

Vast Resources plc / Ticker: VAST / Index: AIM / Sector: Mining

24 March 2015

## **Vast Resources plc**

("VAST" or the "Company")

### **Exercise of option to acquire Baita Bihor mine**

VAST, the AIM listed resource and development company is pleased to announce that it has completed, to its satisfaction, due diligence on the Baita Bihor polymetallic mine in Romania ("Baita Bihor") and has consequently exercised its option to acquire 80 per cent. of the issued share capital of Mineral Mining SA ("Mineral Mining"), the owner of Baita Bihor (the "Option"). VAST has also determined that the merger agreement between African Consolidated Resources srl (currently in the process of changing its name to Vast Resources SA, a wholly owned subsidiary of VAST) ("Vast Romania") and Mineral Mining (the "Merger"), announced on 25 February 2015, should become unconditional and proceed to completion. As a consequence of the Merger, all of the assets and liabilities of Mineral Mining will, by operation of law, be transferred to Vast Romania, and Mineral Mining will cease to exist as a corporate entity.

As previously announced, the Option was granted to VAST by the AP Group (as defined below). After some re-negotiation between the AP Group and the vendor of the shares in Mineral Mining to it, which in turn has a consequential effect on the exercise price of the Option, the total consideration payable by the Company for the exercise of the Option is €1,220,000 of which €413,000 has now been paid from existing cash reserves, which includes the €200,000 paid to Mineral Mining by the AP Group as announced on 25 February 2015; a sum of €61,000 (in aggregate), payable by VAST in instalments over the next six months; and, the balance which is payable out of cash flow from the mining operation when such cash flow is available.

Following the exercise of the Option and the completion of the Merger, Vast Romania will have full ownership and possession of Baita Bihor, although, as announced on 25 February, it will still await the return of the mining licence. VAST has been advised that the transfer of all the mining assets of Mineral Mining by operation of law to a solvent company through the Merger ought to ensure that the licence to mine at Baita Bihor will be transferred to Vast Romania. It is anticipated that a three month pre-production period will be required to improve mine infrastructure, ventilation and flotation circuits as well as to develop an incline shaft to access another level of the mine. A decision will be made shortly by the board of directors of the Company as to whether to commit to the expenditure required to achieve this in advance of the return of the Licence (as defined below) so as expedite the commencement of mining activities following receipt of the Licence (as defined below).

#### **Roy Pitchford, Chief Executive Officer of the Company, commented:**

*"I am delighted to announce that we have completed due diligence to acquire an 80 per cent. interest in Baita Bihor. With a total 1.8M tonne copper-silver-zinc-lead-gold-tungsten-molybdenum resource and significant further upside potential available, the project is a compelling investment case, offering near term development opportunities. This acquisition is a significant achievement in VAST's development strategy, as we look to build our portfolio and establish a strong presence in Romania, which offers low sovereign risk, a pro-mining government, an experienced workforce and excellent infrastructure."*

#### **Further details**

Baita Bihor is located in the Apuseni Mountains, Transylvania, an area which hosts Romania's largest polymetallic and Uranium mines, and is estimated by the Company to contain 1,800,000 tonnes of polymetallic ore (gold; silver; copper; zinc; lead; tungsten and molybdenum) at 6% copper equivalent or 10g/t gold equivalent at current prices (estimated in accordance with the

Russian Reserves and Resource Reporting System). Further information on Baita Bihor and on the Company's intentions with regard to it is contained in the Company's announcement of 10 December 2014.

As announced on 10 December 2014, Mineral Mining is subject to insolvency proceedings. It has not conducted any operations since August 2013 and accordingly there is no profit or loss attributable to its business.

An option granted to the Company to acquire a 68 per cent. interest in the issued share capital of Mineral Mining was announced on 10 December 2014 which was subsequently increased to an option to acquire an 80 per cent. interest in the issued share capital of Mineral Mining, as announced on 25 February 2015.

Prior to exercise of the Option, 100 per cent of the issued share capital of Mineral Mining was beneficially owned by the AP Group. The members of the AP Group are, Andrew Prelea, President and Executive Director of Vast Romania (50 per cent. beneficial interest in the AP Group), Michael Kellow, former director of the Company and current Director of Exploration for the Company (30 per cent. beneficial interest in the AP Group), and Roy Tucker, Finance Director of the Company (10 per cent. beneficial interest in the AP Group); other senior managers in Vast Romania (10 per cent. beneficial interest in the AP Group). The shares of Mineral Mining have been registered in the name of Vast Romania which has held them on trust for the AP Group.

As a result of the Merger, Baita Bihor will be wholly owned by Vast Romania. In order to reflect that the AP Group retain a 20 per cent. residual interest in Baita Bihor, Vast Romania will issue new ordinary shares in Vast Romania to the AP Group such that Vast Romania becomes owned 80 per cent. by the Company and 20 per cent. by the AP Group. It is the intention of the Company, however, to form a new wholly owned Romanian subsidiary for the purpose of any further acquisitions in Romania.

As announced on 25 February 2015, due to the insolvency of Mineral Mining the mining licence over Baita Bihor was assigned to a Romanian State company, Baita SA, in 2013 against an undertaking by Baita SA that a licence to mine Baita Bihor (the "Licence") be granted back to Mineral Mining when it became solvent. Vast Romania has been advised that the best way to expedite the return of the Licence pursuant to the Baita SA undertaking is to implement the Merger, with the result that Baita Bihor becomes owned by Vast Romania, a solvent company. In the event that for any reason the Licence were cancelled, Vast Romania has been advised that it would have the right to apply for a new mining licence provided that it could show financial capacity.

As stated above, as a result of the Merger Vast Romania shall, by operation of law, assume the obligation to pay all the creditors of Mineral Mining. A list of creditors has been tabled which the Company understands, following the receipt of legal advice, is final. The list consists of Lei 2,530,321 (approximately US\$658,000) for general creditors and a provisional Lei 2,503,763 (approximately US\$651,000) owing to the State company, Baita SA. The amount due to Baita SA is a maximum figure and is being disputed.

The Company has come to an understanding with all the general creditors that no liabilities will become payable until the Licence is in hand, and in respect of creditors of Lei 1,910,321 (approximately US\$497,000) the Company has negotiated payment terms in monthly instalments over a 36 month period commencing on return of the Licence to Vast Romania. With regard to the disputed debt to Baita SA, the Company has been advised that no payment is due until the Licence is in hand.

Under the option agreement with the AP Group, Andrew Prelea is entitled to a salary of

US\$150,000 per annum to be increased to the US dollar equivalent of £125,000 per annum after the Baita Bihor mining operation has achieved results equal to or better than those projected in the Company's current financial models for a continuous period of three months. In addition, he would then be entitled to benefit from a bonus scheme, to be established in good faith, under which the remuneration will reflect the financial and operational performance of the Baita Bihor mine.

**Related Party Transaction**

Due to the participation of Andrew Prelea, Michael Kellow and Roy Tucker in the AP Group the acquisition is deemed a Related Party Transaction under the AIM Rules and the independent directors of the Company for these purposes (being all the directors except for Roy Tucker) having consulted with Strand Hanson as the Company's Nominated Adviser consider that the acquisition is fair and reasonable insofar as shareholders are concerned.

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For further information visit [www.vastresourcesplc.com](http://www.vastresourcesplc.com) or please contact:

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