

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

30 January 2017

Vast Resources plc

("Vast" or the "Company")

Non-Convertible Debt Facility

& Disposal of non - Controlling Interest in Pickstone-Peerless Gold Mine and Giant Gold Mine to Raise US\$8 million

Vast Resources plc, the AIM listed mining company with operations in Romania and Zimbabwe, is pleased to announce that it has secured a loan facility and signed a conditional agreement for the partial disposal of a non-controlling interest in its Pickstone-Peerless Gold Mine and Giant Gold Mine providing gross proceeds of US\$8 million principally to advance the Company's core activities in Romania.

OVERVIEW

Strategic investment by SSCG Africa Holdings Ltd ("SSA") providing gross proceeds of US\$8 million to Vast, by way of:

US\$4 million cash consideration for the sale of 49.99 per cent. of the Company's 50 per cent. interest in the Pickstone-Peerless Gold Mine ("Pickstone") and the Giant Gold Mine ("Giant") ("Disposal").

US\$4 million long term loan to Vast - repayable in four years with interest charged at 12 per cent. per annum, secured on the Group's mineral assets ("Loan")

Transaction provides a significant cash injection to the Company by crystallising a portion of the value of Pickstone and Giant whilst retaining a controlling interest in the operating asset and optionality on future Zimbabwean gold properties

Proceeds of the transaction ensure Vast is fully funded to accelerate development of the Company's core Romanian portfolio of polymetallic mining interests into positive cash flow.

Funding achieved without the issue of additional equity or convertible securities by the Company

The Disposal is subject to certain conditions precedent including due diligence and regulatory approval as outlined below and the Loan is subject to drawdown in two tranches of US\$2 million also as set out below

Roy Pitchford, Chief Executive of Vast, commented: *"This transaction provides Vast with the financial strength to redirect capital to the area of the business which we believe will yield the maximum long term value accretion for the Company. By accelerating the development of our assets in Romania, enabling the Company to become cash flow positive without the need for additional dilutionary fundraisings, I believe this transaction heralds a new phase of growth for Vast where we have the ability to rebuild shareholder value.*

"We have been presented with a uniquely exciting opportunity to re-commission numerous high value brownfield mining assets across Romania, and through the application of a fully funded and robust investment strategy, I am confident that Vast has the potential to be a significant copper and base metal producer in Europe. Our immediate priority is to expand and develop our current resources in and around the Manaila Polymetallic Mine complex and establish one of Europe's largest copper mining projects.

"SSA has demonstrated itself to be an extremely knowledgeable and enthusiastic strategic investor. With exceptional influence in Africa, particularly Zimbabwe, SSA's involvement in the development of other associated gold projects will, I believe, provide further ancillary benefits in

the future. SSA has also expressed its interest in Vast's wider portfolio, including our Romanian interests, and this may prove fruitful as Vast evaluates longer term expansion plans in Romania; a country which we maintain offers an enormous opportunity for the Company."

Brian Moritz, Chairman of Vast, commented: *"This is a pivotal transaction for Vast which allows us to strategically focus our efforts in Romania and presents the Company with an outstanding opportunity to develop what could be one of the largest copper operations in Europe."*

"Moreover, we are deleveraging our exposure to Zimbabwe - a decision I believe to be prudent given the prevailing political and economic uncertainties of that country. I do believe however that retaining a foothold in Zimbabwe to ensure we are "on the ground" when conditions improve in the country is a sensible approach, particularly when there is little risk to do so, with limited obligations to provide further capital. However, if all parties chose to invest in the expansion of these gold operations, SSA has expressed its willingness to support this through its offer to fund Vast's contribution by way of a loan should Vast elect not to participate with a cash injection from its own or shareholders' resources."

ANTICIPATED USE OF FUNDS:

The gross proceeds of the strategic investment, being US\$8 million, will be deployed as follows:

General corporate operating cost

Completion of the upgrading of the Manaila Polymetallic Mine ("Manaila")

Development of the additional mining opportunities identified in Romania details of which the Company plans to announce in the near future

Negotiate with Grayfox for the early repayment of its loan.

RATIONALE FOR THE SSA TRANSACTIONS

Whilst production at Pickstone has proved encouraging, the project is not projected to deliver cash to shareholders as free cash will be retained for expansion, namely:

Exploitation of the sulphide mineralisation - estimated to be ~US\$8m to US\$10m

Evaluation of Giant - expected to be ~US\$5 million

The current economic and political uncertainties existing in Zimbabwe such as; exchange controls that could become restrictive; reintroduction of a quasi-Zimbabwe currency, Zimbabwe Reserve Bank "dollar bond notes" that may result in excessive inflation as happened to the former Zimbabwe dollar; proposed new mining taxation to increase the tax receipts by the state from the mining sector; and the required forfeiture of base metal and precious metal mining claims to the state, supports leveraging the Zimbabwe assets whilst retaining exposure to future upside potential when these challenges are resolved.

Future optionality on balance sheet restructuring - SSA has indicated that the successful development of Vast's Romanian mining assets may facilitate the conversion of any outstanding balance on its loan and its 49.99 per cent. holding in Canape into Vast shares on terms acceptable to both companies.

BACKGROUND ON SSA

SSA is a Mauritian based investment holding company that is solely focussed on investing in

Africa. It holds and performs the private equity strategy of Sub-Sahara Capital Group LP, an investment management firm that has been managing African investments since 2009. Sub-Sahara Capital Group LP is based in Arizona, US and has investment professionals on the ground in Harare, Zimbabwe.

THE TRANSACTIONS

Vast has today entered into three principal transactions with the SSA group of companies (the "SSA Group").

Loan Purchase and Assignment Agreement (the "LPA Agreement"); and

Shareholders' and Subscription Agreement on two alternate bases (the "Ronquil SSA Agreement" and the "Canape SSA Agreement" and collectively the "SSA Agreements");

Loan and Guarantee Agreement (the "LG Agreement")

By means of the LPA Agreement and the SSA Agreements, Vast has made an effective disposal, subject to certain conditions precedent, of 49.99 per cent. of its 50 per cent. interest in Pickstone and Giant in Zimbabwe, in consideration of US\$4,000,000 ("Disposal").

By means of the LG Agreement, SSA has agreed to provide Vast a US\$4,000,000 loan (the "Loan") repayable in four years at an interest rate of one per cent. per month and available to fund the overheads of Vast and to fund capital expenditure on Vast's projects in Romania.

LPA Agreement

This provides for the assignment of 49.99 per cent. of Vast's loan account with Canape for US\$2,300,000 subject to the conditions precedent (a) that the Reserve Bank of Zimbabwe will approve the assignment of the loan and (b) that one or other of the SSA Agreements becomes effective by 7 April 2017 or such other later date as may be agreed between the parties.

SSA Agreements

Terms specific to Ronquil SSA Agreement:

. This agreement is between SSA Group's Zimbabwe subsidiary, Myristica Investments (Private) Limited ("Myristica"), Vast, Canape, and Canape's subsidiary company Ronquil Enterprises (Private) Limited ("Ronquil").

. Canape will transfer its 50 per cent. shareholding in Dallaglio Investments (Private) Limited ("Dallaglio") which owns, via Breckridge Investments (Private) Limited ("Breckridge"), Pickstone and Giant to Ronquil on a share for share basis subject to approval by the Zimbabwe Revenue Authority of the transaction as being tax free.

. Ronquil will issue new shares to Myristica which will constitute 49.99 per cent. of the enlarged share capital of Myristica for a subscription of US\$1.7 million cash. This together with the US\$2,300,000 consideration mentioned in the LPA Agreement above provides the effective US\$4 million consideration for the Disposal

. Through a supplementary agreement SSA Group has agreed that all distributions will be pro rata to shareholding.

. In the event that the Zimbabwe Revenue Authority does not give approval of

the tax free transfer of the shares in Dallaglio to Ronquil by 31 March 2017 or such later date as the parties may agree, this agreement will lapse and be superseded by the Canape SSA Agreement.

Terms specific to Canape SSA Agreement

This agreement is between Myristica, Vast and Canape and will only have effect if the Ronquil SSA Agreement does not take effect because of failure to obtain approval of tax free transfer of shares by the Zimbabwe Revenue Authority.

Myristica will subscribe US\$545,316 as a share subscription to Canape, which will entitle it to 4,999 shares in Canape out of a total of 10,000 shares.

Myristica will also subscribe a loan to Canape of US\$1,154,684. Thus securing that Myristica and SSA together will have 49.99 per cent. of the loan funding from shareholders to Canape. This together with the share subscription agreement of US\$545,316 and the US\$2,300,000 consideration mentioned in the LPA Agreement above provides the effective US\$4 million consideration for the Disposal

Vast has indemnified Myristica against any pre-existing liabilities in Canape.

Terms common to both SSA Agreements

The agreements are subject to conditions precedent to be fulfilled by 31 March 2017 in the case of the Ronquil SSA Agreement or by 7 April 2017 in the case of the Canape SSA Agreement or in both cases such later date as may be agreed between the parties concerning successful completion of financial and legal due diligence by Myristica and the granting of a Zimbabwe Investment Authority and indigenisation compliance certificate for Myristica by the respective regulatory bodies in Zimbabwe.

Vast and Myristica will each have the right to appoint two directors to the Board of Ronquil or Canape as the case may be. The Chairman of the Board shall at all times be a nominee of Canape in the Ronquil SSA Agreement or Vast in the Canape SSA Agreement and the Chairman shall have a casting vote.

Matters such as are customary in an agreement of this nature are reserved for unanimous decision of shareholders.

In the event that the Board has decided that Ronquil or Canape, as the case may be, requires further funding, each shareholder will have a right of pro rata contribution either to loans or equity.

In the event that one party is not able or not willing to make a further loan to Ronquil or Canape as the case may be where the Board has decided that new funding is required then any deficiency may be made up by a further loan (a "Disproportionate Equity Loan") by the other party at an interest rate at the moving commercial lending rate as quoted by Barclays Bank of Zimbabwe Limited and shall be entitled to security over the assets of Canape for any such Disproportionate Equity Loan.

There are normal provisions for pre-emption rights in the event that one party wishes to sell its

interests.

LG Agreement

SSA has agreed to provide a US\$4 million loan (the "Loan") repayable in four years at an interest rate of 1 per cent. per month, payable quarterly in arrears and available to fund the overheads of Vast and to fund capital expenditure on Vast's projects in Romania.

Principal terms of the Loan:

The agreement is between SSA's subsidiary, Sub-Sahara Goldia Investments; Vast; and Vast's wholly owned subsidiary, Millwall International Investments Limited ("Millwall").

The Loan is made to Millwall but repayment is guaranteed by Vast.

The proceeds of the Loan will be paid to Vast in part satisfaction of Millwall's indebtedness to Vast.

The Loan is in two tranches of US\$2,000,000 each. The first tranche is payable immediately on signature subject to the transfer of the collateral. The second tranche is payable as soon as one of the SSA Agreements has become effective.

Early repayment may be made of the US\$4,000,000 in whole but not, unless otherwise agreed, in part at any time at 30 days' notice on payment of a 2 per cent. early redemption fee.

Loan arrangement fee of 2 per cent., which is added to the principal amount of the Loan.

It is secured on the shares of the holding companies of the Group's various assets in Zimbabwe and in Romania.

The Loan is repayable at 60 days' notice at the option of SSA if the following occurs:

if there is a change of CEO of Vast where SSA is not satisfied about the incoming CEO and/or the Board of Vast at that time;

where 25 per cent. or more of the shares of Vast are held by a single person or persons acting in concert.

The Loan is repayable at 60 days' notice in the event that both the LPA Agreement and one of the SSA Agreements do not have effect by 7 April 2017 or by such later date as the parties may agree. The net effect of this is that the Loan is repayable at 60 days' notice if the conditions precedent both in the LPA Agreement and at least one of the SSA Agreements have not been fulfilled by 7 April 2017 or such later date as the parties may agree.

· While the Loan is outstanding:

for Vast's existing projects, Vast shall not borrow further funds and shall not permit borrowing at the project level. Borrowings for this purpose do not include normal commercial offtake arrangements;

for the existing projects, Vast shall not raise equity except by giving SSA to the maximum extent permitted by law the right of first refusal on such equity raised;

for projects in Zimbabwe, Vast shall be permitted to raise funding through further equity or through debt or equity at project level provided SSA to the maximum extent permitted by law is given the right of first refusal;

for projects outside Zimbabwe and other than the Romanian Existing Projects, Vast must put SSA into a position to compete on equal terms with any third party for funding of any opportunity.

EFFECT OF THE TRANSACTIONS

Vast will retain control of Pickstone and Giant through its 50.01 per cent. interest in Ronquil or Canape and its casting vote in Breckridge.

It will provide the Company with US\$8.0 million working capital, which is essential for overheads and the capital required for Romania.

The transactions do not involve any dilution at the parent company level.

It secures Vast with a partner which is willing and able to fund further projects, particularly in Zimbabwe where funding is often difficult to secure.

In the event that further funding is required for additional projects in Zimbabwe, Vast will have the right to contribute pro rata, however, should Vast not be able to contribute its pro rata share, SSA will fund Vast's contribution by way of a loan.

It will reduce the Zimbabwe country risk whilst creating very significant optionality on Zimbabwe's future due to SSA's funding ability.

The carrying value of the assets subject to the Disposal (being an effective 25%% of the consolidated figure) in the latest unaudited balance sheet of the Group as at 30 September 2016 was approximately \$6.6 million

Based on the Group's audited consolidated accounts for the year ended 31 March 2016, the turnover and profits from continuing operations before taxation attributable to the Disposal (being an effective 25% of the consolidated figures) were US\$ 1,347,000 and US\$256,000 respectively. As the Company will retain a controlling interest, it intends to continue to consolidate the interest in the Pickstone-Peerless mine.

****ENDS****

For further information, visit 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").

****ENDS****

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 operates the Manaila Polymetallic Mine in Romania, which was commissioned in 2015. The Company's portfolio also includes 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 25per cent. interest in the producing Pickstone-Peerless Gold Mine in Zimbabwe.

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