identified from the geochemical auger program. This program totalled 483 holes for 24,150 metres was scheduled to commence early in 2012. This program has not commenced due to unexpected delays from the Kalgoorlie branch of the Department of Conservation (DEC). Once approval has been obtained, this program will be completed including remaining holes from the Phase 1 RC program.

During the year the Company entered into several agreements with neighbouring companies to help assist them with the development of their projects. These agreements included granting access to Vector's roads, airstrip and single persons facilities.

In September and October 2011, the Company carried out initial environmental surveys of the two main mining tenements M77/427 and M77/428. This program was intended to identify historical disturbance and the rate of regrowth on rehabilitated areas. A survey was also carried out on weeds identified on the tenements and waste materials still present from the mining activities in the 1990's.

Figure 23, 24 & 25: Weeds identified during survey and destroyed during spraying program

Figure 26, 27 & 28 Waste materials identified during survey and removed

Figure 29: Gates erected at mined entrances

The results of this program identified several weeds that were eradicated through a program of controlled weed spraying of the plants in question. In addition, the Company undertook several campaigns of cleaning up scrap steel, poly pipe and other waste that was left behind. The Company also erected three gates to restrict access to the mine sites by the public.

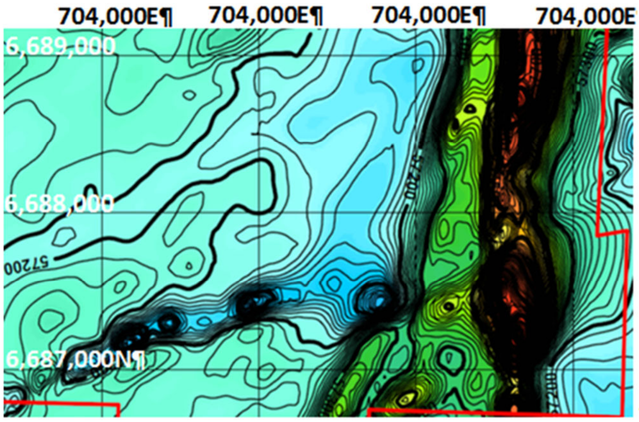
Clampton (E77/1591)

The Clampton Project is located approximately 200km north-west of Southern Cross. During the last financial year, the Company engaged Thomson Aviation Pty Ltd to fly 6,257 line kilometres. The flight line direction was east-west with a north-south line spacing of 50 metres and the sensor height was 45 metres. South of 6,677,000N the magnetic response generally has a higher amplitude. Granitoid sands are mapped, but bedrock seems unlikely to be just granite and there appears to be a strong possibility of there being more basic rocks present. Faulting can be hypothesized from the boundaries of the various magnetic units and is indicated on the interpretation plan.

The total magnetic range is in the order of 1700 nanoTeslas. Some of the highest magnetic values lie between 695,500E 6,672,100N and 695,400E 6,674,300N; a distance of 2,000m with a potential source rock width of up to 700m. The mapped geology indicates quartz felspathic sand over granitised rock but it seems likely that there are potentially more basic rocks or volcanics here. The second area of high magnetic response is further to the north-east from 703,600E 6,686,700N to 703,600E 6,689,100N; a distance of 2,400m with a potential rock width of 500m. This feature extends out of the Exploration License (EL) area to the north and south. The mapped geology indicates that serpentinite rock is present as outcrop.

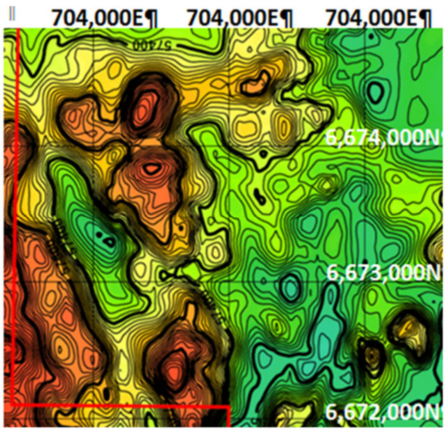
The airborne geophysical survey has identified and delineated bedrock geology which has not been recognized in the surface mapping. A number of specific areas require ground inspection, geochemical sampling and possibly ground geophysics prior to drill testing.

Figure 30: Location 1 aeromagnetic interpretation



- Location 1: the north-eastern zone extending from 6,686,700N to 6,689,200N from the easting 702,000E to the eastern boundary of the exploration license. The highly magnetic unit could be serpentinite with magnetic schists to the east and west. Faulting is also mapped in this area. The main magnetic feature dips steeply to the east. It has a width of 30m to 40m and is at the base of the regolith. The location 703,600E 6,688,100N is recommended for a west inclined drill test to determine rock type and the potential of the footwall rocks.

Figure 31: Location 2 aeromagnetic interpretaton



- Location 2: the central zone extending from 6,672,100N to 6,674,800N. There is potentially complex geology here as indicated by the magnetic response. Ground investigation is recommended with a potential drill hole at 695,600E 6,672,300N, vertically inclined. Other areas of complex magnetic response to the south also require ground inspection. Faulting is more evident in the south.

There may be addition areas of interest when local geological knowledge is integrated with the results of the geophysical survey. Preliminary geological surface mapping and recognisance activities were carried out during the year over the areas of interest. This work will be further investigated during the current year to define precise surface mapping with targeted geochemical analysis for the potential identification of RC drill targets.

Great Bingin (M77/1255)

The Great Bingin project (M77/1255) covers 169 hectares and located in the southern portion of a peninsula into Lake Deborah West approximately 70km northwest from Southern Cross. Gold was first mined in the area in 1911 and the Great Bingin mine was worked to a depth of 78 metres before closing in 1942 due to lack of manpower.

The Great Bingin workings are situated in an area of highly metamorphosed interbedded, basic schists, basic lavas and jaspilites. These rocks are intruded by a network of post-gold, granetiferous pegmatite dykes.

In July 2011, the project was converted from a prospecting license to a mining lease and currently has an Inferred JORC Resource of 54,700 tonnes @ 7.4g/t for 12,960 ounces Au gold metal*.

It is expected the JORC resource will be further upgraded through systematic exploration. Design work has been completed for a RC drill program and an approval has been received from the DMP. The program will explore the deposit at depth and along strike to the east and west, which are all open.

Athenia (M77/1260)

The Athenia Project covering 135 hectares and located 8km North West of Southern Cross was converted to a mining tenement in May 2012. The tenements consist of a group of old shallow shafts and diggings that form part of the historic Athenia gold workings. Mining ceased on the lease in 1911. Athenia has a current inferred resource of 49,300 tonnes @ 1.5 g/t for 2,350 ounces of contained Au gold metal[*].

Regionally the tenements are located in the Archaean Yilgarn Cration located on the western margin of the Southern Cross greenstone belt that extends along strike for 300km from Mt Jackson in the north to Hatter Hill in the south. Locally the Athenia workings are situated on the western limb of the Hopes Hill Anticline. The area comprises predominantly ultramafics, amphibolites, graphic and politic metasediments. The tenement areas consist of argillaceous shale unit, a mafics unit and an ultramafic unit with mineralisation occurring within the sediment/mafics contact zones.

Mineralisation is present from the surface and RC drill program has been approved by DMP.

Although the resource is yet to be fully quantified, it is believed that Athenia has the potential to be a viable high grade, low tonnage mining operation with toll treating facilities located only 38 kilometres away.

Mt Palmer (E77/1318, E77/1386 and P77/3678)

Mt Palmer is some 32km east of Southern Cross covering more than 17,000 hectares. The area has seen significant historic gold production (315,203 tonnes grading 15.6g/t Au for 158,000oz of gold) prior to the Second World War. The project area is along strike from the historic mines and has received little exploration for gold and nickel to date.

Mt Palmer lies in the greenstone sequence that is thought to be on the eastern limb of the major anticline folded on a northwest-southeast axis and pitching to the southeast. The greenstone is bounded on the west by granite and on the east by the lake shore. Pillow lavas, ultramafic volcanics, amygdaloidal basic lavas and tuffs have been recognised in the greenstone series interbedded with jaspilite horizons

An aeromagnetic survey conducted in August 2011 at 25 metre spacing for 2,501 line kilometres has been interpreted. These results are currently being reviewed to identify potential exploration targets for the project.

Field trips to the tenements consisted of geology and structural mapping, rock chip sampling and survey work of significant outcrops. The majority of the area has surface covering, which has limited the geological mapping process. The use of the interpretation from the aeromagnetic survey has been critical in designing potential drill programs.

Mt Holland (E77/1220, P77/3937 and P77/3938)

Mt Holland Project comprised of three tenements located approximately 130km south southeast of Southern Cross covering 538 hectares of ground. The tenements occupy a portion of the north south trending Forestania Greenstone Belt. The reign is host to small-medium, low to moderate grade gold mineralised quartz vein systems in both mafic-ultramafic and banded iron formation (BIF) lithology's.

Previous historical exploration of the tenements was limited to minimal geochemical sampling with the ground being ignored during the gold boom of the 1880s. Vector intends to capture geochemical data to define potential drill targets here.

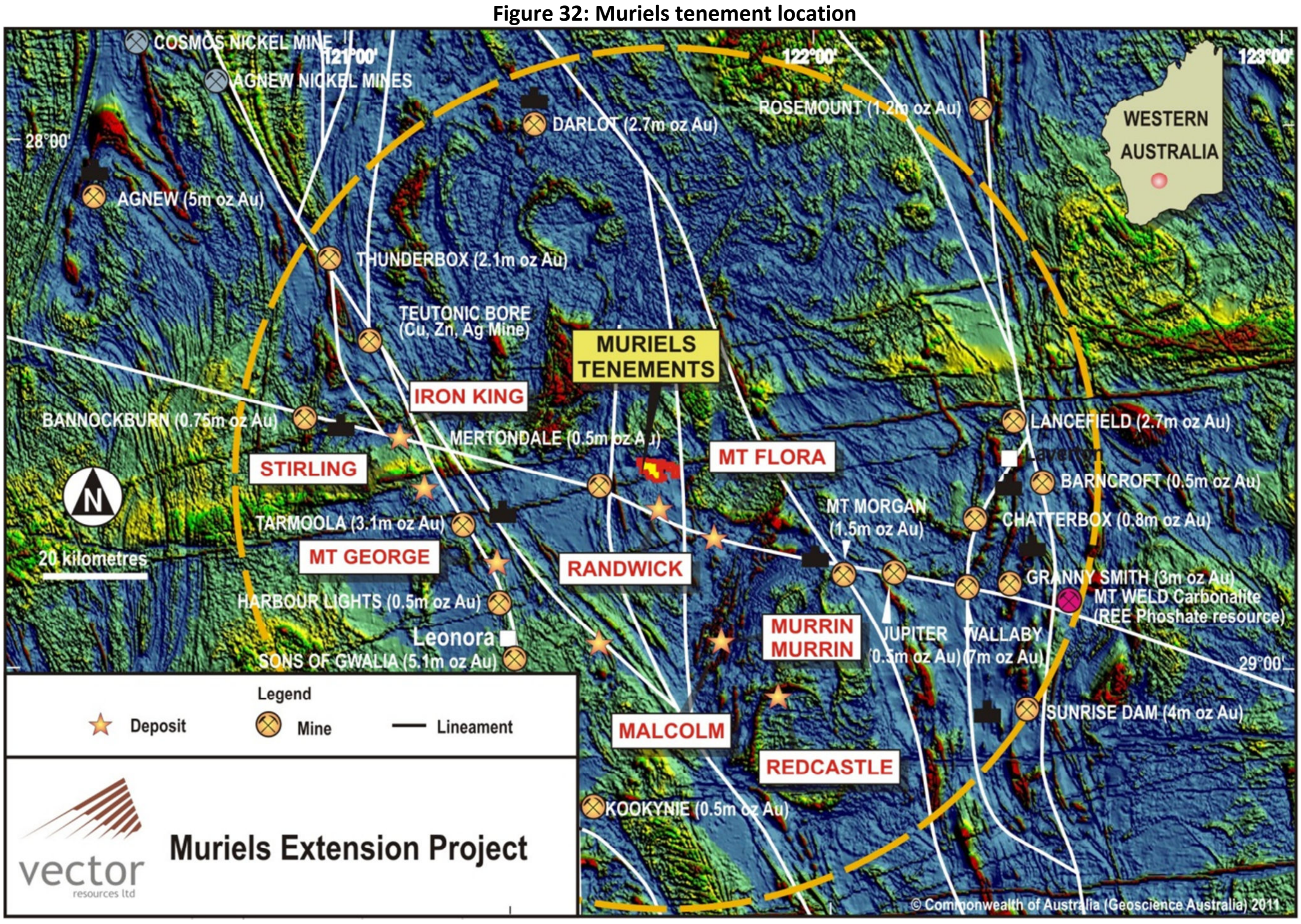
Leonora Projects

Muriels Extension (M37/661, P37/7580 to P327/7587)

In May 2011, the Company completed the acquisition of Muriels Extension. The portfolio consists of nine contiguous concessions – one mining lease M37/661 and eight adjoining prospecting licenses P37/7580-7587 covering a combined 1,772 hectares. Located 43km north east of Leonora in central Western Australia and situated within one of the most prospective gold producing regions within the northern reaches of the Eastern Goldfield province of the Yilgarn Block of Western Australia, one of the Wold's premier Archaean gold terranes.

Muriels Extension lies near the intersection of the Sandstone-Mt Weld Lineament and the Celia Lineament, both forming the focus of major gold deposits in the region. Some 35 million ounces of gold have been established from over 20 major deposits within 80 kilometres of the tenement portfolio.

Figure 32: Muriels tenement location



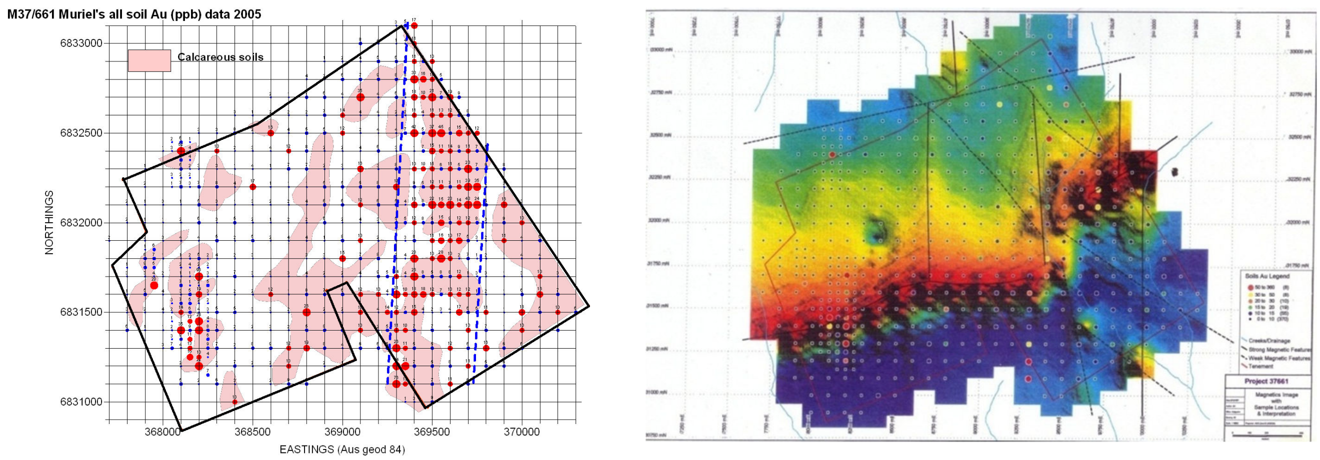
At the regional scale the concession area forms part of the SSE plunging Benalla Anticline, which appears to be one of a series of similar anticlinal structures, periodically reversing in plunge extending southwards from the very prospective Yandal Belt. Prominent along strike examples of these anticlines are to be found associated with the main gold mineralization at Bronzewing and Darlot within the Yandal Belt.

The exploration team submitted a Program of Work (PoW) for 138 RAB holes totalling 6,900 metres which DMP has been partially approved. The program and the associated site works will be carried out once drilling activities at Gwendolyn have been completed.

During the year the Company undertook heritage surveys over the entire nine tenement areas, subsequently the entire area has obtained clearance.

Several anomalous areas have been identified on the tenements with the use of ground magnetics, inverse polarisation and geochemical sampling. This information along with detailed aeromagnetics of 25 metre spacing for 1,386 line kilometres carried out in July 2011 will be used to refine the proposed locations for a RAB drill program within the primary 2,200 metre by 700 metre anomalous zone.

Figure 33: Aeromagnetic sampling of Muriels Extension



The coming year will see further geological mapping that will be using with the interpretation of the aeromagnetic survey for the RAB program. Provided there are no unexpected delays with government agencies drilling of identified targets should be carried out this financial year.

Earaheedy Joint Venture (50% Vector Resources Limited / 50% Cazaly Resources Limited)

The Earaheedy Joint Venture (EJV) is a joint venture between the Company and ASX listed Cazaly Resources Limited (CAZ). The EJV includes 10 exploration licences, 1 prospecting license, 3 prospecting applications and 10 exploration applications.

The project area is located in central Western Australia (approximately 750km north east of Perth) covering a very large area in excess of 2,700 km^2 including a substantial strike extent of the iron ore prospective Frere Formation located in the Earaheedy Basin 150km north of Wiluna in Central Western Australia.

During the year, CAZ completed the following exploration works within Exploration Licences E52/2183, E69/2061, E69/2062, E69/2063 and E69/2376 as managers of the Earaheedy (West) Joint Venture Project:

- The completion of earthworks, including track development and upgrade, and drill sump excavation, for exploratory drilling within Exploration Licence E69/2063
- 20 RC drill holes for 1,523 metres were drilled within Exploration Licence E69/2063 between 7 May and 19 May 2012 targeting high grade surface manganese mineralisation hosted by Frere Formation, and the inferred continuation of mineralisation under colluvial cover
- Reconnaissance fieldwork within Exploration Licence E52/2183, including the collection of two rock chip samples and Niton handheld XRF analysis
- Earaheedy Project Review – exploration targets and future work (ongoing)
- Department of Minerals and Petroleum reporting (ongoing)

Anglo American Farm-in

VEC and CAZ previously announced a farm-in agreement with Anglo America (Anglo), the global diversified mining house, covering a large part of the EJV in the Wiluna region of Western Australia.

EJV Project covers an area in excess of 1,700km^2 and includes a substantial strike extent of iron ore prospective Frere Formation. This Farm-in Agreement relates to an area of approximately 890km^2.

Anglo received results from a native title heritage survey conducted during the year allowing access for low impact activities on areas within E69/2064, E69/2065 and E69/2375. Some areas will require heritage monitors during exploration.

Anglo completed a 1:20,000 scale geological map and enrichment/mineralisation map on the Cecil Rhodes Project (E69/2375), covering an area of approximate 200km^2. Anglo geologists have identified two iron rich unites (Lower

Iron Formation – LIGF and Upper Iron Formations – UIF). These two rich iron units coincide with the interception from the aeromagnetic survey conducted by Fugro in late 2011.

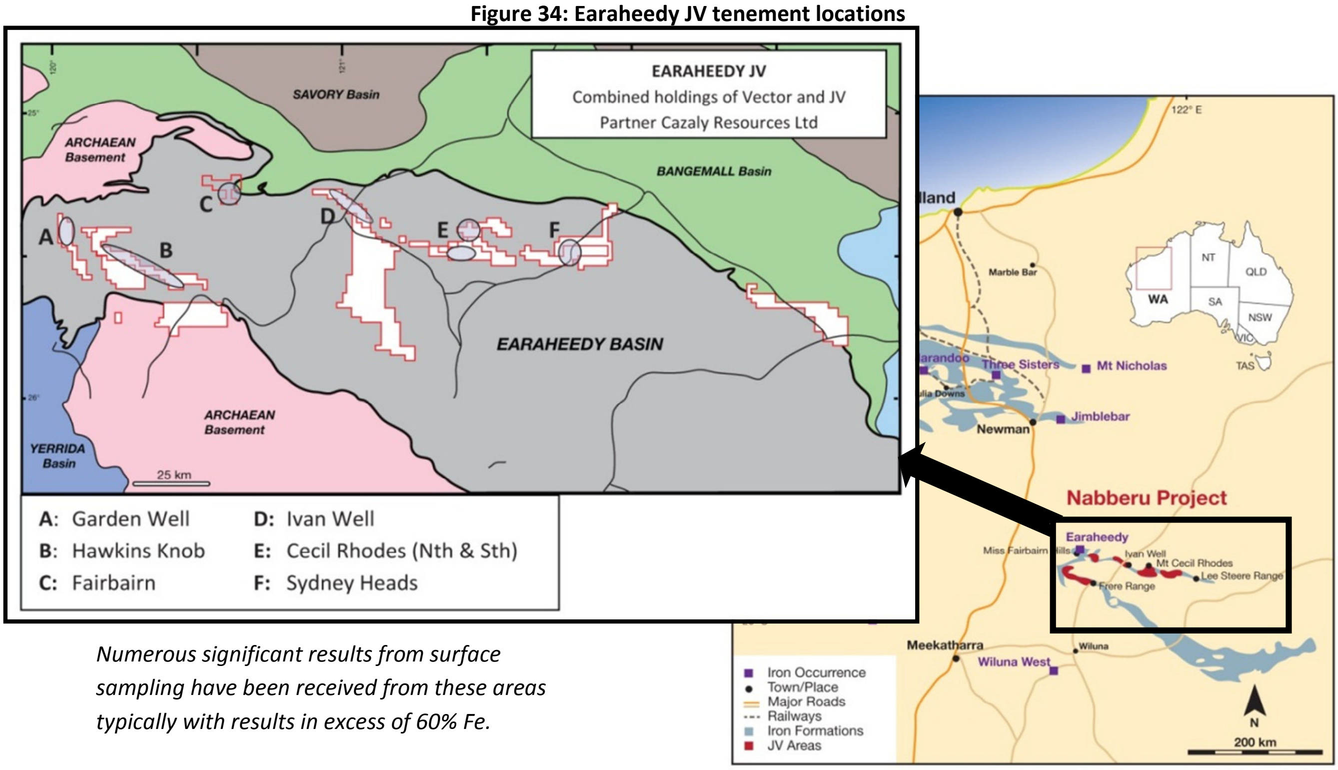
Three rock chip samples were collected and submitted to ALS Analytical Laboratories in Perth. Detrital iron stones crop out sparsely and discontinuously in several areas proximal to good haematite enrichment of the granular iron formation with iron content up to 49.9%. A total of 11 samples were submitted to Minerex Petrographic Services for polished thin sections.

The first RC drilling campaign to be conducted by Anglo at EJV (Cecil Rhodes Project) was scheduled to commence in late August. Permits have been submitted and a high impact heritage survey is completed.

The EJV completed its maiden-drilling program in late 2010, which identified significant mineralisation at the Cecil Rhodes prospect including;

- 34m @ 54.4% Fe (including 22m @ 58.1% Fe),
- 22m @ 57.8% Fe and 26m @ 55.1% Fe, all with low levels of contaminants.

Figure 34: Earaheedy JV tenement locations



Numerous significant results from surface sampling have been received from these areas typically with results in excess of 60% Fe.

The first reverse circulation drilling campaign to be conducted by Anglo at the Earaheedy Joint Venture (Cecil Rhodes Project) is scheduled to commence in Late August. Permits have been submitted and a high impact heritage survey completed.

Subsequent Events

The following summarises the key activities and achievements that have occurred subsequent to the end of the financial reporting period:

Corporate

- Mr Jianhua Sang had been appointed as a Non-executive Director on 13 September 2012 and Mr R T Hyndes has resigned on the same day.
- Tranche 2 Placement raising a further $1,619,413 (before costs) has been completed on the 4 September 2012 which completes a total capital raising of $4,087,242. The allotment comes with free attaching listed options exercisable at $0.25 each expiring on 30 January 2015.
- Eagle Brilliant Holdings Limited has become a substantial holder in late July 2012.

Notes on sample intercept widths:
The metre intervals detailed in the table above are measured down-hole lengths and are unlikely to be indicative of true width.

**** 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 or Mineral Resources of Vector Resources Ltd and its subsidiaries is based on information reviewed by Mr Arnel Mendoza, who is a Member of the Australian Institute of Geoscientists ("AIG") and a Member of The Australasian Institute of Mining and Metallurgy. Mr Mendoza is a full-time employee of the Company.

Mr Mendoza 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 of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Arnel Mendoza consents to the inclusion in this announcement of the matter based on his information in the form and context it appears.

DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities ('Group') for the financial year ended 30 June 2012.

The names of the Directors and Company Secretary in office at any time during or since the end of the year are:

Damien O'Reilly	Non-executive Chairman
Glyn Povey	Managing Director
Gary Castledine	Non-executive Director
Neville Bassett	Non-executive Director
Robert Hyndes	Non-executive Director
Brian Williams	Non-executive Director
Jianhua Sang	Non-executive Director
Neville Bassett	Company Secretary

PRINCIPAL ACTIVITIES

The principal activity of the Group is to identify and acquire interests in and value – add to mineral exploration and mining opportunities both in Australia and overseas.

EMPLOYEES

The Group had 15 employees at 30 June 2012, however consultants are engaged to assist the Board in managing the Company's activities (2011: 7 employees).

REVIEW OF OPERATIONS

New Opportunities

The Company continues to focus on identifying and securing 'company making' projects and opportunities. The Board has adopted a rigorous methodology for screening and reviewing potential projects.

Result

The net loss of the Group after income tax for the year amounted to $1,580,006 (2011: loss of $1,538,133).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

The Group's issued capital increased by $4,059,953 during the year (2011: $4,133,379).

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the Balance Date, the following occurred:

- Allotment of 88,016,722 options expiring 30 January 2015, exercisable at $0.25 at an issue price of $0.01 each, to raise $880,167.
- Placement of 30,847,874 fully paid ordinary shares at $0.08 each, with a 1 for 1 free attaching listed option, totalling 30,847,874 options, exercisable at $0.25 and expiring on 30 January 2015 to raise a total of $2,467,830.
- Placement of 20,242,664 fully paid ordinary shares at $0.08 each, with a 1 for 1 free attaching listed option, totalling 20,242,664 options, exercisable at $0.25 and expiring on 30 January 2015 to raise a total of $1,619,413.
- 5,000,000 listed options, exercisable at $0.25 and expiring 30 January 2015 was issued to Indian Ocean Capital as a placement fee for the two placements.
- A General Meeting was held on 31 August 2012 to approve the issue and ratification of issue of securities. All resolutions were approved.
- Mr Jianhua Sang was appointed to the board on 13 September 2012.
- Mr Robert Hyndes resigned from the board on 13 September 2012.

DIVIDENDS

There were no dividends paid or declared during or since the end of the financial year.

LIKELY DEVELOPMENTS

The Group will continue mineral exploration activity on its exploration projects with the objective of identifying commercial resources.

The ultimate aim is to increase shareholder wealth by succeeding in the discovery of major mineral deposits.

ENVIRONMENTAL REGULATIONS

The Group has a policy of at least complying, but in most cases exceeding, it's environmental performance obligations. No environmental breaches have been notified by any government agency during the year ended 30 June 2012. The Board believes that the Company has adequate systems in place for the management of its environmental regulations.

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

Damien O'Reilly **Non-executive Chairman**

Mr Damien O'Reilly was appointed a director of the Company on 21 October 2010.

Mr O'Reilly has more than 20 years of high-level experience within the resources sector and has held key positions with two of Australia's leading industry bodies, the *Minerals Council of Australia (MCA)* where he was a director, and the *Chamber of Minerals and Energy Western Australia* where he was an Executive Council member for the past 4 years.

Mr O'Reilly has held senior roles with *Downer EDI, MacMahon Contractors, Henry Walker Eltin* and CSR and has been involved in the establishment of more than 100 mines in Australia across the minerals spectrum. He worked for 13 years in China and Hong Kong and has been involved in projects in North Africa, the United States, and Canada.

Mr O'Reilly holds a BA (Hons 1st Class) from the University of Adelaide, a MSc Mineral Economics from the WA School of Mines, and has completed the GSM / AIM / Harvard Joint Executive Development Program. He is a Fellow of the Australasian Institute of Mining and Metallurgy, a Graduate of the Australian Institute of Company Directors, and a Fellow of the Institute of Quarrying.

Interest in Securities
Mr O'Reilly has an indirect interest in 1,157,143 ordinary shares and 2,000,000 unlisted options.

Directorships held in other listed companies over the last 3 years:

AGC (Aus Group) Limited	Appointed April 2011 to Present

Glyn Povey **Managing Director**

Mr Glyn Povey was appointed a director of the Company on 15 February 2011.

Mr Povey is an experienced senior executive with significant domestic and international experience including roles as a Senior Project Manager in Hong Kong, Director of Operations for a mineral exploration company, and Mine Manager for a number of underground and open cut mines in Australia. Mr Povey was previously Vice-President Operations for *Crosslands Resources Ltd*, a joint venture between *Murchison Metals Ltd* and *Mitsubishi Development Pty Ltd.*

Interest in Securities
Mr Povey has a direct interest in 3,125,000 ordinary shares and 8,000,000 unlisted options.

Directorships held in other listed companies over the last 3 years – nil.

DIRECTORS' QUALIFICATIONS AND EXPERIENCE (Continued)

Gary Castledine **Non-executive Director**

Mr Gary Castledine was appointed a director of the Company on 24 February 2009.

Mr Castledine has over 14 years experience in stockbroking and capital markets. He is a founding director and the head of corporate with *Indian Ocean Capital* in Perth, Western Australia, a specialist boutique securities dealer and corporate advisory firm.

His wealth of experience had enabled him to gather an extensive suite of clients in a corporate advisory role which has seen him involved in many capital raisings and IPOs across a spectrum of industries. He is currently a Practitioner Member of the Securities and Derivatives Industry Association (SDIA).

Interest in Securities
Mr Castledine has an indirect interest in 2,810,714 ordinary shares and 1,000,000 unlisted options.

Directorships held in other listed companies over the last 3 years:

Mamba Minerals Limited	Appointed 13 August 2010 to present

Neville Bassett **Non-executive Director**

Mr Neville Bassett was appointed a director of the Company on 22 April 2010.

Mr Bassett is a chartered accountant operating his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. Mr Bassett has been involved with numerous public company listings and capital raisings. His involvement in the corporate arena has also taken in mergers and acquisitions, and includes significant knowledge and exposure to the Australian financial markets. Mr Bassett has a wealth of experience in matters pertaining to the *Corporations Act*, ASX listing requirements, corporate taxation and finance.

Interests in Securities
Mr Bassett has an indirect interest in 1,200,000 ordinary shares and 1,000,000 unlisted options.

Directorships held in other listed companies over the last 3 years:

Mamba Minerals Limited	Appointed 13 August 2010 to present
Neurodiscovery Limited	Appointed 6 August 2010 to 14 March 2012
Ram Resources Limited	Appointed 22 March 2004 to present
Kairiki Energy Limited	Appointed 28 September 2010 to 31 March 2011

DIRECTORS' QUALIFICATIONS AND EXPERIENCE (Continued)

Robert Hyndes **Non-executive Director**

Mr Robert Hyndes was appointed a director of the Company on 24 February 2009 and resigned on 13 September 2012.

Mr Hyndes has a corporate finance and management consulting background with experience in Australia, the UK, the US and Asia. He has provided strategy and consulting services across a range of industries including technology, resources and professional services. Mr Hyndes graduated from Curtin University of Technology in Western Australia with a Bachelor of Commerce with double major in Economics and Marketing.

Interest in Securities
Mr Hyndes has an indirect interest in 214,285 ordinary shares and 1,000,000 unlisted options.

Directorship held in other listed companies over the last 3 years:

Red Sky Energy Limited	Appointed 18 February 2009 to 11 November 2009
Astro Resources NL	Appointed 18 May 2009 to present
Palace Resources Limited	Appointed 14 October 2009 to 15 June 2010
Odin Resources Limited	Appointed 18 December 2009 to 15 June 2010
Charles Street Capital PLC	Appointed 7 May 2010 to present
Mamba Minerals Limited	Appointed 13 August 2010 to present

Brian Williams **Non-executive Director**

Mr Brian Williams was appointed a director of the Company on 15 February 2011.

Mr Williams is experienced as a mining, engineering and infrastructure executive and director with substantial domestic and international (Asia, Europe and Africa) open pit and underground mine development and management experience, including project managing some of the largest underground and open cut gold mines in Western Australia. Mr Williams has held senior management roles at operational and corporate levels within the resources industry in both private and publicly listed companies.

Interest in Securities
Mr Williams has a direct interest in 2,167,972 ordinary shares and 1,000,000 unlisted options.

Directorships held in other listed companies over the last 3 years – nil.

DIRECTORS' QUALIFICATIONS AND EXPERIENCE (Continued)

Jianhua Sang **Non-executive Director**

Mr Jianhua Sang was appointed a director of the Company on 13 September 2012.

Mr Sang was educated in China and he is also the first Chinese postgraduate student studying Economic Geology in Western Australia. He has over twenty-five years of international exploration, mining and corporate experiences in Asia, Australia and Africa.

Mr Sang has held a number of senior executive positions, including being Chief Representative China for several ASX listed companies, Vice President China for Ivanhoe Mines Inc., Director of Minerals China Hatch Associates, General Manager – Commercial Services for Citic Pacific Mining and the Chief Executive Officer of an ASX listed mining company.

Interest in Securities
Mr Sang has no direct or indirect interest in ordinary shares and listed and unlisted options.

Directorships held in other listed companies over the last 3 years – nil.

COMPANY SECRETARY

Mr Neville Bassett held the position of Company Secretary throughout the duration of the financial year.

MEETINGS OF DIRECTORS

During the financial year, 7 meetings of directors were held. Attendances by each Director during the year were:

	Directors' Meetings	
	Number Eligible to Attend	**Number Attended**
Damien O'Reilly	7	6
Glyn Povey	7	7
Gary Castledine	7	5
Neville Bassett	7	7
Robert Hyndes	7	7
Brian Williams	7	5
Jianhua Sang	0	0

NON – AUDIT SERVICES

During the year Grant Thornton Audit Pty Ltd did not perform any other services in addition to their statutory duties.

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

The auditor's independence declaration is set out on page 39 and forms part of the Directors' Report for the year ended 30 June 2012.

PROCEEDINGS OF BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings against the Company, or to intervene in any proceedings to which the Company is a part, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company under section 237 of the *Corporations Act 2001*.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and other Key Management Personnel of the Company in accordance with the *Corporations Act 2001* and its regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 *Related Party Disclosures,* which have been transferred to the Remuneration Report in accordance with *Corporations Regulation 2M.6.04*. These remuneration disclosures have been audited.

For the purposes of this report, Key Management Personnel ("KMP") of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly. The Company did not have any other key management personnel other than its Directors.

For the purposes of this Remuneration Report, the term 'Executive' encompasses all Directors and the Company Secretary of the Company.

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

The Board as a whole is responsible for considering remuneration policies and packages applicable both to board members and senior executives of the Company. The Board remuneration policy is to ensure the remuneration package, which is not linked to the performance of the Company, properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and senior manager remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The current aggregate remuneration is $250,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a Director of the Company.

Non-Executive Directors are encouraged by the Board to hold shares in the Company. It is considered good governance for directors to have a stake in the Company on whose board he or she sits.

The remuneration of Non-executive Directors for the period ended 30 June 2012 is detailed on page 35.

Managing Director and Executive Remuneration Structure

Based on the current stage in the Company's development, its size, structure and strategies, the Board considers that the key performance indicator in assessing the performance of Executives and their contribution towards increasing shareholder value is share price performance over the review period.

Individual and Company operating targets associated with traditional financial and non-financial measures are difficult to set given the small number of Executives and their need to be flexible and multi-tasked, as the Company responds to a continually changing business environment. Consequently, a formal process of defining Key Performance Indicators (KPI's) and setting targets against the KPI's has not been adopted at the present time.

The proportion of fixed remuneration and variable remuneration is established for each Executive by the Board.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board; having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration industry and external advice. Executives receive their fixed remuneration in cash.

Variable Remuneration – Short-Term Incentive (STI)

The objective of the STI is to link the achievement of corporate and operational objectives over the year with the remuneration received by the Executives charged with achieving that increase. The total potential STI available is set at a level so as to provide sufficient incentive to the Executives to achieve the performance goals and such that the cost to the Company is reasonable in the circumstances.

REMUNERATION REPORT (AUDITED) (Continued)

Annual STI payments granted to each Executive depend on their performance over the preceding year and are based on recommendations from the Chief Executive Officer and/or the Chairman following collaboration with the Board. Typically included are measures such as contribution to strategic initiatives, risk management and leadership/team contribution.

The aggregate of annual STI payments available for Executives across the Company is subject to the approval of the Board. Payments are usually delivered as a cash bonus. There were no STI payments made during the financial year.

Variable Remuneration – Long-Term Incentive (LTI)

The objective of the LTI plan is to reward Executives in a manner, which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on a number of factors including, the seniority of the Executive and the responsibilities the Executive assumes in the Company.

LTI grants to Executives are delivered in the form of options. These options are issued at an exercise price determined by the Board at the time of issue.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

However, under certain circumstances, including breach of employment conditions, the Directors may cause the options to expire prior to their vesting date. In addition, individual performance is more commonly rewarded over time by STIs.

The following LTI options were issued during the financial year:

Director	First Performance Hurdle Option	Second Performance Hurdle Option	Third Performance Hurdle Option	Total Incentive Options
R Hyndes	500,000	500,000	-	1,000,000
G Castledine	500,000	500,000	-	1,000,000
N Bassett	500,000	500,000	-	1,000,000
B Williams	500,000	500,000	-	1,000,000
G Povey	2,000,000	2,000,000	4,000,000	8,000,000
D O'Reilly	1,000,000	1,000,000	-	2,000,000
J Sang	-	-	-	-
Total:	**5,000,000**	**5,000,000**	**4,000,000**	**14,000,000**

REMUNERATION REPORT (AUDITED) (Continued)

The Managing Director Mr Glyn Povey has an executive service contract in place, no other Director or their related entities have an employment or service contract in place.

Managing Director Executive Services Contract

The material terms of the Managing Director'[s Executive Service Contract in summary are:

- Fixed remuneration:
  - $350,000 per year plus 9% superannuation;
- Variable remuneration:
  - Short-term incentives (STI) – up to 20% bonus on base annual salary upon successful achievement of the KPI's (to be agreed and ratified by the board); and
  - Long-term incentives (LTI)
    - First Performance Hurdle (identification of 200,000oz JORC resource) - 2,000,000 options, exercisable at 20 cents expiring 3 years from date of issue
    - Second Performance Hurdle (identification of 400,000oz JORC resource) - 2,000,000 options exercisable at 20 cents expiring 3 years from date of issue
    - Third Performance Hurdle (Pre-Feasibility Study in relation to any of the company projects) - 4,000,000 options exercisable at 20 cents expiring 4 years from date of issue
- Termination of Employment
  - The initial term of the contract is for 36 months commencing on 14 February 2011.
  - The contract may be terminated by the Company with 6 months written notice or by the Managing Director by giving 3 months written notice.

Other Executive Benefits

There are fringe benefits through the provision of Company parking bays.

REMUNERATION REPORT (AUDITED) (Continued)

Remuneration of key management personnel and the five highest paid executives of the Group

Remuneration for the year ended 30 June 2012 and 2011

	2012						2011					
	Short-Term			Post-Employment	Share based Payment	Total	Short-Term			Post-Employment	Share based Payment	Total
	Consulting Fees	Directors Fees	Wages & Salaries	Super-annuation	Options		Consulting Fees	Directors Fees	Wages & Salaries	Super-annuation	Options	
	$	$	$	$	$	$	$	$	$	$	$	$
Directors												
Damien O'Reilly	-	75,000	-	-	51,524	126,524	-	52,016	-	-	-	52,016
Glyn Povey	-	-	401,145	31,500	179,726	612,371	-	-	131,250	11,812	-	143,062
Gary Castledine	25,000	15,000	-	-	25,762	65,762	28,004	22,000	-	-	-	50,004
Neville Bassett	36,000	40,000	-	-	25,762	101,762	28,669	31,083	-	-	-	59,752
Robert Hyndes	25,000	15,000	-	-	25,762	65,762	32,004	18,000	-	-	-	50,004
Brian Williams	-	40,000	-	-	25,762	65,762	-	13,333	-	-	-	13,333
Jianhua Sang	-	-	-	-	-	-	-	-	-	-	-	-
Arnel Mendoza	-	-	43,978	23,958	-	67,936	-	-	-	-	-	-
John Lamerand	-	-	37,028	3,332	-	40,360	-	-	-	-	-	-
Total	**86,000**	**185,000**	**482,151**	**58,790**	**334,298**	**1,146,239**	**88,677**	**136,432**	**131,250**	**11,812**	**-**	**368,171**

REMUNERATION REPORT (AUDITED) (Continued)

Details of the director-related entities that received the consulting fees are:

Damien O'Reilly	Hanoble Pty Ltd
Neville Bassett	Mandevilla Pty Ltd
Robert Hyndes	Splendour Investments Pty Ltd

Compensation Options Granted and vested during the year as part of emoluments

No compensation options were issued to Key Management Personnel or Specified Executives during the year (2011: Nil).

Shareholdings – 2012

Number of Shares held by Directors and Specified Executives:

Directors

	Balance 01.07.2011	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.06.2012
Damien O'Reilly	857,143	-	-	300,000	1,157,143
Glyn Povey	2,825,000	-	-	300,000	3,125,000
Gary Castledine	2,510,714	-	-	300,000	2,810,714
Neville Bassett	900,000	-	-	300,000	1,200,000
Robert Hyndes	214,285	-	-	-	214,285
Brian Williams	2,107,972	-	-	60,000	2,167,972
Jianhua Sang	-	-	-	-	-
Total	9,415,114	-	-	1,260,000	10,675,114

**Net Change Other refers to shares purchased or sold during the financial year.*

Option holdings – 2012

Number of Options help by Directors and specified Executives:

Directors

	Balance 01.07.2011	Received as Remuneration	Net Change Other*	Balance 30.06.2012	Number Vested / Exercisable
Damien O'Reilly	857,143	2,000,000	(857,143)	2,000,000	2,000,000
Glyn Povey	2,000,000	8,000,000	(2,000,000)	8,000,000	8,000,000
Gary Castledine	2,835,714	1,000,000	(2,835,714)	1,000,000	1,000,000
Neville Bassett	400,000	1,000,000	(400,000)	1,000,000	1,000,000
Robert Hyndes	430,415	1,000,000	(430,415)	1,000,000	1,000,000
Brian Williams	1,482,972	1,000,000	(1,482,972)	1,000,000	1,000,000
Jianhua Sang	-	-	-	-	-
Total	8,006,244	14,000,000	(8,006,244)	14,000,000	14,000,000

*Net Change Other refers to options purchased, sold or expired during the financial year.

No options were exercised during the year by the Directors.

As at 30 June 2012, no listed options and 20,000,000 unlisted options are on issue (2011: 126,886,666 listed options).

REMUNERATION REPORT (AUDITED) (Continued)

Shareholdings – 2011

Number of Shares held by Directors and specified Executives:

Directors

	Balance 01.07.2010	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.06.2011
Damien O'Reilly~	-	-	-	857,143	857,143
Glyn Povey~	-	-	-	2,825,000	2,825,000
Gary Castledine*	1,275,000	-	-	1,235,714	2,510,714
Neville Bassett*	500,000	-	-	400,000	900,000
Robert Hyndes*	-	-	-	214,285	214,285
Brian Williams~	-	-	-	2,107,972	2,107,972
Jianhua Sang	-	-	-	-	-
Anthony Short#	3,209,100	-	-	(3,209,100)	-
Gordan Sklenka#	3,209,100	-	-	(3,209,100)	-
Total	8,913,200	-	-	1,221,914	9,415,114

**Net Change Other refers to shares purchased or sold during the financial year.*
#Net Change Other due to Director resigning during the year.
~Net Change Other due to the appointment of Director during the year.

Option holdings – 2011

Number of Options held by Directors and specified Executives:

Directors

	Balance 01.07.2010	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.06.2011
Damien O'Reilly~	-	-	-	857,143	857,143
Glyn Povey~	-	-	-	2,000,000	2,000,000
Gary Castledine*	1,600,000	-	-	1,235,714	2,835,714
Neville Bassett*	-	-	-	400,000	400,000
Robert Hyndes*	216,130	-	-	214,285	430,415
Brian Williams~	-	-	-	1,482,972	1,482,972
Jianhua Sang	-	-	-	-	-
Anthony Short#	5,004,550		-	(5,004,550)	-
Gordan Sklenka#	5,004,550		-	(5,004,550)	-
Total	11,825,230	-	-	(3,818,986)	8,006,244

**Net Change Other refers to shares purchased or sold during the financial year.*
#Net Change Other due to Director resigning during the year.
~Net Change Other due to the appointment of Director during the year.

Transactions with directors' personally related entities

There were no transactions with specified Directors and Executives and their personally related entities other than as detailed in Note 21 to the Financial Statements.

vector
resources ltd

INDEMINIFYING AND INSURANCE OF DIRECTORS AND OFFICERS

During the current financial year, the Company paid a premium to insure the Directors and officers of the Company against liabilities of costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Directors or officers of the Company. $12,765 (2011: $15,347).

OPTIONS AND UNISSUED SHARES UNDER OPTIONS

At the date of this report 150,107,260 listed options and 14,000,000 unlisted options (2011: 126,886,666 listed options and nil unlisted options) have been issued by the Company and the number of unissued ordinary shares of the Company under option is 164,107,260 (2011: 126,886,666).

There have been no issue of ordinary shares as a result of the exercise of options during or since the end of the financial year.

Optionholders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

Signed in accordance with a resolution of the Board of Directors.

Damien O'Reilly
Chairman

DATED at PERTH this 28th day of September 2012

Grant Thornton Audit Pty Ltd
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Auditor's Independence Declaration
To the Directors of Vector Resources Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Vector Resources Ltd for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert

J W Vibert
Partner - Audit & Assurance

Perth, 28 September 2012

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Independent Auditor's Report
To the Members of Vector Resources Ltd

Report on the financial report

We have audited the accompanying financial report of Vector Resources Ltd (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of Vector Resources Ltd is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 31 to 37 of the directors' report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Vector Resources Ltd for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Partner - Audit & Assurance

Perth, 28 September 2012

Corporate Governance Statement

The Board of Vector Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Vector Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Vector Resources Limited's key governance principles and practices.

1. Compliance with Best Practices Recommendations

The Company, as a listed entity, must comply with the *Corporations Act 2001* and the *Australian Securities Exchanges (ASX) Listing Rules.* The *ASX Listing Rules* require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by *the ASX Corporate Governance Council (ASXCGC)*. Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

For further information on corporate governance policies adopted by the Company, refer to the corporate governance section of our website: www.vectorresources.com.au

The table below summarises the Company's compliance with the ASXCGC Recommendations:

Principle #	ASXCGC Recommendations	Reference	Comply
Principle 1	*Lay solid foundations for management and oversight*		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(g), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to Reporting on Principle 1.	2(a), 2(g), 3(b), Remuneration Report	Yes
Principle 2	*Structure the Board to add value*		
2.1	A majority of the board should be independent directors.	2(d)	Yes
2.2	The Chair should be an independent director.	2(b), 2(d)	Yes
2.3	The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.	2(b), 2(d)	Yes
2.4	The board should establish a nomination committee.	2(c)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(g)	Yes
2.6	Provide the information indicated in the Guide to Reporting on Principle 2.	2(b), 2(c), 2(d), 2(e)	Yes
Principle 3	*Promote ethical and responsible decision-making*		
3.1	Establish a code of conduct and disclose the code or a summary as to:		
	• The practices necessary to maintain confidence in the company's integrity;	4(a)	Yes
	• The practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and	4(a)	Yes

Principle #	ASXCGC Recommendations	Reference	Comply
	• The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	4(a)	Yes
3.2	Establish a policy concerning diversity and disclose the policy or a summary.	4(c)	Yes
3.3	Disclose in each Annual Report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	4(c)	No
3.4	Disclose in each Annual Report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	4(c)	Yes
3.5	Provide the information indicated in the Guide to Reporting on Principle 3.	4(a), 4(c)	Yes
Principle 4	*Safeguard integrity in Financial Reporting*		
4.1	The board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it:		
	• Consists only of Non-executive directors;	3(a)	Yes
	• Consists of a majority of independent directors;	3(a)	Yes
	• Is chaired by an independent chair, who is not chair of the board; and	3(a)	Yes
	• Has at least three (3) members	3(a)	No
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to Reporting on Principle 4.	3(a)	Yes
Principle 5	*Make timely and balanced disclosure*		
5.1	Establish written policies designed to ensure compliance with *ASX Listing Rule* disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to Reporting on Principle 5.	5(a), 5(b)	Yes
Principle 6	*Respect the rights of shareholders*		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to Reporting on Principle 6.	5(a), 5(b)	Yes
Principle 7	*Recognise and manage risk*		
7.1	Establish policies for the oversight and management of material business risks and disclose those policies or a summary of those policies.	6(a)	Yes

7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6(a), 6(b), 6(d)	Yes
7.3	The board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the *Corporations Act* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6(c)	Yes
7.4	Provide the information indicated in the Guide to Reporting on Principle 7.	6(a), 6(b), 6(c), 6(d)	Yes
Principle 8	*Remunerate fairly and responsibly*		
8.1	The board should establish a remuneration committee.	3(b)	Yes
8.2	The Remuneration Committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members	3(b)	Yes
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executive.	3(b) Remuneration Report	Yes
8.4	Provide the information indicated in the Guide to Reporting on Principle 8.	3(b)	Yes

2. The Board of Directors

a. Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and settings its strategic direction, establishing and overseeing the Company's financial position.

The following are regarded as the key responsibilities and functions of the Board:

- to develop, review and monitor the Group's long-term business strategies and provide strategic direction to management;
- to ensure policies and procedures are in place to safeguard the Group's assets and business and to enable the Group to act ethically and prudently;
- to develop and promote a system of corporate governance which ensures the Group is properly managed and controlled;

The Board of Directors (continued)

- to identify the Group's principal risks and ensure that it has in place appropriate systems of risk management, internal control, reporting and compliance and that management is taking appropriate action to minimise those risks;
- to review and approve the Group's financial statements;
- to monitor management's performance and the Group's financial results on a regular basis;
- to appoint, ratify, appraise and determine the remuneration and benefits of the Managing Director;
- to delegate powers to the Managing Director as necessary to enable the day-to-day business of the Group to be carried on, and to regularly review those delegations;
- to ensure that the Group has in place appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations;
- to determine the appropriate capital management for the Group including share and loan capital and dividend payments; and
- to determine and regularly review an appropriate remuneration policy for employees of the Group.

Other than as specifically reserved by the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

Currently the role of Chief Executive Officer is facilitated by Managing Director Mr Glyn Povey and will continue until such time as the scale of operations expands sufficiently to warrant a Chief Executive Officer.

b. *Board Composition*

The Directors determine the composition of the Board employing the following principles:

- The Board, in accordance with the Company's constitution must comprise a minimum three (3) Directors;
- The roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- The majority of the Board should comprise Directors who are non-executive;
- The Board should represent a broad range of qualifications, experience and expertise considered to be of benefit to the Company; and
- The Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

CORPORATE GOVERNANCE STATEMENT (Continued)

The Board of Directors (Continued)

The Board is currently comprised of four (4) Non-executive Directors, one (1) Executive Director and one (1) Non-executive Chairman. Details of the members of the Board, their experience, expertise, qualifications, terms of office and independent status are set out in the Directors' Report of the Financial Report under the heading "Directors".

The roles of Chairman and Chief Executive Officer are carried out by separate persons.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

Chairman and Chief Executive Officer

The Chairman is responsible for:

- Leadership of the Board;
- The efficient organisation and conduct of the Board's functions;
- The promotion of constructive and respectful relations between Board members and between the Board and management;
- Contributing to the briefing of Directors in relation to issues arising at Board meetings;
- Facilitating the effective contribution of all Board members; and
- Committing the time necessary to effectively discharge the role of the Chairman.

The Board complies with ASX Recommendation 2.2 in that the Chairman, is a non-executive independent Director.

The Chief Executive Officer is responsible for:

- Implementing the Company's strategies and policies; and
- The day-to-day management of the Company's business activities.

The board specifies that the role of the Chairman and the Chief Executive Officer are separate roles to be undertaken by separate people.

c. *Nomination Committee*

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a Nomination Committee to deal with the selection and appointment of new Directors and as such a Nomination Committee has not been formed. The role of a Nomination Committee is however carried out by the Board.

CORPORATE GOVERNANCE STATEMENT (Continued)

The Board of Directors (Continued)

Nominations of new Directors are considered by the full Board in accordance with the Company's "Selection of New Directors Policy".

No other evaluations of the Board, its committees and directors took place in the reporting period.

d. *Independent Directors*

The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgement.

Directors of Vector Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- Is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three (3) years between ceasing such employment and serving on the Board;
- Has within the last 3 years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- Is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- Has a material contractual relationship with the Company or another Company member other than as a Director.

The Company complies with ASX Recommendation 2.1, in that there is a majority of Independent Directors on the Board. The independent directors are Mr Damien O'Reilly, Mr Gary Castledine, Mr Brian Williams and Mr Neville Bassett, who the Board has determined independence taking into consideration the above criteria.

The Company maintains a mix of Directors from different backgrounds with complementary skills and experience.

In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman must be a Non-executive Director.

CORPORATE GOVERNANCE STATEMENT (Continued)

The Board of Directors (Continued)

e. Avoidance of Conflicts of Interest by Directors

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

f. Board Access to Information and Independent Advice

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

g. Review of Board Performance

The performance of the Board is reviewed by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which Directors and executives are assessed is aligned with the financial and non-financial objectives of Vector Resources Limited. Directors whose performance is consistently unsatisfactory may be asked to retire. A review, in accordance with this criteria, of the Board, was carried out by the Chairman during the reporting period.

A copy of the Company's Board Charter shall be available on the Company's website.

3. Board Committees

a. Audit Committee

The Board has established an Audit Committee in compliance with ASX Recommendation 4.1. The audit committee is comprised of the following members:

- Mr Neville Bassett
- Mr Gary Castledine

The Company does not fully comply with ASX Recommendation 4.2 in that the Audit Committee only comprises two (2) members. The Board considers that the nature, scale and complexity of the Company's existing operations does not warrant a full complement of Board members on the Audit Committee.

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is auditor's policy to rotate engaging partners / Directors on listed companies at least every five (5) years.

CORPORATE GOVERNANCE STATEMENT (Continued)

Board Committees (Continued)

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Financial Report.

There is no indemnity provided by the Company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

The Directors are satisfied that the provision of non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the *Corporations Act.*

The Directors are satisfied that the provision of the non-audit services did not compomrise the auditor's independence requirements of the *Corporations Act* because the services were provided by persons who were not involved in the audit and the decision as to whether or not to accept the tax planning advice was made by management.

The Company has adopted an Audit Committee Charter and this will be available on the Company's website.

b. Remuneration Committee

The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Remuneration Committee is comprised of the following members:

- Mr Damien O'Reilly (Chairman)
- Mr Brian Williams
- Mr Gary Castledine

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for management, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and undertaking review of management's performance.
Non-executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive remuneration.

CORPORATE GOVERNANCE STATEMENT (Continued)

Board Committees (Continued)

The Company has structured the remuneration of its senior executives, where applicable, such that it comprises a fixed salary, statutory superannuation and, where applicable, participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The Company does not adhere to Recommendation 8.3 Box 8.2 *'Non-executive directors should not receive options or bonus payments'*. The Company has and may, in the future, grant options to non-executive directors. The Board is of the view that options (for both executive and non-executive directors) are a cost effective benefit for small companies such as Vector Resources Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The Board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the Company. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

The remuneration received by Directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Financial Report.

Other than the statutory superannuation requirements there are no other retirement benefits for non-executive directors.

4. Ethical and Responsible Decision Making

a. Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The Code of Conduct sets out the principles, practices and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- Comply with the law;
- Act in the best interests of the Company;
- Be responsible and accountable for their actions; and
- Observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

A copy of the Company's Code of Conduct shall be available on the Company's website.

b. Policy Concerning Trading in Company Securities

The Board has adopted a Securities Trading Policy which complies with the requirements of Listing Rule 12.12 which regulates dealings by Directors, officers and employees in securities issued by the Company.

The policy, which is available on the Company's website, includes the Company's closed periods, restrictions on trading that apply to the Company's Key Management Personnel, trading that is not subject to the policy, exceptional circumstances in which Key Management Personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance. The policy provides that employees, directors and officers must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Board.

A copy of the Company's Securities Trading Policies shall be available on the Company's website.

c. Gender Diversity

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. Accordingly, the Company has established a Diversity Policy which is available on the company's website.

Ethical and Responsible Decision Making (continued)

The Board has a commitment to promoting a corporate culture that is supportive of diversity and encourages the transparency of Board processes, review and appointment of Directors. The Board is responsible for developing policies in relation to the achievement of measurable diversity objectives and the extent to which they will be linked to the Key Performance Indicators for the Board, Managing Director and senior executives.

The Company's strategies may include:

- recruiting from a diverse range of candidates for all positions, including senior executive roles and Board positions;
- reviewing pre-existing succession plans to ensure that there is a focus on diversity;
- encourage female participation across a range of roles across the Company;
- review and report on the relative proportion of women and men in the workforce at all levels of the Company;
- articulate a corporate culture which supports workplace diversity and in particular, recognizes that employees at all levels of the Company may have domestic responsibilities;
- develop programs to encourage a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
- any other strategies that the Board or the Nomination Committee develops from time to time.

At the date of this report, 40% of the Company's full-time employees are female. The Company also utilises the services of a number of female consultants, in varying roles. No women are currently represented on the Board.

Due to the current size, nature and scale of the Company's activities the Board has not yet developed objectives regarding gender diversity. As the size and scale of the Company grows the Board will set and aim to achieve gender diversity objectives as director and senior executive positions become vacant and appropriately qualified candidates become available.

5. Timely and Balanced Disclosure

a. Shareholder Communication

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's Continuous Disclosure Policy encourages effective communication with its shareholders by requiring that the Company announcements:

- Be factual and subject to internal vetting and authorisation before issue;
- Be made in a timely manner;
- Not omit material information;

- Be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- Be in compliance with ASX Listing Rules continuous disclosure requirements; and
- Be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's Annual General Meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

b. Continuous Disclosure Policy

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's Continuous Disclosure Policy described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the *ASX Listing Rules* and overseeing and coordinating information disclosure to the ASX.

6. Recognising and Managing Risk

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established (Risk Management and Internal Control Policy). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

a. Board Oversight of the Risk Management System

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

CORPORATE GOVERNANCE STATEMENT (Continued)

Recognising and Managing Risks (continued))

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- Monthly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- Regular reports to the Board by appropriate members of the management team and/or independent advisors, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

b. Risk Management Roles and Responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

c. Chief Executive Officer and Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer provide to the Board written certification that in all material respects:

- The Company's financial statements represent a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material aspects.

d. Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

When evaluating potential acquisitions or investments, the Board undertakes a methodical investigation and due diligence review of each project.

vector
resources ltd

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the *Corporations Act 2001*, and:

   a. Comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
   b. Give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the Group; and
   c. Comply with International Financial Reporting Standards as disclosed in Note 1.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The Chief Executive Officer and Chief Financial Officer have provided the following declaration required by section 295A of the *Corporations Act 2001*:

   a. The financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b. The financial statements, and the notes for the financial year comply with the Accounting Standards; and
   c. The financial statements and notes for the financial year give a true and fair view.

This declaration is made in accordance with a resolution of the Board of Directors.

Damien O'Reilly
Chairman

DATED this 28th day of September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Consolidated Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Other Income	4	188,219	366,048
Employee benefits expense		(793,043)	(437,243)
Consulting fees		(91,270)	(453,139)
Compliance and regulatory expenses		(92,157)	(112,405)
Depreciation expense		(42,236)	(71,424)
Exploration and evaluation expenses		26,593	(161,805)
Capitalised exploration written off		(44,647)	-
Occupancy costs		(26,774)	(159,054)
Operating Lease		(94,807)	-
Finance costs		-	(4,664)
Directors' fees		(185,000)	(157,433)
Impairment of available for sale financial assets		(6,449)	(8,394)
Promotion and travel expenses		(98,445)	(32,041)
Impairment of other receivables		-	(11,656)
Other expenses from ordinary activities		(319,990)	(294,923)
Loss before tax		(1,580,006)	(1,538,133)
Income tax expense	5	-	-
Loss for the year		**(1,580,006)**	**(1,538,133)**
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		**(1,580,006)**	**(1,538,133)**
Loss for the year Attributable to:			
Members of the parent entity		(1,580,006)	(1,538,133)
		(1,580,006)	**(1,538,133)**
Other comprehensive loss for the year attributable to:			
Members of the parent entity		-	-
		(1,580,006)	**(1,538,133)**
Basic loss per Share		(0.009)	(0.012)
Diluted loss per Share		(0.009)	(0.012)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated As at 30 June 2012 $	 As at 30 June 2011 $
Assets			
Current Assets			
Cash and cash equivalents	7	1,472,567	5,265,206
Other receivables	8	323,257	242,771
Total Current Assets		1,795,824	5,507,977
Non-Current Assets			
Property, plant & equipment	10	349,408	417,006
Financial assets	11	13,143	19,592
Deferred Exploration expenditure	12	13,209,918	6,598,759
Other non-current assets	9	-	704
Total Non-Current Assets		13,572,469	7,036,061
Total Assets		15,368,293	12,544,038
Liabilities			
Current Liabilities			
Trade and other payables	13	1,181,838	938,998
Provisions	14	116,981	15,514
Total Current Liabilities		1,298,819	954,512
Total Liabilities		1,298,819	954,512
Net Assets		14,069,474	11,589,526
Equity			
Issued Capital	15	19,757,534	16,144,617
Reserves	16	1,577,903	1,130,867
Accumulated Losses		(7,265,963)	(5,685,957)
Total Equity		14,069,474	11,589,527

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Consolidated Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Cash Flow from Operating Activities			
Interest received		210,651	384,029
Payment to suppliers and employees		(1,386,325)	(1,941,323)
Net Cash Used in Operating Activities	18	(1,175,674)	(1,557,294)
Cash Flow from Investing Activities			
Payments for exploration, evaluation and development		(6,218,866)	(1,327,462)
Payments for property, plant & equipment		(137,044)	(346,342)
Net cash on acquisition of Golden Iron Resources Ltd		-	42,648
Net Cash Used in Investing Activities		(6,355,910)	(1,631,156)
Cash Flow from Financing Activities			
Proceeds from issue of shares		4,000,000	1,400,000
Share Issue Costs		(261,055)	(20,709)
Loans repaid by other entities		-	150,000
Proceeds from Borrowings		-	206,296
Repayments of Borrowings		-	(637,474)
Net Cash Provided By Financing Activities		3,738,945	1,098,113
Net increase / (Decrease) in Cash Held		(3,792,639)	(2,090,337)
Cash at the Beginning of the Year		5,265,206	7,355,542
Cash at the End of the Year	7	1,472,567	5,265,206

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital $	Option Reserve $	Accumulated Losses $	Total $
Consolidated				
Balance as at 30 June 2011	16,144,617	1,130,867	(5,685,957)	11,589,527
Loss for the period			(1,580,006)	(1,580,006)
Proceeds from issue of shares and share applications	4,000,000	447,036		4,447,036
Share issue expenses	(387,083)			(387,083)
Balance as at 30 June 2012	19,757,534	1,577,903	(7,265,963)	14,069,474
Balance as at 30 June 2010	12,093,238	1,048,866	(4,147,824)	8,994,280
Loss for the period	-	-	(1,538,133)	(1,538,133)
Proceeds from issue of shares and share applications	4,228,088	82,001	-	4,310,089
Share issue expenses	(176,709)	-	-	(176,709)
Balance as at 30 June 2011	16,144,617	1,130,867	(5,685,957)	11,589,527

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CORPORATE INFORMATION

The financial report of Vector Resources Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 28 September 2012.

Vector Resources Limited is a Company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The principal activity of the Company is exploration for minerals.

1. Summary of Significant Accounting Policies

This financial report includes the consolidated financial statement and notes of Vector Resources Limited and Controlled Entities (the "Group" or "Consolidated Entity").

a. Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Accounting Standards, Australian Accounting* Interpretations, other authoritative announcements of the *Australian Accounting Standards Board* (the "AASB") and the *Corporations Act 2001*.

Australian Accounts Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with *Australian Accounting Standards* ensures that the financial statements and notes also comply with *International Financial Reporting Standards*. Material accounting policies adopted in the preparation of this financial report are presented below. They have consistently been applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

This financial report is presented in Australian dollars.

b. New Accounting Standards adopted in current year

Adoption of AASBs and improvements to AASBs 2011 – AASB 1054 and AASB 2011-1:

The AASB has issued AASB 1054 *Australian Additional Disclosures* and 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, and made several minor amendments to a number of AASBs. These standards eliminate a large portion of the differences between the Australian and New Zealand accounting standards and IFRS and retain only additional disclosures considered necessary. These changes also simplify some current disclosures for Australian entities and remove others.

Summary of Significant Accounting Policies (continued)

The adoption of these standards did not have any impact on the amounts for the current period or prior periods.

c. *New Accounting Standards for Application in future periods*

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Likely impact
AASB 9 Financial Instruments (December 2010) Effective Date: 31 December 2015	AASB 139 Financial Instruments: Recognition and Measurement (in part)	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and • The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and AASB 2010-10. information.	Depending on assets held, there may be movement of assets between fair value and amortised cost categories, and ceasing of impairment testing on available-for-sale financial assets. If the entity holds any financial liabilities at fair value, the portion of the fair value gain or loss attributable to 'own credit risk' will be incorporated in OCI, rather than profit or loss.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Likely impact
AASB 10 Consolidated Financial Statements Effective Date: 31 December 2013	AASB 127 AASB Int 112	AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 *Consolidated and Separate Financial Statements* and AASB Interpretation 112 *Consolidation – Special Purpose Entities.* The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional guidance for applying the model to specific situations, including when acting as an agent may give control, the impact of potential voting rights and when holding less than a majority voting rights may give 'de facto' control. This is likely to lead to more entities being consolidated into the group.	Entities most likely to be impacted are those that: - have significant, but not a majority equity interests in other entities; - hold potential voting rights over investments, such as options or convertible debt.
AASB 11 Joint Arrangements Effective Date: 31 December 2013	AASB 131 AASB Int 113	AASB 11 replaces AASB 131 Interests in Joint Ventures and AASB Interpretation 113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition, AASB 11 removes the option to account for jointly-controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves are accounted for by recognising the share of those assets and liabilities. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.	For entities that have joint ventures that have been previously accounted using proportionate consolidation, they will need to change to equity accounting in most cases. For entities that have joint operations that have been previously accounted using equity accounting, they will need to change to accounting for the share of each asset, liability, income and expense.
AASB 12 Disclosure of Interests in Other Entities Effective Date: 31 December 2013	AASB 127 AASB 128 AASB 131	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures introduced by AASB 12 include disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	There are some additional disclosures centred on significant judgements and assumptions made around determining control, joint control and significant influence.
AASB 13 Fair Value Measurement Effective Date: 31 December 2013	None	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other Standards. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	For financial assets, AASB 13's guidance is broadly consistent with existing practice. It will however also apply to the measurement of fair value for non-financial assets and will make a significant change to existing guidance in the applicable standards.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Likely impact
AASB 128 Investments in Associates and Joint Ventures Effective Date: 31 December 2013	AASB 128 (Investments in Associates)	Once an entity (using AASB 11) has determined that it has an interest in a joint venture, it accounts for it using the equity method in accordance with AASB 128 (Revised). The mechanics of equity accounting set out in the revised version of AASB 128 remain the same as in the previous version.	Unlikely to have an impact.
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] Effective Date: 31 December 2013	AASB Int 121	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate AASB Interpretation 121 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* into AASB 112.	Unlikely to have significant impact in Australia, although could have some effect for properties acquired between 20 September 1985 and 19 September 1999. May impact entities with overseas subsidiaries when the capital gains tax rate is lower than the company tax rate.
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] Effective Date: 31 June 2014	None	The Standard deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. See TA Alert 2011-13 for further information.	Unlikely to have an impact.
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards Effective Date: 31 December 2013	None	This Standard makes consequential amendments to various Australian Accounting Standards arising from the issuance of AASB 10, AASB 11, AASB 12, AASB 127 (August 2011) and AASB 128 (August 2011).	Refer to the likely impact of AASB 10, AASB 11, AASB 12, AASB 127 (August 2011) and AASB 128 (August 2011).

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Likely impact
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101] Effective Date: 30 June 2013	None	Amendments to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss in subsequent periods (reclassification adjustments, e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses). Name changes of statements in AASB 101 as follows: • One statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' • Two statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'.	Impact on separating components in other comprehensive income between reclassification and non-reclassification adjustments. Name changes to statement of comprehensive income.
AASB 119 Employee Benefits Effective Date: 31 December 2013	AASB 119	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. Consequential amendments were also made to other standards via AASB 2011-10.	Only impacts entities that have any defined benefit plans, and the removal of the deferral of gains and losses under the corridor approach.
AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities Effective Date: 31 December 2013	None	This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.	Unlikely to have significant impact on entities.
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities Effective Date: 31 December 2014	None	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	Unlikely to have a significant impact as it addresses inconsistencies in practise.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Likely impact
Mandatory Effective Date of IFRS 9 and Transition Disclosures[1] Effective Date: 31 December 2015	None	This Standard amends IFRS 9 to require application for annual periods beginning on or after 1 January 2015, rather than 1 January 2013. Early application of IFRS 9 is still permitted. IFRS 9 is also amended so that it does not require the restatement of comparative-period financial statements for the initial application of the classification and measurement requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9.	None as the mandatory effective date has been deferred.

d. Operating Segments

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the Company's chief operating decision maker which, for the Company, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Refer to Note 17 for disclosure of Operating Segments. The Company operates only in the exploration industry in Australia.

e. Foreign Currency Translation

i. Functional and Presentation Currency

Both the functional and presentation currency of the Company and the Group entities is Australian dollars (A$).

ii. Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the Consolidated Statement of Financial Position date.

f. Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Summary of Significant Accounting Policies (continued)

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant, equipment and computers	3 to 5 years
Building improvements	7 years
Motor vehicles	7 years

i. Impairment

The carrying value of property, plant, equipment and motor vehicles are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating unit to which the assets belong are written down to their recoverable amount.

ii. De-recognition

An item of property, plant, equipment or motor vehicle is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Statement of Comprehensive Income in the period the item is de-recognised.

g. Exploration and Evaluation Expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and / or
- Exploration and evaluation activities are continuing in the area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the Consolidated Statement of Comprehensive Income or provided against.

Summary of Significant Accounting Policies (continued)

h. Impairment of Non - Financial Assets

At each reporting date, the Company assesses whether there is any indication that a non - financial asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of plant, equipment, exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An assessment is also made at each reporting date as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed that carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

i. Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the Consolidated Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in the current liabilities on the Consolidated Statement of Financial Position.

j. Trade and Other Receivables

Trade and other receivables, which generally have 30 – 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts known to be uncollectible are written off when identified. A provision for impairment is raised when there is objective evidence that the Company will not be able to collect the debts.

k. Available-for-Sale Financial Assets

Available for sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise of investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as Current Assets.) The fair values for the available for sale assets are determined by the market price of the equities at balance date (see Note 11).

l. Trade and Other Payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

m. Interests in Joint Ventures

Interest in joint venture operations, where material, are brought to account by including in the respective classifications, the Group's share of the individual assets employed and liabilities and expenses incurred.

Details of interests in joint ventures are shown at Note 25.

n. Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Summary of Significant Accounting Policies (continued)

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

o. Revenue

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

p. Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

q. Earnings per Share

Basic earnings per share is calculated as net profit / (loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit / (loss) attributable to members of the parent adjusted for:

- Cost of servicing equity (other than dividends) and preference shares dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

r. Income Tax

Deferred income tax is provided on all temporary differences at the Consolidated Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Summary of Significant Accounting Policies (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Unrecognised deferred income tax assets are reassessed at each Consolidated Statement of Financial Position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at each Consolidated Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax asset and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Consolidated Statement of Comprehensive Income.

s. *Other Taxes*

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

Summary of Significant Accounting Policies (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of amounts of GST recoverable from, or payable to, the taxation authority.

t. *Employee Benefits*

i. Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii. Superannuation

Contributions made by the Group to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

u. *Principles of Consolidation*

A controlled entity is any entity over which Vector Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the Consolidated Statement of Financial Position and in the Consolidated Statement of Comprehensive Income.

v. *Comparative Figures*

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Summary of Significant Accounting Policies (continued)

w. *Carbon Tax*

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan." Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation must be voted on and passed by both Houses of Parliament. In addition, as the Group will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. The Board expects that this will not have a significant impact upon the operational costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

x. *Going Concern*

As at 30 June 2012, Vector Resources Limited had $1,472,567 cash at bank. Subsequent to the year end, Vector Resources Limited raised $4,087,243 through two placements and $880,167 through an allotment of listed options (see Note 22).

2. Critical Accounting Estimates and Judgements

The Directors re-evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates – Impairment

The Group assess impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgements – Exploration and Evaluation Expenditure

The Group's policy for exploration and evaluation is discussed in Note 1(g). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the Consolidated Statement of Comprehensive Income. At the date of this report the Group has sufficient reason to believe rights to explore in specific areas will be granted, expenditure on further exploration for the evaluation of mineral resources in specific areas has been budgeted, exploration in specific areas is on-going and has lead to the discovery of viable quantities of mineral resources and the Group has not decided to discontinue such activity and sufficient data exists to indicate that, although a development in a specific area is on-going and has lead to the discovery of viable quantities of mineral resources and development in a specific area is likely to proceed, that carrying amount of the exploration and evaluation assets are likely to be recovered in full from successful development or sale. Such capitalised expenditure is carried at reporting date of $13,209,918 (2011: $6,598,759) and the amount written off through the profit and loss for projects abandoned amounted to $44,647 (2011: $28,193).

3. Financial Risk Management

a. Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

The Group does not trade in derivatives.

i. Treasury Risk Management

The Board meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

b. Interest Rate Risk

At 30 June 2012, the effect on profit / (loss) and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	Year Ended 30 June 2012	**Year Ended 30 June 2011**
	$	**$**
Change in Profit / (Loss)		
Increase in interest rate by 1%	(15,437)	(14,544)
Decrease in interest rate by 1%	15,437	14,544
Change in Equity		
Increase in interest rate by 1%	(15,437)	(14,544)
Decrease in interest rate by 1%	15,437	14,544

The Group's exposure to risk of changes in market interest rates relates primarily to the Company's cash balances. The Board constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates.

Financial Risk Management (continued)

	Floating Interest Rate		Fixed Interest Rate <1 Year		Non-interest Bearing		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$	$	$
Consolidated								
Financial Assets								
Cash and cash equivalents	1,257,721	5,195,519	-	-	214,846	69,687	1,472,567	5,265,206
Receivables	-	-	323,257	242,771	-	-	323,257	242,771
Other current assets	-	-	-	-	-	-	-	-
Available for sale financial assets	-	-	13,143	19,592	-	-	13,143	19,592
	1,257,721	5,195,519	336,400	262,363	214,846	69,687	1,808,967	5,527,569
Weighted average interest rate	3.84%	5.5%	3.8%	5.1%		-		
Financial Liabilities								
At amortised cost								
Payables					1,181,838	938,998	1,181,838	938,998
	-	-	-	-	1,181,838	938,998	1,181,838	938,998

All trades and other payables within the Group are due in less than one (1) year.

c. *Credit Risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date for financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Consolidated Statement of Financial Position and Notes to the Financial Statements.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

Financial Risk Management (continued)

The credit risk for counterparties included in trade and other receivables at 30 June 2012 is detailed below:

	Consolidated	
	Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Trade and Other Receivables		
Trade Debtors	75,554	11,322
Other Receivables	247,703	231,449
	323,257	242,771

Trade and other receivables within the Group are expected to be received as follows:

Less than 6 months	323,257	242,771
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	323,257	242,771

All receivables are not past due and have not been impaired.

d. *Liquidity Risk*

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

e. *Fair Values*

The net fair value of the Group's at-call and short-term deposits with banks, accounts receivables and payables are in line with the carrying values.

No financial assets and financial liabilities are readily traded on organised markets in standard form other than available for sale financial assets.

The aggregate fair value and carrying amounts of financial assets and financial liabilities at balance date are as follows:

	Consolidated	
	Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Financial Assets		
Cash and cash equivalents	1,472,567	5,265,206
Trade and other receivables	323,257	242,771
Available for sale financial assets	13,143	19,592
	1,808,967	5,527,569

The fair values are comparable to their carrying amount.

Financial Liabilities		
Trade and other payables	1,181,838	938,998
	1,181,838	938,998

4. Revenues from Ordinary Activities

	Consolidated Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Non-Operating Activities		
Interest received	188,219	366,048
	188,219	366,048

5. Income Tax Expense

(a) The components of income tax expense comprise

Current Tax	-	-
Deferred Tax	-	-
Under / Over provision from previous years	-	-

(b) The prima facie tax benefit on loss from ordinary activities before tax is reconciled to the income tax as follows:

	Consolidated Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Prima facie tax (benefit) on operating loss from ordinary activities before tax at 30%	(474,002)	(461,440)
Entertainment expenses	1,201	248
Depreciation expense	12,671	21,427
Impairment of financial assets available-for-sale	1,935	2,518
Capital expenditure due diligence GIR shares	-	36,746
Share based payments	100,289	-
Adjustment to GIR loss recognised for tax consolidation purposes	-	113,431
Tax effect on timing difference	100,626	68,407
Capital costs and other costs deducted	(123,823)	(91,790)
Capitalised exploration expenditure	(1,983,348)	(569,071)
Depreciation per tax	(12,671)	(21,427)
Future income tax benefits not brought to account	2,377,122	900,951
	-	-

Income Tax Expense (Continued)

(c) Deferred tax assets/liabilities:

	Consolidated Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Deferred tax liabilities:		
Capitalised exploration expenditure	3,962,975	1,979,628
Accrued income	2,368	9,197
	3,965,343	1,988,825
Deferred tax assets:		
Capital Raising	146,358	152,256
Available for sale financial assets	101,897	99,963
Provisions and accruals	184,928	97,650
Carry forward income tax losses	5,706,691	3,329,568
Carry forward capital losses	340,024	340,024
Deferred tax assets not recognised	6,479,898	4,019,461
Net deferred tax asset/liability	-	-

(d) Tax losses

The Company has Australian income tax losses of $19,022,302 (2011: $11,098,561) and Australian capital losses of $1,133,413 (2011: $1,133,413) for which no deferred tax asset is recognised in the Statement of Financial Position. Losses are recoupable subject to relevant Australian taxation statutory requirements being met.

The tax benefits of the above deferred tax assets will only be obtained if:

(a) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilized;
(b) The Company continues to comply with the conditions for deductibility imposed by law; and
(c) No changes in income tax legislation adversely affect the company in utilising the benefits.

6. Auditor's Remuneration

Amounts received or due and receivable by the auditors for:

	Consolidated Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Auditing or reviewing of the financial statements	40,417	35,104
	40,417	35,104

7. Cash and Cash Equivalents

	Consolidated Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Cash at bank	1,472,567	5,265,206
	1,472,567	5,265,206

Details of interest rates are disclosed in Note 3.

Included in the cash at bank above, below are restricted funds relating to bonds:

Environmental Bonds	328,000	194,000
Property Bond	154,087	154,087
Credit Card Bond	12,000	12,000
Total	494,087	360,087

8. Trade and Other Receivables

Current

Sundry debtors	323,257	242,771
Provision for impairment	-	-
	323,257	242,771

9. Other Assets

	Consolidated Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Non-Operating Activities		
Other non-current assets	-	704
	-	704

10. Property, Plant and Equipment

	Consolidated Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Buildings and Improvements - At cost	223,164	199,640
Accumulated Depreciation	(129,941)	(97,888)
	93,223	101,752
Computer Software - At cost	24,479	39,849
Accumulated Depreciation	(10,735)	(18,000)
	13,744	21,849
Plant and Equipment - At cost	68,561	27,037
Accumulated Depreciation	(35,148)	(12,389)
	33,413	14,648
Motor Vehicles - At cost	120,019	134,547
Accumulated Depreciation	(22,545)	(11,067)
	97,474	123,480
Furniture & Fixtures – At cost	198,717	179,133
Accumulated Depreciation	(100,038)	(26,236)
	98,679	152,897
Computer Equipment - At cost	20,617	14,351
Accumulated Depreciation	(7,742)	(11,971)
	12,875	2,380
Closing balance	349,408	417,006

Property, Plant and Equipment movement in carrying value

Brought forward at beginning of year	417,006	148,226
Additions	130,502	353,123
Disposals	(73,329)	(3,203)
Depreciation expensed	(163,948)	(81,468)
Plus: Accumulated depreciation written back on disposal	39,177	328
Carried forward property, plant and equipment	349,408	417,006

Property, Plant and Equipment (continued)

Property Plant & Equipment by category:

	Consolidated Year Ended 30 June 2012 $	Consolidated Year Ended 30 June 2011 $
Buildings and Improvements		
Opening balance	101,752	126,219
Plus: additions	23,525	4,825
Less: depreciation	(32,054)	(29,292)
	93,223	101,752
Computer Software		
Opening balance	21,849	2,639
Plus: additions	17,802	30,369
Less: depreciation	(8,915)	(11,159)
Less: disposal	(33,173)	-
Plus: accumulated depreciation written back on disposal	16,181	-
	13,744	21,849
Plant and Equipment		
Opening balance	14,648	3,201
Plus: additions	41,524	16,979
Less: depreciation	(21,400)	(5,532)
Less: disposal	(3,827)	-
Plus: accumulated depreciation written back on disposal	2,468	-
	33,413	14,648
Motor Vehicles		
Opening balance	123,480	15,512
Plus: additions	5,472	114,547
Less: depreciation	(20,478)	(6,579)
Less: disposal	(20,000)	-
Plus: accumulated depreciation written back on disposal	9,000	-
	97,474	123,480
Furniture & Fixtures		
Opening Balance	152,897	-
Plus: additions	24,385	182,008
Less: depreciation	(73,802)	(26,236)
Less: disposal	(4,801)	(3,203)
Plus: accumulated depreciation written back on disposal	-	328
	98,679	152,897
Computer Equipment		
Opening balance	2,380	655
Plus: additions	17,794	4,395
Less: depreciation	(7,299)	(2,670)
Less: disposal	(11,528)	-
Plus: accumulated depreciation written back on disposal	11,528	-
	12,875	2,380
Total Property, Plant and Equipment		
Opening balance	417,006	148,226
Plus: additions	130,502	353,123
Less: depreciation	(163,948)	(81,468)
Less: disposal	(73,329)	(3,203)
Plus: Accumulated depreciation written back on disposal	39,177	328
	349,408	417,006

11. Financial Assets

	Consolidated	
	Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Available for Sale Financial Assets	352,802	352,802
Provision for impairment	(339,659)	(333,210)
	13,143	19,592

Impairment of these assets has been based on the market value at the year end.

12. Exploration and Evaluation Expenditure

Non-Current		
Deferred exploration expenditure, at cost	13,209,918	6,598,759
Exploration expenditure movement:		
Brought forward at beginning of year	6,598,759	1,280,667
Exploration expenditure written off during the year	(44,647)	(165)
Exploration expenditure capitalised during year	6,655,806	2,100,348
Golden Iron Resources Ltd exploration expenditure – at acquisition	-	3,217,909
Carried forward exploration expenditure	13,209,918	6,598,759

The value of the Company's interest in exploration evaluation expenditure is dependent upon:

- The continuance of the Company's right of tenure of the areas of interest;
- The results of future exploration; or
- The recoupment of costs through successful development and exploitation of the areas of interest or, alternatively, by their sale.

There may exist, on the Company's exploration properties, areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the Company's exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

In February 2010, the Company entered into a Joint-Venture agreement with Cazaly Resources Ltd (CAZ) wherein both partners have agreed to continue their respective tenement holdings in the Earaheedy Basin located in the central region of Western Australia to form a 50 / 50 joint-venture to principally explore iron ore and manganese mineralisation. CAZ has been appointed manager, with all contributions and expenditures made on pro- rata basis in accordance with their respective interests. The joint-venture assets are held as tenants in common in accordance with their respective interests.

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13. Trade and Other Payables

	Consolidated	
	Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Current		
Trade Payables	485,334	457,006
Other creditor and accruals	696,504	481,992
	1,181,838	938,998

14. Provisions

	Consolidated	
	Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Current		
Provision for annual leave	52,184	15,514
Provision for days in lieu	64,797	-
	116,981	15,514

15. Issued Capital

Ordinary Shares

Issued capital 205,645,833 (2011: 155,645,833) fully paid ordinary shares.

	Consolidated	
	Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
At the beginning of the reporting period	16,144,618	12,093,239
Fully paid ordinary shares issued during the period	4,000,000	4,228,088
Share issue costs	(387,083)	(176,709)
At reporting date	19,757,534	16,144,618

Fully paid ordinary shares issued during the period

	Number of shares	Number of shares
At the beginning of the reporting period	155,645,833	105,633,333
Issued during the period	50,000,000	50,012,500
At reporting date	205,645,833	155,645,833

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one (1) vote when a poll is called, otherwise each shareholder has one (1) vote on a show of hands.

Issued Capital (continued)

Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital and options.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

16. Reserves

Options Reserve

	Consolidated	
	Year Ended 30 June 2012	**Year Ended 30 June 2011**
	$	**$**
At the beginning of the reporting period	1,130,867	1,048,866
Options issued	447,036	82,001
At reporting date	1,577,903	1,130,867

Options issued during the period (note 28)

	Number of options	**Number of options**
Opening balance	126,886,666	104,886,666
Issued during the period	70,000,000	22,000,000
Expired during the period	(176,886,666)	-
Closing balance	20,000,000	126,886,666

17. Segmental Information

a. *Type and Location.*

The operating segments are identified by the Directors based on the type of exploration being conducted by the Group. Financial information of these operating businesses is reported to Board on a half yearly basis.

During the year,the Group operated in two mineral exploration segments, gold and iron ore, located in Western Australia. All other activities are considered to relate to the Corporate Head Office.

b. *Basis of accounting for purposes of reporting by operating segments.*

Unless stated otherwise, all amounts reported to the Directors are determined in accordance with accounting policies that are consistent with those adopted in the Annual Financial Statement of the Group.

Segment Information (continued)

Segment Performance	Gold		Iron Ore		Head Office		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$	$	$
Revenue	11,283	4,533	1,070	1,784	175,866	359,731	188,219	366,048
Employee benefits expenses	(5)	(232,076)	-	-	(793,038)	(205,167)	(793,043)	(437,243)
Consulting fees	-	-	-	-	(91,270)	(453,139)	(91,270)	(453,139)
Compliance and regulatory	(6,648)	992	(227)	(218)	(85,282)	(113,179)	(92,157)	(112,405)
Depreciation	(943)	(2,015)	(1,512)	(36,086)	(39,781)	(33,323)	(42,236)	(71,424)
Exploration expenditure	6,000	28,457	20,220	(265)	373	(189,997)	26,593	(161,540)
Capitalised expend w/off	(6,040)	-	(38,607)	-	-	-	(44,647)	(265)
Occupancy costs	(1,104)	(1,632)	(24)	(1,055)	(25,646)	(156,367)	(26,774)	(159,054)
Operating Lease	-	-	-	-	(94,807)	-	(94,807)	-
Finance costs	-	(4,284)	-	-	-	(380)	-	(4,664)
Directors' fees	-	-	-	-	(185,000)	(157,433)	(185,000)	(157,433)
Impairment of assets held	-	-	-	-	(6,449)	(8,394)	(6,449)	(8,394)
Promotion and travel	(733)	(3,154)	-	-	(97,712)	(28,887)	(98,445)	(32,041)
Impairment of other	-	-	-	-	-	(11,656)	-	(11,656)
Other expenses	(6,991)	(34,284)	(11,479)	(3,657)	(301,520)	(256,982)	(319,990)	(294,923)
	(16,464)	(247,996)	(31,629)	(41,281)	(1,720,132)	(1,614,904)	(1,768,225)	(1,904,181)
Loss for the period	(5,181)	(243,463)	(30,559)	(39,497)	(1,544,266)	(1,255,173)	(1,580,006)	(1,538,133)

	Gold		Iron Ore		Head Office		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	$	$	$	$		$	$	$
Segment Assets								
Exploration Expenditure								
Opening balance	5,002,886	-	1,595,873	1,280,667	-	-	6,598,759	1,280,667
Exploration expenses	6,427,907	5,002,886	227,899	315,206	-	-	6,655,806	5,318,092
Exploration Written off	(6,041)	-	(38,606)	-	-	-	(44,647)	-
	11,424,752	5,002,886	1,785,166	1,595,873	-	-	13,209,918	6,598,759
Other assets	565,082	512,277	89,533	172,761	1,503,760	5,260,242	2,158,375	5,945,280
Total Assets	11,989,834	5,515,163	1,874,699	1,768,634	1,503,760	5,260,242	15,368,293	12,544,039
Segment liabilities	(65,032)	(380,919)	(110,001)	(70,910)	(1,123,786)	(502,683)	(1,298,819)	(954,512)
Net Assets	11,924,802	5,134,244	1,764,698	1,697,724	379,974	4,757,559	14,069,474	11,589,527

18. Cash Flow Information

a. Reconciliation of cash

Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to items in the statement of financial position as follows:

Cash and cash Equivalent

	Consolidated	
	Year Ended 30 June 2012 $	**Year Ended 30 June 2011 $**
Cash at bank and in hand	1,472,567	5,265,206
Reconciliation of loss after income tax to net cash outflow from operating activities		
Loss for the year	(1,580,006)	(1,538,133)
Non-cash flows in loss from ordinary activities		
Depreciation expenses	42,236	71,424
Loss on write off of property, plant and equipment	12,359	-
Options issued in lieu of payment	334,298	271,000
Impairment of financial assets available for sale	6,449	8,394
Exploration expenditure written off	18,054	-
Write off of other non-current assets	704	-
Loans written off	-	11,656
Net (profit)/loss on sale of equipment	-	2,875
Changes in assets and liabilities:		
(Increase) / Decrease in receivables	(17,447)	(164,563)
(Increase) / Decrease in other assets	-	20,000
Increase / (Decrease) in payables	(89,176)	(255,461)
Increase / (Decrease) in accruals and provisions	96,855	15,514
Net cash used in operating activities	(1,175,674)	(1,557,294)

19. Controlled Entities

Controlled Entities included in the consolidated financial statements are listed below. The financial year ends for the controlled entities are the same as the parent entity.

			Ownership Interest	
	Principal Activity	**Country of Incorporation**	**2012 %**	**2011 %**
Golden Iron Resources Ltd	Gold Exploration	Australia	100	100
Louise Minerals Pty Ltd	Mineral Exploration	Australia	100	100
Muriels Extension Pty Ltd	Mineral Exploration	Australia	100	100
Pure Dawn Pty Ltd	Investment	Australia	100	100

20. Commitments and Contingencies

	Consolidated	
	Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Exploration Expenditure		
No later than one (1) year	565,579	608,958
Longer than one(1) year, but not longer than five (5) years	1,625,108	1,739,987
Longer than five (5) years	3,819,900	3,537,500
	6,010,587	5,886,445

	Consolidated	
	Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Leasing		
No later than one (1) year	545,348	545,348
Longer than one(1) year, but not longer than five (5) years	318,120	863,468
Longer than five (5) years	-	-
	863,468	1,408,816

Operating Lease

Vector executed a 3 year lease agreement for its office on 7 February 2011. The base rent for the office is $367,053 for the first year and increases by 4% every year.

21. Related Party Transactions

Loans made by / (to) Director and Director related entities

The Group owed Directors and companies associated with the Directors amounts relating to funds advanced and services provided.

Balances receivable / (payable) to Directors and Director related companies as at end of year:

	Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Astro Resources NL	(77,723)	(77,963)
Atlas Partners Pty Ltd	(1,670)	(33,858)
Brillo Investments Ltd	(3,667)	(4,000)
Gary Castledine	(3,667)	(4,584)
Hanoble Pty Ltd	(6,250)	(12,500)
Mandevilla Pty Ltd	(12,667)	(6,333)
Splendour Investments Pty Ltd	(3,667)	(4,584)
3 Richardson Pty Ltd	26,321	11,322

All loans made by the Directors to the Company and by the Company to a Director related company were made as an unsecured loan and are payable on demand on commercial terms. Parties are related because of common Directors.

Services provided by Director related entities

(i) For services provided by Director Related Entities, refer to Remuneration Report disclosed in the Directors' Report for Consulting Fees paid to the Directors and their related or associated entities for matters of an administrative nature and conducted on normal commercial terms.

(ii) During the year, interest of $4,793 was paid to Astro Resources NL for the bond on the office, which is $76,072. Mr R Hyndes is a Director of Astro Resources NL. The interest is calculated, on normal commercial terms and at market rate.

(iii) During the year, administration fees and costs of $46,123 were paid to Atlas Partners Pty Ltd of which Mr R Hyndes is a Director. These fees included work done for corporate due diligence, secretarial, bookkeeping, tenement administrative and general administrative services.

(iv) Rent for the registered office of $233,859 was paid by 3 Richardson Pty Ltd of which Mr R Hyndes is a Director on normal commercial terms and at market rates. No formal sublease has been entered into between 3 Richardson Pty Ltd and Vector Resources Limited, but an arrangement is in place whereby 3 Richardson Pty Ltd pays for rent based on the amount of floor space it takes up for the property.

Related Party Transactions (Continued)

(v) As approved at this year's General Meeting held on 6 January 2011, a placement fee of 6 million unlisted options exercisable at $0.25 and expiring 30 January 2015 was issued to Indian Ocean Capital Pty Ltd, of which Mr G Castledine is a director. The 6 million unlisted options are valued at $0.0188 each (calculated using a binomial model and cross checked with the Black-Scholes method – stock price at 9 cents, the risk free interest rate is 3.58% and the volatility is 83.24%), total value $112,738. Indian Ocean Capital Pty Ltd also received a 5% placement fee, total value $200,000, and a 1% management fee, total value $40,000, for the same placement.

Remuneration of Directors and Executives and Related Parties Disclosure

	Consolidated	
	Year Ended 30 June 2012	**Year Ended 30 June 2011**
	$	**$**
Short term	672,145	406,363
Post employment superannuation	31,500	11,812
Option based payments	334,298	-
	1,037,943	418,175

Directors Share Holdings and Option Holdings

Shareholdings – 2012

Number of Shares held by Directors and Specified Executives:

Directors

	Balance 01.07.2011	**Received as Remuneration**	**Options Exercised**	**Net Change Other***	**Balance 30.06.2012**
Damien O'Reilly	857,143	-	-	300,000	1,157,143
Glyn Povey	2,825,000	-	-	300,000	3,125,000
Gary Castledine	2,510,714	-	-	300,000	2,810,714
Neville Bassett	900,000	-	-	300,000	1,200,000
Robert Hyndes	214,285	-	-	-	214,285
Brian Williams	2,107,972	-	-	60,000	2,167,972
Jianhua Sang	-	-	-	-	-
Totals	9,415,114	-	-	1,260,000	10,675,114

*Net Change Other refers to shares purchased or sold during the financial year.

Related Party Transactions (Continued)

Option holdings – 2012

Number of Options help by Directors and specified Executives:

Directors

	Balance 01.07.2011	Received as Remuneration	Net Change Other*	Balance 30.06.2012	Number Vested / Exercisable
Damien O'Reilly	857,143	2,000,000	(857,143)	2,000,000	1,000,000
Glyn Povey	2,000,000	8,000,000	(2,000,000)	8,000,000	2,000,000
Gary Castledine	2,835,714	1,000,000	(2,835,714)	1,000,000	500,000
Neville Bassett	400,000	1,000,000	(400,000)	1,000,000	500,000
Robert Hyndes	430,415	1,000,000	(430,415)	1,000,000	500,000
Brian Williams	1,482,972	1,000,000	(1,482,972)	1,000,000	500,000
Jianhua Sang	-	-	-	-	-
Total	8,006,244	14,000,000	(8,006,244)	14,000,000	5,000,000

*Net Change Other refers to options purchased, sold or expired during the financial year.

No options were exercised during the year by the Directors.

As at 30 June 2012, no listed options and 20,000,000 unlisted options are on issue (2011: 126,886,666).

Shareholdings – 2011

Number of Shares held by Directors and specified Executives:

Directors

	Balance 01.07.2010	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.06.2011
Damien O'Reilly~	-	-	-	857,143	857,143
Glyn Povey~	-	-	-	2,825,000	2,825,000
Gary Castledine*	1,275,000	-	-	1,235,714	2,510,714
Neville Bassett*	500,000	-	-	400,000	900,000
Robert Hyndes*	-	-	-	214,285	214,285
Brian Williams~	-	-	-	2,107,972	2,107,972
Jianhua Sang	-	-	-	-	-
Anthony Short#	3,209,100	-	-	(3,209,100)	-
Gordan Sklenka#	3,209,100	-	-	(3,209,100)	-
Total	8,913,200	-	-	1,221,914	9,415,114

**Net Change Other refers to shares purchased or sold during the financial year.*
#Net Change Other due to Director resigning during the year.
~Net Change Other due to the appointment of Director during the year.

Related Party Transactions (Continued)

Option holdings – 2011

Number of Options held by Directors and specified Executives.

Directors

	Balance 01.07.2010	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.06.2011
Damien O'Reilly~	-	-	-	857,143	857,143
Glyn Povey~	-	-	-	2,000,000	2,000,000
Gary Castledine*	1,600,000	-	-	1,235,714	2,835,714
Neville Bassett*	-	-	-	400,000	400,000
Robert Hyndes*	216,130	-	-	214,285	430,415
Brian Williams~	-	-	-	1,482,972	1,482,972
Jianhua Sang	-	-	-	-	-
Anthony Short#	5,004,550		-	(5,004,550)	-
Gordan Sklenka#	5,004,550		-	(5,004,550)	-
Total	11,825,230	-	-	(3,818,986)	8,006,244

*Net Change Other refers to shares purchased or sold during the financial year.
#Net Change Other due to Director resigning during the year.
~Net Change Other due to the appointment of Director during the year.

22. Events Subsequent to Balance Date

Subsequent to the Balance Date, the following occurred:

- Allotment of 88,016,722 options expiring 30 January 2015, exercisable at $0.25 at an issue price of $0.01 each, to raise $880,167.
- Placement of 30,847,874 fully paid ordinary shares at $0.08 each, with a 1 for 1 free attaching listed option, totalling 30,847,874 options, exercisable at $0.25 and expiring on 30 January 2015 to raise a total of $2,467,830.
- Placement of 20,242,664 fully paid ordinary shares at $0.08 each, with a 1 for 1 free attaching listed option, totalling 20,242,664 options, exercisable at $0.25 and expiring on 30 January 2015 to raise a total of $1,619,413.
- 5,000,000 listed options, exercisable at $0.25 and expiring 30 January 2015 was issued to Indian Ocean Capital as a placement fee for the two placements.
- A General Meeting was held on 31 August 2012 to approve the issue and ratification of issue of securities. All resolutions were approved.
- Mr Jianhua Sang was appointed to the board on 13 September 2012.
- Mr Robert Hyndes resigned from the board on 13 September 2012.

23. Earnings per Share

	Consolidated	
	Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Net loss for the year	(1,580,006)	(1,538,133)
Weighted average number of ordinary shares outstanding during the year used in calculations of EPS	178,733,265	129,284,771
EPS – dollars	(0.009)	(0.012)

During the year, movements in issued capital included an issue of 50,000,000 fully paid ordinary shares via a private placement. Options outstanding are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year end 30 June 2012.

24. Parent Entity Information

	Consolidated	
Information relating to Vector Resources Ltd	**Year Ended 30 June 2012 $**	**Year Ended 30 June 2011 $**
Current Assets	1,359,113	4,974,726
Total Assets	13,317,299	10,138,311
Current Liabilities	(811,995)	(417,970)
Total Liabilities	(1,117,011)	(417,970)
Net Assets	12,200,288	9,720,341
Issued Capital	19,757,534	16,144,618
Option Reserve	1,577,903	1,130,866
Accumulated losses	(9,135,149)	(7,555,143)
Total Shareholder's Equity	12,200,288	9,720,341
Loss of the parent Entity	(1,580,006)	(3,407,681)
Total Comprehensive Loss of the parent entity	(1,580,006)	(3,407,681)

25. Interest in Joint-Ventures

The parent entity has entered into the following unincorporated joint-ventures:

Joint Venture Project	Percentage Interest	Principal Exploration
Earaheedy	50% (2011 50%) (Cazaly Resources Ltd 50%)	Iron Ore

The joint-venture is not a separate legal entity but is a contractual arrangement between the participants for sharing costs and output and do not in themselves generate revenue and profit. Exploration expenditure is the only asset of the joint-ventures. The Group's interest in exploration expenditure in the above mentioned joint-venture is as follows:

	Earaheedy JV	
	Year Ended 30 June 2012 $	Year Ended 30 June 2011 $
Non-current Assets		
Mineral Assets	1,785,166	1,595,873
Impairment	-	-
Carrying Amount	1,785,166	1,595,873

The recoverability of the carrying amount of the mineral assets is dependent on successful development and commercial exploration alternatively, sale of the respective areas of interest.

All expenditure on this project during the year has been capitalised.

Earaheedy Joint Venture – Anglo American Farm-in

On 26 September 2011, Vector and Cazaly Resources collectively the Earaheedy Joint-Venture (EJV) signed a farm-in agreement with Anglo American, the global diversified mining house ("Anglo").

- The farm-in allows Anglo to earn a 75% interest in the Earaheedy Project
- Staged success payments of up to $51 million to the EJV
- Anglo to undertake due diligence exploration program of a minimum of 7,500 metres of RC or diamond drilling to be completed within 18 months.
- Anglo will then have the right to earn;
  - An initial 51% interest in the project by paying $1million to the EJV and expending $20 million within 4 years.
  - 75% interest by completing a Bankable Feasibility Study (BFS) and payment of an additional $5 million to the EJV.
- Following the delivery of a positive BFS, a success payment of$45 million would be payable to the EJV. The EJV is to have the right to contribute to the project or dilute to a royalty of 1.25% FOB.

26. Acquisition of Golden Iron Resources Limited ("GIR")

On 6 October 2010 Vector Resources Limited announced a takeover bid for all of the shares in GIR on the basis of one Vector Resources Limited share for two GIR shares. This ratio and the related purchase consideration of $2,045,587 as set out in the Bidder's Statement was based on the directors' assessment of the fair value of the net assets of GIR to be acquired. On 7 December 2010, the bid from Vector Resources Limited became unconditional when acceptances were received for 90.2% of the issued capital of GIR.

GIR holds gold projects located in the Southern Cross region of Western Australia.

The acquisition of GIR has been accounted to this consolidated financial report for as an acquisition of net assets as the directors do not consider that the net assets acquired constituted a "business" under Australian Accounting Standard AASB 3 "Business Combinations".

Details of the consideration transferred and the allocation to the net assets acquired are as follows:

Consideration Transferred	**$**
Issue of shares in Vector Resources Ltd (23,512,500)	2,045,587

The assets acquired and liabilities assumed at the date of acquisition are as follows:

	Recognised on Acquisition
Cash	42,648
Mineral Tenements	3,362,227
Other Assets	14,493
Liabilities	(1,373,781)
Net Assets	2,045,587

Acquisition related Costs

Acquisition related costs of $234,794 have been expensed during the 2010-11 period.

27. Contingent Consideration for Muriels Extension Tenements

On 31 May 2011, Vector completed the acquisition of the Muriels Extension tenement portfolio and its related mining information ("Muriels Extension").

The Company is to undertake an 18 month work program to determine if the project is worth pursuing. In the event it is – Vector is to issue the vendors 5 million fully paid ordinary shares.

Assuming that the Company does elect to issue the 5 million shares to the vendors and continues with the project, the Company will then continue to undertake further exploration work with the objective of delineating a JORC compliant resource within 48 months of acquisition.

The Company will issue the vendor with an additional 3 million fully paid ordinary shares on the delineation of a JORC compliant resource of 250,000 ounces of gold. If a JORC compliant resource of 500,000 ounces of gold is delineated, then an additional 10 million fully paid ordinary shares will be issued to the vendor.

The value of the fully paid ordinary shares will be calculated on the prior 30 day volume weighted average price of shares from the day of issue.

28. Share Based Payments

The following outline the share based payments made during the financial year:

(a) 6 million unlisted options, exercisable at $0.25 and expiring 31 January 2015 valued at $0.0188 each (calculated using a binomial model and cross checked with the Black-Scholes method – stock price at 9 cents, the risk free interest rate is 3.58% and the volatility is 83.24%), total value $112,738, were issued to the broker as part of the capital raising fees for the $4,000,000 private placement completed during the year.

(b) 5 million unlisted performance options, exercisable at $0.20 and expiring 20 December 2014 valued at $0.0258 each (calculated using a binomial model and cross checked with the Black-Scholes method – stock price at 9.6 cents, the risk free interest rate is 3.60% and the volatility is 82.39%), total value $128,810, were issued to the directors during the year.

(c) 5 million unlisted performance options, exercisable at $0.20 and expiring 20 December 2014 valued at $0.0258 each (calculated using a binomial model and cross checked with the Black-Scholes method – stock price at 9.6 cents, the risk free interest rate is 3.60% and the volatility is 82.39%), total value $128,810, were issued to the directors during the year.

(d) 4 million unlisted performance options, exercisable at $0.40 and expiring 20 December 2015 valued at $0.0192 each (calculated using a binomial model and cross checked with the Black-Scholes method – stock price at 9.6 cents, the risk free interest rate is 3.68% and the volatility is 82.39%), total value $76,678, were issued to the directors during the year.

(e) Share based payments totalled $447,036 of which $334,298 is included in employee benefits expense in the Consolidated Statement of Comprehensive Income and $112,738 is included in share issue expenses in the Consolidated Statement of Changes in Equity.

Share Based Payments (Continued)

The weighted average exercise price, outstanding options and options exercised are as follows:

2011

	Number of options	**Weighted Average Exercise Price**
Opening balance	104,886,666	$0.20
Issued during the period	22,000,000	$0.20
Forfeited during the period	-	-
Exercised during the period	-	-
Closing balance	126,886,666	$0.20

The weighted average remaining contractual life of options outstanding at the end of the reporting period was 2 years. The exercise price of outstanding options at the end of the reporting period was $0.20.

2012

	Number of options	**Weighted Average Exercise Price**
Opening balance	126,886,666	$0.20
Issued during the period	70,000,000	$0.22
Forfeited during the period	176,886,666	$0.20
Exercised during the period	-	-
Closing balance	20,000,000	$0.26

The weighted average remaining contractual life of options outstanding at the end of the reporting period was 2.71 years. The weighted average exercise price of outstanding options at the end of the reporting period was $0.26.

Additional Shareholder Information

Additional information required by the Australian Securities Exchange (ASX) listing rules as at 27 September 2012.

List of 20 largest shareholders

Ranking	Name	Shares Held	% of total shares
1	EAGLE BRILIANT HOLDINGS LIMITED	51,090,538	19.9%
2	SLADE TECHNOLOGIES PTY LTD	6,749,500	2.63%
3	PERSHING AUSTRALIA NOMINEES PTY LTD	5,496,432	2.14%
4	KAPIRI HOLDINGS PTY LTD	5,463,176	2.13%
5	MR ROBERT PAUL MARTIN & MRS SUSAN PAMELA MARTIN	5,320,544	2.07%
6	CS FOURTH NOMINEES PTY LTD	4,400,000	1.71%
7	SOLEQUEST PTY LTD	3,123,384	1.22%
8	MR GLYN COLIN POVEY	2,875,000	1.12%
9	GOLDBONDSUPER PTY LTD	2,760,000	1.08%
10	TT NICHOLLS PTY LTD	2,500,000	0.97%
11	MS JOSEPHINE KATHLEEN PATOIR	2,425,000	0.94%
12	MR JOHN MCGREGOR THOM & MRS NOLA THOM	2,385,000	0.93%
13	BRIAN LLOYD WILLIAMS	2,107,972	0.82%
14	RPM SUPER PTY LTD	2,100,000	0.82%
15	PERIZIA INVESTMENTS PTY LTD	2,075,000	0.81%
16	HAWERA PTY LTD	2,000,000	0.78%
16	HAWERA PTY LTD	2,000,000	0.78%
17	ORBIT DRILLING PTY LTD	1,876,044	0.73%
18	TT NICHOLLS PTY LTD	1,800,000	0.70%
19	MR GERARD WELLS	1,793,232	0.70%
20	COLOSSEUM SECURITIES PTY LTD	1,750,000	0.68%

Substantial Shareholders

Name	Shares Held	% of total shares
EAGLE BRILIANT HOLDINGS LIMITED	51,090,538	19.9%

Distribution of shareholder's holdings

Ordinary shares held	Number of shareholders	Number of Shares
1-1,000	16	2,564
1,001-5,000	54	186,965
5,001-10,000	194	1,754,755
10,001-100,000	713	32,249,561
100,001-999,999,999	320	222,542,526
Total	**1,297**	**256,736,371**
Unmarketable Parcels	79	239,703

Additional information required by the Australian Securities Exchange (ASX) as at 27 September 2012.

List of 20 largest option holders

Ranking	Name	Options Held	% of total Options
1	EAGLE BRILLIANT HOLDINGS LIMITED	51,090,538	34.04%
2	PERSHING AUSTRALIA NOMINEES PTY LTD	6,924,347	4.61%
3	MS JOSEPHINE KATHLEEN PATOIR	6,011,115	4.00%
4	MRS FIONNUALA CATHERINE EDMONDSON	4,314,300	2.87%
5	PERIZIA INVESTMENTS PTY LTD	3,325,000	2.22%
6	KAPIRI HOLDINGS PTY LTD	3,305,875	2.20%
7	SLADE TECHNOLOGIES PTY LTD	3,061,150	2.04%
8	MR NICHOLAS DERMOTT MCDONALD	2,700,000	1.80%
9	CS FOURTH NOMINEES PTY LTD	2,415,500	1.61%
10	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	2,100,000	1.40%
11	GOFFACAN PTY LTD	1,988,275	1.32%
12	SOLEQUEST PTY LTD	1,954,677	1.30%
13	KAPIRI HOLDINGS PTY LTD	1,775,000	1.18%
14	RPM SUPER PTY LTD	1,655,787	1.10%
15	MR ROBERT PAUL MARTIN & MRS SUSAN PAMELA MARTIN	1,500,000	1.00%
16	MR GERALD WELLS	1,482,000	0.99%
17	TT NICHOLLS PTY LTD	1,455,000	0.97%
18	MYCHI LE INVESTMENTS PTY LTD	1,350,000	0.90%
19	OVERLAND CORNER WEST PTY LTD	1,305,750	0.87%
20	MR PAUL ANTHONY GREENWOOD	1,200,000	0.80%
20	MRS FIONNUALA CATHERINE EDMONDSON	1,200,000	0.80%

Substantial option holders

Name	Options Held	% of total options
EAGLE BRILLIANT HOLDINGS LIMITED	51,090,538	34.04%

Distribution of option holder's holdings

Options held	Number of Option holders	Number of Options
1-1,000	3	1,750
1,001-5,000	25	86,600
5,001-10,000	10	74,155
10,001-100,000	94	4,425,963
100,000-999,999,999	134	145,518,792
Total	**266**	**150,107,260**
Unmarketable Parcels	84	1,105,232

ENQUIRIES

Shareholders with any enquiries about any aspect of their shareholdings should contact the Company's share register as follows:

	Link Market Services
	178 St Georges Terrace
	Perth WA 6000
Tel:	+61 8 9211 6670
Fax:	+61 8 9211 6660
Web:	www.linkmarketservices.com.au

ELECTRONIC ANNOUNCEMENTS AND REPORTS

Shareholders who wish to receive announcement made by to the ASX, as well as receive electronic copies of the Financial Report and Half-Yearly Report, are invited to provide their email address to the Company. This can be done in writing to the Company Secretary.

REMOVAL FROM THE PRINTED FINANCIAL REPORT MAILING LIST

Shareholders who do not wish to receive the Financial Report should advise the Share Registry in writing to remove their names from the mailing list. Those shareholders will continue to receive all shareholder information.

CHANGE OF NAME / ADDRESS

Shareholders who are Issue Sponsored should advise the Share Registry promptly of any changes of name and / or address so that correspondence with them does not go astray. All such changes must be advised in writing and cannot be accepted via telephone. Forms can be found on the Share Registry website or obtained by contacting the Share Registry.

Shareholders who are CHESS and Broker Sponsored should instruct their sponsoring brokers in writing to notify the Share Registry of any changes of name and / or address.

In case of a name change, the written advice must be supported by documentary evidence.

CONSOLIDATION OF SHAREHOLDINGS

Shareholders who wish to consolidate their separate shareholdings into one (1) account should write to the Share Registry or their sponsoring broker, whichever is applicable.

STOCK EXCHANGE LISTING

The Company's shares are listed on the Australian Securities Exchange (ASX). Details of share transactions and prices published in the financial papers of the daily capital city newspaper under the code VEC.

REGISTERED OFFICE

The Registered Office of the Company is:

	Vector Resources Limited
	Level 1, 3 Richardson Street
	West Perth WA 6005
Tel:	+61 8 6 188 7800
Fax:	+61 8 9 481 8772
Web:	www.vectorresources.com.au
Company Secretary:	Mr Neville Bassett

TENEMENT LISTING

Project	Tenement	Status	Area	Grant / Application Date	Expiry Date	Holder / Applicant
EARAHEEDY JV						
Garden Well						
	P52/1274	Granted	178.90Ha	9/03/2010	8/03/2014	Louise Minerals Pty Ltd
	P69/61	Pending	176.86Ha	9/05/2008		Louise Minerals Pty Ltd
	E52/2183	Granted	31Blks	31/07/2009	30/07/2014	Cazaly Iron Pty Ltd
	P69/63	Pending	174.82Ha	09/05/2008		Louise Minerals Pty Ltd
	P69/62	Pending	151.09Ha	09/05/2008		Louise Minerals Pty Ltd
Fairbairn						
	E69/2061	Granted	23 Blks	22/06/2007	21/06/2014	Louise Minerals Pty Ltd
Ivan Well						
	E69/2062	Granted	25 Blks	22/06/2007	21/06/2014	Louise Minerals Pty Ltd
	E69/2750	Granted	1 Blks	05/07/2011	04/07/2016	Cazaly Iron Pty Ltd
	E69/2376	Granted	12 Blks	05/12/2008	04/12/2013	Cazaly Iron Pty Ltd
	E69/2766	Pending	3 Blks	04/02/2010		Cazaly Iron Pty Ltd
	E69/2512	Pending	3 Blks	20/03/2008		Louise Minerals Pty Ltd
	E69/2514	Pending	1 Blks	31/03/2008		Louise Minerals Pty Ltd
Hawkins Knob						
	E69/2063	Granted	66 Blks	01/05/2008	30/04/2013	Louise Minerals Pty Ltd
	E69/2510	Pending	44 Blks	20/03/2008		Louise Minerals Pty Ltd
	E69/2505	Pending	70 Blks	18/02/2008		Louise Minerals Pty Ltd
	E69/2511	Pending	4 Blks	20/03/2008		Louise Minerals Pty Ltd
	E69/2541	Pending	2 Blks	09/05/2008		Louise Minerals Pty Ltd
Mt Cecil Rhodes	***(South)***					
	E69/2064	Granted	45 Blks	22/06/2007	21/06/2014	Louise Minerals Pty Ltd
	E69/2462	Granted	77 Blks	05/07/2011	04/07/2016	Cazaly Iron Pty Ltd
	E69/2375	Granted	24 Blks	05/12/2008	04/12/2013	Cazaly Iron Pty Ltd
Sydney Heads						
	E69/2065	Granted	43 Blks	22/06/2007	21/06/2012	Louise Minerals Pty Ltd
	E69/2483	Pending	53 Blks	05/12/2007		Cazaly Iron Pty Ltd
	E69/2881	Pending	33 Blks	08/12/2010		Louise Minerals & Cazaly Iron Pty Ltd
	E69/2934	Pending	13 Blks	30/03/2011		Louise Minerals & Cazaly Iron Pty Ltd

TENEMENT LISTING (Continued)

Project	Tenement	Status	Area	Grant / Application Date	Expiry Date	Holder / Applicant
MURIELS EXTENSION						
	M37/661	Granted	332.00Ha	20/03/2008	29/03/2029	Muriels Extension
	P37/7580	Granted	197.73 Ha	20/10/2008	19/10/2012	Muriels Extension
	P37/7581	Granted	199.24 Ha	20/10/2008	19/10/2012	Muriels Extension
	P37/7582	Granted	199.22 Ha	20/10/2008	19/10/2012	Muriels Extension
	P37/7583	Granted	198.90 Ha	20/10/2008	19/10/2012	Muriels Extension
	P37/7584	Granted	197.66 Ha	20/10/2008	19/10/2012	Muriels Extension
	P37/7585	Granted	113.99 Ha	20/10/2008	19/10/2012	Muriels Extension
	P37/7586	Granted	198.32 Ha	20/10/2008	19/10/2012	Muriels Extension
	P37/7587	Granted	193.39 Ha	20/10/2008	19/10/2012	Muriels Extension

GOLDEN IRON						
Mt Dimer						
	L77/83	Granted	2.46Ha	29/03/1990	28/03/2015	Golden Iron Resources
	L77/135	Granted	62.00 Ha	08/09/1993	07/09/2013	Golden Iron Resources
	L77/147	Granted	7.88 Ha	16/11/1994	15/11/2014	Golden Iron Resources
	M77/427	Granted	664.60 Ha	30/03/1990	29/03/2032	Golden Iron Resources
	M77/428	Granted	624.65 Ha	30/03/1990	29/03/2032	Golden Iron Resources
	M77/957	Granted	54.00 Ha	20/02/2007	19/02/2028	Golden Iron Resources
	M77/958	Granted	52.00 Ha	20/02/2007	19/02/2028	Golden Iron Resources
	M77/965	Granted	634.00 Ha	19/03/2007	18/03/2028	Golden Iron Resources
	E77/1992	Pending	3Blks	17/05/2012	16/05/2017	Golden Iron Resources
	E77/2050	Pending	1Blk	16/03/2012		Golden Iron Resources
	P77/4081	Pending	39-00 Ha	06/07/2012	05/07/2016	Golden Iron Resources
	P77/4086	Pending	31.00 Ha	03/08/2012	02/08/2016	Golden Iron Resources
Gwendolyn						
	E77/1580	Granted	1Blks	12/05/2009	11/05/2014	Golden Iron Resources
	M77/1263	Granted	194.30Ha	15/05/2012	14/05/2033	Golden Iron Resources
	G77/119	Pending	299.00Ha	12/09/2012		Golden Iron Resources
	L77/245	Pending	7.00Ha	12/09/2012		Golden Iron Resources
	L77/246	Pending	9.00Ha	12/09/2012		Golden Iron Resources
	L77/247	Pending	7.00Ha	12/09/2012		Golden Iron Resources
	L77/248	Pending	96.00Ha	12/09/2012		Golden Iron Resources
Clampton						
	E77/1591	Granted	70Blks	12/05/2009	11/05/2014	Golden Iron Resources
Gt Bingin						
	M77/1255	Granted	169.00Ha	29/07/2011	28/07/2032	Golden Iron Resources

TENEMENT LISTING (Continued)

Athenia Project						
	M77/1260	Granted	135.00Ha	15/05/2012	15/05/2033	Golden Iron Resources
Mt Palmer						
	E77/1318	Granted	50Blks	25/11/2008	24/11/2013	Golden Iron Resources
	E77/1386	Granted	9Blks	28/01/2009	27/01/2014	Golden Iron Resources
	P77/3678	Granted	196.00Ha	29/04/2008	28/04/2016	Golden Iron Resources
Mt Holland						
	E77/1220	Granted	2Blks	19/09/2007	18/09/2012	Golden Iron Resources
	P77/3937	Granted	185.00Ha	24/12/2009	23/12/2013	Golden Iron Resources
	P77/3938	Granted	110.00Ha	24/12/2009	23/12/2013	Golden Iron Resources