

Acquisition of a 23.75% Economic Interest in Eureka Gold Mine in <location value="LC/zw" idsrc="xmltag.org" >Zimbabwe</location>

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## **Vast Resources plc**

("Vast" or the "Company")

### **Acquisition of a 23.75% Economic Interest in Eureka Gold Mine in Zimbabwe**

Vast Resources plc, the AIM-listed mining company with operating mines in Romania and Zimbabwe, is pleased to announce the acquisition of a 95% interest in the Eureka Gold Mine ('Eureka') in Zimbabwe by its Zimbabwe group company, Dallaglio Investments (Pvt) Ltd ('Dallaglio'). The Company's economic interest in Dallaglio is 25.01%. The US\$4.485 million purchase price is financed by a loan from Sub-Sahara Goldia Investments ('SSGI') to Dallaglio.

SSGI has an effective 24.99% interest in Dallaglio and therefore funding for the acquisition has been sourced by Vast's associated entities in Zimbabwe without recourse to Vast.

#### **Overview**

25.01% owned Dallaglio has acquired a 95% interest in Delta Gold Zimbabwe (Pvt) Ltd ('Delta Gold') from Alpha Resources Ltd and Industrial Development Corporation of South Africa Limited - providing **Vast with an indirect 23.75% interest in Eureka.**

Consideration for the acquisition is US\$4.485 million in cash. In addition, Dallaglio will finance Delta Gold for US\$1.8 million in order to meet Delta Gold's current creditors.

**Transaction structured to be non-dilutive to Vast shareholders** - finance for the acquisition provided directly through a loan to Dallaglio (the 'Loan') via a loan agreement with SSGI ('Loan Agreement') repayable in 24 equal monthly instalments - and finance for the Delta Gold creditors expected to be provided from cash flow from the Pickstone Peerless mine.

Eureka is a **modern gold mine originally designed to produce up to 70,000oz of gold ('Au') per annum** from an open pit operation - currently on care and maintenance with potential for recommencement of production in the near term.

**Historic investment of US\$30 million** by Delta - 1.8Mtpa processing plant and associated infrastructure are in-situ and remain in a serviceable condition.

**Significant NI43-101 Mineral Resource Compliant Resource** (dated 2012) of 22.3Mt at an average grade of 1.90g/t Au for 1,367,600oz Au, of which 13.4Mt is an Indicated Mineral Resource at an average grade of 1.78g/t Au for 1,081,700oz Au.

#### **Andrew Prelea, Chief Executive of Vast Resources commented:**

*"We are extremely pleased to announce the first new acquisition together with our strategic partners in Zimbabwe for many years. This demonstrates our continued belief in Zimbabwe and the ability to find robust assets to add to the Vast portfolio. The Eureka mine has had historical investment in excess of US\$30 million in the late 1990s. We believe this to be a highly attractive acquisition target given the size of the resource and level of investment in equipment made to date and I look forward to providing updates regarding development and commissioning at Eureka in the coming months.*

*"The knowledge we have accumulated from our operations at Pickstone Peerless is invaluable in assessing the true value of dormant mines such as Eureka, that can be brought in to commercial production in the near term.*

*"At the beginning of this year I mentioned we will be pursuing new opportunities in both Zimbabwe and Romania that will create further value to shareholders utilising external funding and this is the first of those opportunities to do so.*

*"Furthermore, in the light of this transaction and of anticipated further transaction opportunities, we are giving consideration to the current holding structure of our Zimbabwe assets and will give updates to the market on this in due course"*

## **Further Details**

### The Loan

The Loan Agreement between Dallaglio and SSGI is for \$4,485,000 plus a facility fee of \$22,425 for the purchase of shares in Delta Gold.

The Loan is repayable over 24 months in 24 equal instalments with interest payable monthly at LIBOR plus 5%.

As security for the Loan there is a pledge over 100% of the shares of Dallaglio and over the shares acquired by Dallaglio in Delta Gold.

Under the Loan Agreement SSGI has an option (the 'Option') to acquire a 25% interest in Delta Gold at US\$4.6 million plus interest which option, if exercised, would reduce Vast's effective interest in Delta Gold to 17.5%. The Reserve Bank of Zimbabwe ('RBZ') has given permission for the exercise of the Option provided the exercise price equates to the net asset value of Delta Gold.

### The Transaction

The acquisition was agreed in a standard Sale and Purchase Agreement containing certain conditions precedent, all of which have now been satisfied.

The purchase price is US\$4.485 million but will be increased by any amount by which the historical creditors are less than US\$1.8million.

The historical creditors of Delta Gold of \$1.8 million are to be paid off by a loan to Delta Gold from Dallaglio.

The Board expects that loan repayments to SSGI and finance of Delta Gold creditors can be met by distributions from Dallaglio's wholly owned subsidiary Breckridge Investments (Pvt) Ltd ('Breckridge') from cash flow from Pickstone Peerless mine.

### Delta Gold Zimbabwe (Pvt) Ltd

Delta Gold has been on care and maintenance since 2008 with no income and with expenditure consistent with care and maintenance.

The company's records in recent years have not been properly maintained and, notwithstanding appropriate due diligence, all figures may be subject to further verification. The last audited accounts were produced at 31 December 2010, at which date the written down value of fixed assets was shown as US\$24.5 million.

An extensive review of the creditors of the company has been carried out and creditors at

completion have been assessed at US\$1.8 million.

### The Eureka Gold Mine

Eureka is situated about 5km south east of Guruve, 300km from the Pickstone Peerless mine and 150km north of Harare. Access to the mine is by an all-weather tarred road from Guruve and then a 3.5km dirt road to the mine. It was developed as a modern gold mine in 1999 designed to produce approximately 70,000oz of gold per annum from an open pit before an underground operation was established. The mine was operated during 1999-2000 after which operations were suspended due to the then economic situation in Zimbabwe at the time which included hyperinflation. The 1.8Mtpa processing plant and infrastructure remain on site in a serviceable condition together with historical information. Eureka has a NI43-101 Mineral Resource compiled by Gordon Knoll of TWP Projects (Pty) Ltd in 2012 of 22.3 million tonnes at an average grade of 1.90 grams per tonne for 1,367,600oz, of which 13.4 million tonnes is an Indicated Mineral Resource at an average grade of 1.78g/t for 1,081,700oz.

The terrain on the mine property slopes gently towards the Dange river which only flows intermittently. The open pit mine is located south of the Dange river at an average elevation of 1,190m above mean sea level.

Eureka is exploiting a granitoid intrusion into the Chinhoyi-Guruve Greenstone Belt. Structurally, the area has been folded, metamorphosed and repeatedly intruded by dykes of various ages. Mineralisation is in the form of gold hosted with sheeted quartz veining resulted from sheering of the granitoid. It is associated with silicification and visible molybdenite.

Delta Gold Zimbabwe commissioned the mine during 1999 as an open pit operation feeding a processing plant capable of 1.8Mtpa through a gravity, CIL and heap leach circuit. The operation was suspended in June 2000 due to high costs and a low gold price which accompanied severe economic problems in Zimbabwe coupled with a period of hyperinflation. The mine is currently on care and maintenance.

In 2011 Delta Gold embarked on an exploration programme to verify all previous exploration and appointed TWP Projects to undertake a confirmatory drilling programme, provide an updated mineral resource model and to compile a Canadian Instrument (NI43-101) compliant report as the first stage of a pre-feasibility study.

The programme was designed so that 10% of the new bore holes would be twinned with the old bore holds to verify historical data whilst other holes would be re-entered to drill deflection holes. New holes were also drilled to confirm continuity and grade of the refined mineralised zones. After 9,501 meters of diamond drilling an updated NI43-101 compliant mineral resources statement was generated. No further work was undertaken by Delta Gold and the project has been care and maintenance.

	<b>2012 Eureka Resource Estimate (above 0.5g/t)</b>			
	<b>Indicated</b>		<b>Inferred</b>	
	Au grade (g/t)	Ounces	Au grade (g/t)	Ounces
<b>Gross</b>	<b>1.78</b>	<b>1,081,700</b>	<b>2.55</b>	<b>285,900</b>
<b>Net attributable to Vast (23.75%)</b>	<b>1.78</b>	<b>256,904</b>	<b>2.55</b>	<b>67,901</b>

The processing facility at the operation is still in place with the crushing circuit requiring minor refurbishment to reinstate the installed capacity of 150 000 tonnes per month throughput. The ore was crushed to an effective 8mm particle size, then screened, with the -2mm reporting to the gravity and CIL circuit with the remainder sent to the heap leach and CIS plant. The majority (85%)

of the ore was processed by means of heap leaching and it is evident that the recoveries determined by test work were not able to be fully replicated at the operation

There are several options available to management on future mining/processing rates and also the extent of and manner in which the heap leach process should be used if at all. Decisions will be made in due course and the market will be kept informed as matters develop.

**Competent Person's Review:**

This announcement has been reviewed by Mr Craig Harvey, Group Chief Geologist at Vast, and a member of the Geological Society of South Africa and the Australian Institute of Geoscientists. Mr Harvey meets the definition of a "qualified person" as defined in the AIM Note for Mining, Oil and Gas Companies.

**\*\*ENDS\*\***

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

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*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").*

**Notes**

Vast Resources plc is an AIM listed mining and resource development company focussed on the rapid advancement of high quality brownfield projects and recommencing production at previously producing mines in Romania.

Vast Resources currently owns and operates the Manaila Polymetallic Mine in Romania, which was commissioned in 2015 and is focussed on its expansion through the development of a second

open pit operation and new metallurgical complex at the Carlibaba Extension Area. The Company's portfolio also includes an 80% interest in the Baita Plai Polymetallic Mine in Romania, where work is currently underway towards obtaining the relevant permissions to start developing and ultimately commissioning the mine.

The Company also has interests in a number of projects in Southern Africa including a controlling 25% interest in the producing Pickstone-Peerless Gold Mine in Zimbabwe.

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*Source: Vast Resources plc via Globenewswire*