

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

11 October 2016

**Vast Resources plc**

("Vast" or the "Company")

**Issue of \$2.0 million One Year Interest Free Convertible Loan Notes ("Loan Notes")**

**Commitment to issue up to further \$3.0 million Loan Notes**

Vast Resources plc, the AIM listed mining company with operations in Romania and Zimbabwe, is pleased to announce that it has entered into a subscription agreement and a convertible loan note instrument with Bracknor Fund Limited ("Bracknor") under which Bracknor has subscribed for US\$2 million convertible Loan Notes in the Company (the "Subscription") (the "Agreements") which may, under its terms, be used for general corporate purposes. Bracknor has also committed to subscribe over a two-year period for a further US\$3 million Loan Notes in tranches of US\$1 million each should Vast, without obligation, request this. Further issues of Loan Notes and the exercise of warrants may require the approval of Vast's shareholders. The Loan Notes also attract an entitlement to warrants as described below.

**Overview of the Agreements**

The principal terms of the Loan Notes are as follows:

- They are interest free.
- They are unsecured.
- They may be converted into ordinary shares of 0.1 pence each in the Company ("Ordinary Shares") ("Conversion") by Bracknor at any time during a 12 month conversion period immediately following the Subscription (the "Conversion Period") at a price equal to 90 per cent. of the lowest average price of the Shares in the five business days immediately preceding the conversion date. The average price for any day is determined as the value weighted average price of the Shares as shown by Bloomberg ("Average Price").
- At the end of the Conversion Period any unconverted Loan Note will automatically convert on that day.
- There is provision for repayment of Loan Notes, in cash, at a fifteen per cent. premium to their face value at the option of either the Company or Bracknor in the event of major transactions in the life of the Company, being events resulting (other than for a group reorganisation where more than 50 per cent. of the voting power is retained by the holders of the voting power prior to the reorganisation) in a disposal of 50 per cent. or more of the group's assets, or a person (or persons acting in concert) becoming interested in more than 50 per cent. of the Ordinary Shares) or at the sole option of Bracknor in the event of a liquidity event being a suspension of Ordinary Shares, or a failure to list Ordinary Shares issued subject to a Conversion, for 10 consecutive trading days or for more than 30 days in any calendar year, or in the event of certain defaults by the Company.

Other terms in the Subscription Agreement:

*Cooling Off Period*

- Vast may, if it so wishes, draw down on a further US\$1 million tranche of Loan Notes at any

time after the initial US\$2 million Loan Notes have all been converted, or after a cooling off period ("Cooling Off Period"), whichever is the sooner. The Cooling Off Period is a number of business days after the last issue of Loan Notes equal to the amount of the next following tranche Loan Note requested (denominated in Sterling) divided by one sixth of the average of the daily value traded of the Company's shares over a 254 trading-day period (excluding the 10 trading days with the highest daily value traded and the 10 trading days with the lowest daily value traded) ("the Daily Average"). The same timing rules apply for the drawdown of any later tranches.

As an example:

assume the Daily Average is £105,000; and  
the Sterling value of the next tranche is £750,000.

the Cooling Off Period is therefore a number of days equal to 750,000 divided by one sixth of 105,000 equalling 43 days.

#### *Further Issues of Loan Notes*

- Loan Notes pursuant to later tranches will, if issued, have the same terms as the initial US\$2 million Loan Notes.

#### *Warrants*

- Warrants are to be issued to Bracknor exercisable at 130 per cent. of the lowest Average Price of Shares in the five business days immediately preceding the issue of the Loan Notes (the "Warrant Exercise Price"). The number of warrants to be issued is equal to 20 per cent. of the nominal value of the Loan Notes issued (expressed in Sterling converted at the closing spot price on the day of issue) divided by the Warrant Exercise Price, but rounded down to the nearest 0.1p. Assume the issue of the US\$ equivalent of £1 million of Loan Notes where the Average Price of Shares in the five business days preceding the issue of the Loan Note was 0.350 pence.

20 per cent. of £1 million = £200,000

Warrant Exercise Price = 0.35 pence x 130%. = 0.4 pence (rounded down)

Number of Warrants to be issued = 200,000 / 0.4 = 50,000,000

#### *Fees*

- Bracknor is entitled to a fee of \$250,000, in connection with the Subscription whether or not it is drawn down in full, and which is payable by the issue of Loan Notes.

A further fee equivalent to 5 per cent. of funds drawn down in accordance with the subscription is payable to Northland Capital Partners Limited in cash.

#### *Termination*

- The Agreement may be terminated by mutual consent or by the Company on 3 months' notice after an initial 12 month period.

#### *Orderly Market*

- The Agreement contains a provision that Bracknor will not directly or indirectly take any action designed, or which could reasonably be expected, to result in the stabilisation or manipulation of the Company's share price to facilitate the purchase or resale of shares.

### Use of Proceeds

*The funds realised from the Subscription will be applied to:*

*ongoing refinement to the zinc production line at Manaila in addition to development of separate processing to enable the production of gold and silver; and  
ongoing drilling to expand the maiden JORC resource at Manaila; and  
the drilling, evaluation and design of the Faneata Tailings Dam reprocessing facility and the initial payments associated with the Baita Plai Mining sub-licence once it is granted; and  
the general corporate overheads of the Company.*

*The ability to draw down further funds in accordance with the Agreement at Vast's election, ensures that the Company has sufficient certainty of funding for completion of the reopening of the Baita Plai Mine as and when it is required.*

### **Roy Pitchford, Chief Executive of Vast, commented:**

*"This facility, combined with the surplus cash being generated at Pickstone-Peerless and the improved performance of the Manaila Mine, is expected to provide sufficient funding for the Company to have two income generating mines in Romania, an income generating mine in Zimbabwe and sufficient funding to evaluate a second mine in Zimbabwe. In the event that Vast elects to draw down from this facility to the full, the Company should only have to revert to shareholders for additional capital in the event of additional new value accretive projects being acquired by Vast."*

### **Pierre Vannineuse, CEO & Founder of Bracknor Investment, observed:**

*"Beyond our firm commitment to finance Vast Resources, for Bracknor this is a long-term partnership that will sustain the Company's capital base and effectively allow the Company to extract value from the low capex polymetallic mine developments in Romania and its gold mining interests in Zimbabwe. We have full confidence in the management's ability to successfully carry out those projects and generate substantial returns."*

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

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

<b>Vast Resources plc</b> Roy Pitchford (Chief Executive Officer)	+40 (0) 372 988 988 - Office Romania +40 (0) 741 111 900 - Mobile Romania +44 (0) 7793 909985 - Mobile UK
<b>Strand Hanson Limited - Financial &amp; Nominated Adviser</b> James Spinney James Bellman	<a href="http://www.strandhanson.co.uk">www.strandhanson.co.uk</a> +44 (0) 20 7409 3494
<b>Brandon Hill Capital Ltd - Joint Broker</b> Jonathan Evans	<a href="http://www.brandonhillcapital.com">www.brandonhillcapital.com</a> +44 (0)20 3463 5016

<b>Peterhouse Corporate Finance Ltd - Joint Broker</b> Duncan Vasey	<a href="http://www.pcorpfin.com">www.pcorpfin.com</a> +44 (0) 20 7469 0936
<b>St Brides Partners Ltd</b> Susie Geliher Charlotte Page	<a href="http://www.stbridespartners.co.uk">www.stbridespartners.co.uk</a> +44 (0) 20 7236 1177

*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").*

### **About Bracknor**

Bracknor Capital Ltd is the Investment Manager platform of the Dubai based Bracknor Investment Group. Bracknor's mandate is to invest globally in SMEs that bears unique competitive advantages and true potential, providing them with paramount working capital or growth capital needed to foster and ignite their growth.

Bracknor, through its Chairman, Mr Aboudi Gassam, is backed up by the Saudi Group MS Group (Jeddah) - <http://mscc.com.sa> and aim to activate intra portfolio synergies to bring relevant opportunities and cooperative developments to Bracknor's portfolio companies particularly in the GCC (Gulf Cooperation Council) Region.

The funding from Bracknor was introduced to Vast by brokers, Northland Capital Partners Limited.

[www.bracknor.com](http://www.bracknor.com)

*This announcement is distributed by Nasdaq Corporate Solutions on behalf of Nasdaq Corporate Solutions clients.*

*The issuer of this announcement warrants that they are solely responsible for the content, accuracy and originality of the information contained therein.*

*Source: Vast Resources plc via Globenewswire*