

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

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Vast Resources plc
("VAST" or the "Company")

Disposal of Kalengwa mine and other copper based assets in Zambia
Earn-in agreement on Nkombwa Hills rare earths and phosphates project in Zambia

Vast Resources plc, the AIM listed resource and development company announces that as part of the transition of its focus from exploration to mining and to near term cash generation it has, subject to due diligence, agreed to divest its non-core Zambian assets.

Overview:

Agreement to sell its subsidiary, African Consolidated Resources (Zambia) Limited and the Company's remaining directly owned Zambian copper interests, which include its contract to acquire the Kalengwa mine for US\$1.1 million.

Entered into an earn-in arrangement, for the continued exploration of the Nkombwa Hills project for rare earths and phosphates under the operational management of a new earn-in partner.

Divestment of non-core assets in Zambia is in line with the Company's strategy to accelerate its activities in Romania and the Pickstone-Peerless Gold Project in Zimbabwe.

Roy Pitchford, Chief Executive Officer, commented:

"Over recent months our attention has turned toward high value brownfield assets with the ability to generate material cash flow in the near term. With these criteria in mind, the Baita Bihor Polymetallic Mine in Romania and the Pickstone-Peerless Gold Project in Zimbabwe have been prioritised for accelerated development. Subject to the conclusion of satisfactory due diligence and the subsequent acquisition of an interest in Baita Bihor, the Board is targeting commercial production from both Baita Bihor and Pickstone-Peerless by H2 2015.

With this strategy in mind, it has become evident to us that success in Zambia requires a considerable investment by the Company not only in money but in senior management time. It is our opinion that, notwithstanding the potential of our Zambian assets, the immediate resources required to achieve a successful operation in Zambia would be better utilised on mining and short term cash generation in the areas of our ongoing focus.

I am therefore very pleased that we have achieved on the one hand an outright sale and release from future liabilities in relation to our Zambian copper assets and on the other hand an earn-in agreement on our Nkombwa Hill assets where we retain a significant interest but with no further investment required and no material demands on management time."

Disposal of Copper Assets

Background

Either directly or through its 96 per cent. owned subsidiary, African Consolidated Resources (Zambia) Limited ("ACRZ"), the Company owns several copper exploration licences, its principal copper asset being a contract to acquire the Kalengwa mine, situated in the North-West of Zambia, in relation to the acquisition of which there are, as previously reported, various outstanding payment obligations both to the vendor, Euro Africa Kalengwa Mine Ltd (the "Vendor") and others (the "Payment Obligations") which mature once unchallenged legal and physical possession of the Kalengwa mine have been obtained. Due to ongoing litigation between the Vendor and the current occupier of the mine, a third party, the attainment of unchallenged legal

and physical possession by the Vendor has, despite a Supreme Court decision in September 2011 in favour of the Vendor and as explained in the Company's 2013 Annual Report, been very problematic. The current position is that the Company is awaiting a decision from two Supreme Court hearings, one, heard as long ago as November 2013, relating to wrongful possession of the rock dump by the occupier, and the other, heard in February 2014, a Contempt of Court application following failure by the occupier to obey the original September 2011 Supreme Court decision in favour of the Vendor.

Terms of the disposal

The Company has entered into a sale and purchase agreement (the "Copper Agreement") under which it has agreed to sell its 96 per cent. owned subsidiary, ACRZ and all of its Zambian copper assets, which is subject to the completion of satisfactory due diligence by the purchaser, RGS Trading - F.Z.E. (the "Purchaser") to be completed by 16 March 2015. Under the terms of the Copper Agreement the Company has agreed to sell its entire Zambian copper assets and the Purchaser will pay the Company US\$1,100,000 of which US\$100,000 is payable 30 days from completion of due diligence and US\$1,000,000 is payable within 90 days of unchallenged legal and practical possession and ownership by the Purchaser or its associates. The Purchaser will be responsible for all ongoing activity on the litigation concerning the Kalengwa mine and also for the Payment Obligations. In addition, the Purchaser will take over responsibility for all of the Company's and its subsidiaries' other obligations, liabilities or contingent liabilities in Zambia other than outstanding legal fees and routine administration costs incurred to the date of completion of due diligence. As at 30 September 2014, the Company's carrying value for the assets being disposed of under the terms of the Copper Agreement was US\$536,558, with losses attributable to the assets for the year ended 31 March 2014 of US\$242,142.

There will be no changes to the Company's board as a result of the Copper Agreement and the associated proceeds will be used in relation to the Company's ongoing objectives in Romania and for general working capital purposes.

Nkombwa Hills Earn-in

Background

As announced in June 2010, the Company had previously entered a joint venture exploration agreement on its Nkombwa Hills exploration project, which contains, inter alia, phosphate rare earths and diamonds (Prospecting Licence 12198-HQ-LPL) ("Nkombwa Hills"). As announced on 4 March 2014, Galileo Resources plc, the then financier to the Company's joint venture partner, had advised the Company that it was relinquishing its interests in all green field projects including Nkombwa Hills, and, as further announced, the Company would be seeking new partners to progress the project.

Terms of the Earn-in Arrangement

The Company is now pleased to announce that it has entered into an earn-in arrangement with private exploration company Kilimire International Limited ("Kilimire") under which operational responsibility for exploration of the licence area will be taken over by Kilimire (the "Nkombwa Agreement"). As described below, the Nkombwa Agreement provides the Company with a carried interest of up to 35 per cent. in the Nkombwa Hills project to the point of commencement of a Feasibility Study, and the option to co-fund the remainder of the project thereafter. The Nkombwa Agreement is subject to the completion of the sale and purchase arrangement under the terms of the Copper Agreement and to completion of satisfactory due diligence by Kilimire in relation to Nkombwa Hills on or before 16 March 2015.

Pursuant to the terms of the Agreement, Kilimire will have exclusive rights to explore the licence area for all minerals. In Stage 1 of the Nkombwa Agreement, Kilimire must spend a minimum of US\$560,000 in the 18 months from date of completion of due diligence by Kilimire to establish, inter alia, an inferred JORC compliant mineral Resource, at which point Kilimire will earn equity

such that it will have, in aggregate, a 50.4 per cent. interest in Nkombwa Hills. A further Stage 2 expenditure of US\$1,000,000 over a further 18 months immediately following the completion of Stage 1 will increase Kilimire's equity interest in the project to, in aggregate, 65 per cent.

Upon receipt of a Stage 2 completion notice, VAST may elect to co-fund Stage 3 (completion of a pre-feasibility study) and Stage 4 (completion of a bankable feasibility study) in order to maintain a 35 per cent. interest in the project. If VAST does not elect to co-fund at Stage 3, then after Stage 3 and Stage 4 Kilimire's equity will increase to 80 per cent. and 90 per cent. respectively if it continues with sole funding, resulting in the Company, at the end of Stage 3 and Stage 4, owning an equity interest of 20 per cent and 10 per cent respectively.

As at 30 September 2014, the Company's carrying value of the Nkombwa mine was US\$73,504, with no losses attributable to the project for the year ended 31 March 2014.

Further details of the Nkombwa Hill project and of exploration results at that time obtained are contained in the announcement by Galileo Resources of 30 January 2013, which can be found at: http://www.galileoresources.com/rns_pdf/Nkombwa%20Hill%20Exploration%20Defines%20Additio%20Area.pdf

Following completion of the sale and purchase arrangement under the terms of the Copper Agreement, the Company's only remaining interest in Zambia will be its retained interest in Nkombwa Hills project which is to be retained directly by the Company.

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For further information visit www.vastresourcesplc.com or please contact:

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