
VECTOR RESOURCES LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 2:00PM on 21 November 2008 (WST) at The Exchange Plaza Conference Room, Level 8 , 2 The Esplanade Perth, Western Australia 6000.

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 (08) 9486 1122.

VECTOR RESOURCES LIMITED

ACN 107 541 453

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of the Company will be held at The Exchange Plaza Conference Room, Level 8 , 2 The Esplanade Perth, Western Australia 6000. at 2:00PM (WST). ("Meeting").

The Proxy Form forms part of this Notice of Annual General Meeting ("Notice").

The Directors have determined pursuant to regulation 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 2:00PM on 19 November 2008 (WST).

AGENDA

Financial Report

To receive the financial report of the Company and its controlled entities for the year ended 30 June 2008 together with a Directors' report in relation to that financial year and the auditor's report on the financial report.

1. Resolution 1– Remuneration Report

To consider, and if thought fit pass as an ordinary resolution, the following:

"That the Remuneration Report for the year ended 30 June 2008 be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

2. Resolution 2 – To elect Mr Bruce McLeod as a Director

To consider, and if thought fit, pass as an ordinary resolution

"That Mr Bruce McLeod, a director appointed in accordance with clause 11.11 of the Constitution of the Company is elected a director of the Company".

3. Resolution 3 – Adoption of Employee Option Scheme

To consider, and if thought fit pass with or without amendment as an ordinary resolution, the following:

"That in accordance with Exception 9 of ASX Listing Rule 7.2 Shareholders approve the establishment of an employee option scheme to be called the "Vector Resources Employee Option Scheme" and the issue of Options pursuant to this scheme on the terms and conditions in the Explanatory Memorandum".

Voting Exclusion

The Company will disregard any votes cast on this resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any associate of a Director. However, the Company will not disregard a vote if:

- i. it is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- ii. it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form to vote as the proxy decides.

By Order of the Board

Roland Berzins
Company Secretary
22 October 2008

VECTOR RESOURCES LIMITED

ACN 107 541 453

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at The Exchange Plaza Conference Room, Level 8, 2 The Esplanade Perth, Western Australia 6000, on 21 November 2008 at 2:00PM WST.

The purpose of this Explanatory Memorandum is to provide information the Board of Directors believes is material to Shareholders in relation to the resolutions set out in the Notice of Annual General Meeting. The Explanatory Memorandum explains the resolutions and identifies the Directors' decisions for putting them to Shareholders.

2. Resolution 1 – Directors' Remuneration

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Annual Report for the year ended 30 June 2006 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive director, specified executives and non-executive directors.

The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders.

Accordingly, Resolution 1 is advisory only and does not bind the Directors. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report, however the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

3. Resolution 2 – Election of Mr Bruce McLeod

During the year, Mr Bruce McLeod was appointed a director of the Company. In accordance with clause 11 of the Company's constitution, a director appointed by the board hold office until the annual general meeting and details concerning Mr. McLeod are tabled below.

Mr. McLeod has extensive experience in the resource sector and in particular the minerals sands section, having been actively involved with the development and successful takeover of Bemex Resources Ltd by the Saudi controlled company, Cristal.

Mr. McLeod also has relevant expertise in investment banking and recapitalising companies as they develop and emerge

The Board unanimously supports the re-election of Mr Bruce McLeod.

4. Resolution 3 - Adoption of Employee Option Scheme

Resolution 8 seeks Shareholder approval in accordance with the ASX Listing Rule 7.2 for the establishment of the Vector Resources Employee Option Scheme and the issue of Options pursuant to this Scheme.

Please note that the Directors of Vector Resources Limited are not eligible to participate in the Employee Option Scheme.

The two main purposes of the Scheme are to give an incentive to the Eligible Employees to provide dedicated and ongoing commitment and effort to the Company aligning the interests of both employees and Shareholders and for the Company to reward Eligible Employees for their efforts. The Scheme contemplates the issue to Eligible Employees of options to subscribe for Shares.

ASX Listing Rule 7.1 places restrictions on the number of equity securities, including options, which a listed company may issue in any 12 months. However, certain issues are exempt from this ASX Listing Rule and are effectively disregarded for the purposes of counting the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee option scheme where shareholders have approved the issue of securities under the scheme as an exemption from ASX Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue where the Notice contains or is accompanied by certain prescribed information (set out below).

In order to take advantage of the exemption from ASX Listing Rule 7.1 and allow the Company greater flexibility to issue securities, Shareholders are requested to approve the Scheme as an exemption from ASX Listing Rule 7.1.

This approval will be effective for a period of 3 years from the date the passing by Shareholders. Shareholders passed a resolution in the general meeting of 5 September 2008, to issue up to a maximum number:

- (a) 9,000,000 Unquoted options exercisable at A\$0.20 with an expiry date of 30 July 2012; and
- (b) 3,500,000 Unquoted 5 year options exercisable at A\$0.40 with an expiry date of 5 years from the date of issue;

to Senior Management, on the terms and conditions set out in the explanatory Memorandum.

For the purpose of ASX Listing Rule 7.2 Exception 9 the terms of the Scheme are in Schedules 1 and 2.

5. Action to be taken by Shareholders

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, to sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Schedule 1 Terms and conditions of the Unquoted Options

1. Entitlement

The Options entitle the holder to subscribe for one Share upon exercise of each Option.

2. Exercise Price and Expiry Date

The Options have an exercise price of A\$0.20 (**Exercise Price**).

The Options have an expiry date of 30 July 2012 (**Expiry Date**).

3. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

4. Notice of Exercise

The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

5. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

6. Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

7. Timing of issue of Shares

After an Option is validly exercised, the Company must, at the later to occur of, 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Options and 5 Business Days of the Company being in a position to comply with paragraph (b)(ii) below:

(a) issue and allot the Share; and

(b) do all such acts matters and things to:

(i) obtain the grant of quotation for the Share on ASX; and

(ii) ensure that the sale of the Share within 12 months of issue does not cause a breach of the Corporations Act.

8. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

9. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

10. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E[P-(S+D)]}{N + 1}$$

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- O = the old Exercise Price of the Option.
- E = the number of underlying Shares into which one Option is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

11. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply the Listing Rules which apply to the reconstruction at the time of the reconstruction.

12. Quotation of Options

The Options will be unlisted Options and no application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Should the Company make an application for a quotation of the Options and the ASX accepts the application for quotation of the Options then the Options will be listed Options from the time that the ASX accepts such application.

13. Options transferable

The Options are non-transferable while they are unlisted. Should the Options become listed Options in accordance with item 12 above then the Options will be transferable.

14. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

Schedule 2 Terms and conditions of the Unquoted 5 Year Options

1. Entitlement

The Options entitle the holder to subscribe for one Share upon exercise of each Option.

2. Exercise Price and Expiry Date

The Options have an exercise price of A\$0.40 (**Exercise Price**).

The Options have an expiry date of 5 years from the date of issue (**Expiry Date**).

3. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

4. Notice of Exercise

The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

5. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

6. Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

7. Timing of issue of Shares

After an Option is validly exercised, the Company must, at the later to occur of, 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Options and 5 Business Days of the Company being in a position to comply with paragraph (b)(ii) below:

(a) issue and allot the Share; and

(b) do all such acts matters and things to:

(i) obtain the grant of quotation for the Share on ASX; and

(ii) ensure that the sale of the Share within 12 months of issue does not cause a breach of the Corporations Act.

8. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

9. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

10. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E[P-(S+D)]}{N + 1}$$

- O = the old Exercise Price of the Option.
- E = the number of underlying Shares into which one Option is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

11. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply the Listing Rules which apply to the reconstruction at the time of the reconstruction.

12. Quotation of Options

The Options will be unlisted Options and no application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Should the Company make an application for a quotation of the Options and the ASX accepts the application for quotation of the Options then the Options will be listed Options from the time that the ASX accepts such application.

13. Options transferable

The Options are non-transferable while they are unlisted. Should the Options become listed Options in accordance with item 12 above then the Options will be transferable.

14. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

Schedule 1 - Definitions

In this Explanatory Memorandum and Notice:

"Acceptance Form" means the Acceptance Form which will accompany the invitation to the Eligible Employee to participate in the Scheme.

"Annual General Meeting" means the Annual General Meeting of the shareholders of the Company to be held by the Company at The Exchange Plaza Conference Room, Level 8 , 2 The Esplanade Perth, Western Australia 6000, on 21 November 2008 at 2:00PM (WST).

"Associated Body Corporate" means:

- (i) a related body corporate (as defined in the Corporations Act) of the Company;
- (ii) a body corporate which has an entitlement to not less than 20% of the voting shares of the Company; and
- (iii) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

"ASX" means the Australian Stock Exchange Limited.

"Business Day" means those days other than a Saturday, Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which the ASX shall declare and publish is not a business day.

"Certificate" means a certificate for any Option issued to Eligible Employees which will include all of the terms and conditions of the Option and the Notice of Exercise of Option or such other evidence of ownership that the Directors may in their absolute discretion determine from time to time.

"Company" or "Vector" means Vector Resources Limited ACN 107 541 453.

"Company Group" means the Company and its Associated Bodies Corporate.

"Corporations Act" means the Corporations Act 2001 (Commonwealth).

"Directors" mean the directors from time to time of the Company.

"Eligible Employees" means any full or part time employees of the Company or its Associated Bodies Corporate excluding Directors.

"Listing Rules" means the official listing rules of ASX as amended from time to time.

"Notice of Exercise of Option" means the Notice of Exercise of Option which will accompany the invitation to the Eligible Employee to participate in the Scheme.

"Offer Period" means the period referred to in the definition of that expression in Section 624 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of an off-market

bidder's statement on the Company in relation to that takeover bid the Offer Period shall be deemed to have commenced at the time of that announcement.

"Option" means an option to acquire a Share issued in accordance with the Scheme.

"Scheme" means the Vector Resources Employee Option Scheme in which Eligible Employees may be invited to participate in accordance with the Terms and Conditions.

"Share" means a fully paid ordinary share in the capital of the Company.

PROXY FORM

VECTOR RESOURCES LIMITED

ACN 107 541 453

The Company Secretary
Vector Resources Limited

By delivery:
150 Stirling highway
Nedlands WA 6009

By post:
P O Box 1922
WEST PERTH WA 6872

By facsimile:
08 9489 7871

**INSTRUCTIONS AS TO VOTING ON THE RESOLUTIONS
IMPORTANT:**

The chairman of the Meeting intends to vote undirected proxies in favour of the Resolutions.

The proxy is to vote for or against the Resolution referred to in the Notice of General Meeting as follows:

	For	Against	Abstain
Resolution 1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Bruce McLeod as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Adoption of Employee Option Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I/We ¹ _____
of _____
being a Shareholder/Shareholders of the Company and entitled to _____
votes in the Company, hereby appoint ² _____
or failing such appointment the chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Meeting of the Company to be held at The Exchange Plaza Conference Room, Level 8, 2 The Esplanade Perth, Western Australia 6000 on Friday, 21 November 2008 at 2:00PM (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is * []% of the Shareholder's votes*/ [] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

Authorised signature/s This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1	Shareholder 2	Shareholder 3
<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary
_____	_____	_____
Contact Name	Contact Daytime Telephone	Date

¹ Insert name and address of shareholder ² Insert name and address of proxy *Omit if not applicable

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a person or a corporation as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a corporation as the Shareholder's proxy to attend and vote for the Shareholder at that meeting, the representative of the corporation to attend the meeting must produce the appropriate Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

- Joint Holding: where the holding is in more than one name all of the holders must sign.
- Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
- Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at Advanced Share Registry Services, 150 Stirling Highway, Nedlands WA, 6009, or facsimile 08 9389 7871 if faxed from within Australia or +618 9389 7871 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).