

**4 January 2016**

**Vast Resources plc**

("Vast" or the "Company")

### **Issue of up to £5.0 million of Equity**

Vast Resources plc, the AIM listed mining company with operations in Zimbabwe and Romania, is pleased to announce that, on 4 January 2016, it has entered into an agreement with Crede CG III Ltd ("**Crede Capital**" or the "**Investor**") according to which it will subscribe for new ordinary shares of 0.1p each in the Company ("**Ordinary Shares**") in order to raise up to £5.0 million (the "**Subscription Shares**") and associated warrants (together the "**Financing**") (the "**Subscription Agreement**"). Crede Capital is a U.S.-based family office with a successful record of investing in emerging European growth companies. Further information on Crede Capital is set out at the end of this announcement. Certain Managers (as defined below), including directors of the Company, intend to invest an aggregate principal amount of £0.5 million on the same terms as agreed with Crede as set out below, within two trading days of the Issue Date. Details of the Managers' Investments will be announced in due course.

156,250,000 new Ordinary Shares, which make up the first tranche of the Subscription Shares, are being issued by the Company today (the "**Issue Date**"), conditional on admission to AIM, at an issue price of 0.8 pence per new Ordinary Share ("**Tranche 1**"). The Company also announces that it has issued 156,250,000 warrants to acquire Ordinary Shares in the Company exercisable at any time until 3 January 2021 at a price calculated according to the provisions described below. Subsequent issues of Subscription Shares and associated warrants (issued on the basis of one warrant per ordinary share subscribed for by the Investor) as part of the Financing are conditional, *inter alia*, on sufficient share issuance authorities being in place.

### **Overview**

Binding subscription agreement entered into between Vast and Crede Capital which provides for an investment of £5.0 million in Vast through the issue of Ordinary Shares to Crede Capital in four separate tranches, occurring at 90-day intervals ("**Investment Dates**"), with each tranche being equal to £1.25 million in quantum (the "**Subscription Agreement**"). The 156,250,000 new Ordinary Shares, which make up the first tranche of the Subscription Shares, are being issued by the Company today, conditional on admission to AIM, at an issue price of 0.8 pence per new Ordinary Share under existing share issuance authorities. Further details on the terms of the Subscription Agreement are provided below.

The subscription for the second, third, and fourth tranches is conditional on an investment of £0.5 million to be subscribed for Ordinary Shares by directors and senior executives or consultants of the Company within two trading days of the Issue Date as explained more fully below.

Each issue of Subscription Shares will be priced at the closing bid price of the Ordinary Shares on the trading day prior to each Investment Date of the Subscription Shares ("**Subscription Price**").

The Investor will also be issued with one (1) warrant for every one (1) Subscription Share issued (the "Investor Warrants"). 156,250,000 Investor Warrants are being issued by the Company today under existing share issuance authorities. Further details on the terms of the Investor Warrants are provided below.

The Financing provides the Company with funding certainty at a key period in its development as it progresses its producing mining projects. The funds may be utilised for general working capital purposes.

The Financing is staged to minimise dilution to existing shareholders whilst simultaneously providing maximum flexibility to the Company.

The allotment and grant of Subscription Shares and associated Investor Warrants in respect of the remaining tranches (the "**Relevant Securities**") are conditional, *inter alia*, on sufficient share issuance authorities being in place. Accordingly, the Company will seek to convene a General Meeting to be held in February 2016 to seek authorities to issue Relevant Securities under the terms of the Subscription Agreement. The Company will seek further share issuance authorities from its shareholders to issue the Relevant Securities if the Company does not have sufficient issuance authorities at any subsequent Investment Date.

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

*"Securing a long term, cornerstone investor has been a requirement of the Company since its transition from a junior explorer to a mine operating company. The funding from Crede Capital will facilitate increasing production at Manaila, the potential increase in open cut ore resources, the re-commissioning of Baita Plai and its eventual expansion, and funding for new projects.*

*"The development of Manaila and Baita Plai to their respective full capacity will provide Vast with a strong foundation in Romania and enable the Company to exploit additional mining opportunities that have already been identified.*

*"In welcoming Crede Capital to the Vast share register, it is hoped that there will be further investment opportunities available to Crede and existing shareholders as Vast endeavours to build its mining operations in Romania."*

Following the issue of Tranche 1, Crede Capital will be interested in 156,250,000 Ordinary Shares representing 8.61 per cent. of the Company's issued share capital. Application has today been made to the London Stock Exchange plc for the 156,250,000 Subscription Shares to be admitted to trading on the AIM market with admission expected to occur on 8 January 2016 ("**Admission**"). The issued Subscription Shares will rank *pari passu* in all respects with the existing Ordinary Shares.

Following Admission, the issued ordinary share capital of Vast will consist of 1,814,845,366 Ordinary Shares. There are no Ordinary Shares held in treasury, therefore the total number of voting rights in the Company, following the issue of the 156,250,000 Subscription Shares pursuant to Tranche 1, is 1,814,845,366.

**Terms of the Subscription Agreement**

Under the terms of the Subscription Agreement, Vast will issue Ordinary Shares to Crede Capital in four separate tranches, at each Investment Date, with each tranche being equal to £1.25 million in quantum. Crede Capital will also be issued with one (1) warrant for every one (1) Subscription Share issued to it.

156,250,000 new Ordinary Shares at an issue price of 0.8 pence per new Ordinary Share and 156,250,000 Investor Warrants are being issued by the Company today, conditional on Admission. The Subscription Agreement includes warranties from the Company customary for an agreement of this nature and also an indemnity from Vast to Crede Capital, *inter alia*, in relation to the Company's covenant to Crede Capital that it shall use all reasonable endeavours to ensure that it has sufficient shareholder authorities in place to meet its obligations to allot and/or grant Relevant Securities free of all pre-emptive and other similar rights and restrictions at the relevant times.

For each subscription of Subscription Shares by Crede Capital, a commission ("**Commission**") equal to 10 per cent. of the aggregate purchase price for the relevant Subscription Shares may

become payable by the Company to Crede Capital in the event that Crede Capital subsequently subscribes for Ordinary Shares pursuant to the exercise of Investor Warrants under the Warrant Instrument at a price per Ordinary Share equal to the Black-Scholes Subscription Price. The payment of such Commission is subject to further conditions and payment mechanics as detailed in the Subscription Agreement. The Subscription Agreement also provides that in the event that Crede Capital subsequently subscribes for Ordinary Shares pursuant to the exercise of Investor Warrants under the Warrant Instrument at a price per Ordinary Share equal to the Black-Scholes Subscription Price, the Company shall pay to Crede Capital a commission, by way of administration fee on the issue of the Ordinary Shares, equal to 10 per cent. of the Black-Scholes Subscription Price payable for the Ordinary Shares subscribed for by Crede Capital. Further details on the terms of the Investor Warrants, the Warrant Instrument and including the Black-Scholes Subscription Price are provided below.

The Subscription Agreement requires the Company to obtain the consent of Crede Capital to further issues of shares other than pursuant to the Subscription Agreement or in relation to existing commitments until 90 days after the subscription of the fourth tranche of £1.25 million.

There is a carve out for issues of up to 1 per cent. of the issued ordinary share capital (calculated on a fully diluted basis at the date of such issue) in relation to ordinary course licence and assets acquisitions.

The Subscription Agreement also provides that the Company may, within two trading days of the Issue Date, allot to all or some of the directors, senior executives or consultants of the Company or any of the Company's subsidiary companies, or such companies or trusts associated with such individuals ("**Managers**") such number of Ordinary Shares at (and in no circumstances for less than) the closing bid price per Ordinary Share on the trading day immediately prior to the Investment Date as is, in aggregate, equal to an aggregate purchase price for such Ordinary Shares of £0.5 million and one warrant to subscribe for Ordinary Shares on the same basis as the Investor Warrants per Ordinary Share subscribed for by the relevant Manager ("**Managers' Investment**"). In this regard, certain Managers, including directors of the Company, intend to invest an aggregate principal amount of £0.5 million, within two trading days of the Issue Date. Details of the Managers' Investments will be announced in due course.

The allotment and/or grant of Relevant Securities are conditional, *inter alia*, on there being sufficient share issuance authorities in place. The Company will seek to convene a General Meeting to be held on or about 15 February 2016 (and subsequent general meetings, if required) to seek authorities to issue Relevant Securities under the terms of the Subscription Agreement. The Company shall procure that the circular to shareholders to approve the allotment and/or grant of Relevant Securities includes, *inter alia* (i) the unanimous recommendation of the directors to the shareholders to vote in favour of the resolutions therein; (ii) a statement that each director and each of their respective "associates" (as defined in the Subscription Agreement) intends to vote in favour of the resolutions therein; and (iii) an opinion from the independent directors, having consulted with the Company's nominated adviser, that the terms of Crede Capital's participation and subscription of Relevant Securities are fair and reasonable insofar as the shareholders are concerned.

## **Terms of the Warrants**

At each Investment Date, one (1) Investor Warrant will be issued to the Investor for every one (1) Subscription Share subscribed for. Each Investor Warrant will entitle the Investor to acquire new Ordinary Shares, with a five year exercise period. The terms of the Investor Warrants are covered in full under a separate warrant instrument entered into by the Company (the "**Warrant Instrument**").

For each Investor Warrant, the Investor may either (i) subscribe for one (1) new Ordinary Share at

an exercise price equal to 130 per cent. of the closing bid price on the day prior to each Investment Date; or (ii) subscribe for such number of new Ordinary Shares calculated by dividing the aggregate Black-Scholes Value of the Investor Warrants held and to be exercised by the Investor by the closing bid price of Ordinary Shares on the trading day two days prior to the date on which the Investor Warrant notice is issued, at a price per Ordinary Share equal to the Black-Scholes Subscription Price payable in full on the trading day the Investor Warrant is exercised.

**"Black-Scholes Value"** means the value of an Investor Warrant calculated using the Black-Scholes model as developed in 1973 by Fischer Black, Robert Merton and Myron Scholes, using the Economic Research Institute's Black-Scholes calculator, where the volatility shall be 135 per cent., the term of the Investor Warrants shall be deemed to be 60 months (regardless of the then actual remaining term of the Investor Warrants), the stock price shall be the closing bid price of Ordinary Shares on the trading day immediately preceding the Investment Date and the option price shall be 130 per cent. of the Subscription Price.

**"Black-Scholes Subscription Price"** means a price per new Ordinary Share equal to a deemed nominal value of £0.001 per Ordinary Share on the trading day the Warrant is exercised.

The Company has the right to call the Investor Warrants at any time the Ordinary Share price is trading at a 25 per cent. premium to the exercise price of the Investor Warrant for a period of 20 consecutive trading days and the average daily trading volume of Ordinary Shares during this period exceeds £200,000 in value.

### **Maximum Investor Holding**

Under the terms of the Subscription Agreement, the Investor, without the prior written consent of the Company, shall not subscribe for any Subscription Shares on any subsequent Investment Dates if such subscription would, if completed by the Investor, when aggregated with interests it already held pursuant to its holding of Ordinary Shares and Investor Warrants, result in the Investor holding 25 per cent. or more of the Ordinary Shares (calculated on a fully diluted basis).

### **General Meeting**

The Company will seek to convene a General Meeting to seek authorities to issue such new Ordinary Shares as will be necessary to satisfy the terms of the Subscription Agreement. Timing of the General Meeting and full details of the resolution(s) to be put to shareholders will be provided in a Notice of General Meeting (and associated Proxy Form) to be included in a circular to be sent to shareholders by 18 January 2016 and which will be made available on the Company's website at [www.vastresourcesplc.com](http://www.vastresourcesplc.com).

### **Romania Operational Update**

Vast is currently operating the Manaila Polymetallic Mine at a rate of ten thousand tonnes of ore mined and processed per month. With an installed capacity of twenty thousand tonnes of ore mined and processed per month, the plan is now to commission the second milling and flotation circuit. On completion, Manaila will produce separate copper and zinc concentrates, both at better grades and quality.

Having recently renewed the licence at Manaila, application has been submitted to expand the licence perimeter to facilitate the evaluation of the potential to extend the life of the open cut mine. The geology of the area suggests that ore body continues beyond the current perimeter.

Having completed some of the preparatory work at the Baita Plai Polymetallic Mine and in anticipation of receiving the licence in the near future as a consequence of completing all the necessary regulatory and legal requirements for the issue of the licence, work to reopen the mine

will commence.

Initial production is planned at ten thousand tonnes of ore through the mill and flotation circuit per month, utilising two of the three installed mills and parts of the four installed flotation circuits. Thereafter, re-commissioning of the third mill and full utilisation of the installed flotation circuits, the monthly production is expected to increase to twenty thousand tonnes per month.

Funding, adequate personnel, and time permitting, additional identified project in Romania will be evaluated, including the mining assets of S.C. Remin SA.

### **About Crede Capital**

Crede Capital is a family office located in Los Angeles, New York and Beijing, providing capital in U. S., Canadian, European, Australian and Asian markets directly to small-cap public companies with market capitalizations below US\$1.0 billion. Since its inception in 2009, Crede Capital has completed approximately 115 transactions committing in excess of US\$900 million in capital. Crede is a passive investor and does not seek board seats or control positions. Crede Capital is focused on life sciences, healthcare, energy, natural resources, media, social media, technology and special situations.

### **Related Party Transaction**

As a result of the Financing, Crede Capital may become a substantial shareholder in the Company as defined under the AIM Rules and consequently the Financing may obligate the Company to enter into a Related Party Transaction(s) under the AIM Rules for Companies. Accordingly, the Company's directors consider, having consulted with the Company's nominated adviser, Strand Hanson Limited, that the terms of the Financing are fair and reasonable insofar as the Company's shareholders are concerned.

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

<b>Vast Resources plc</b> Roy Tucker (Finance Director)	+44 (0) 1622 816918 +44 (0) 7920 189012
Roy Pitchford (Chief Executive Officer)	+40 (0) 372 988 988 (O) +40 (0) 741 111 900 (M) +44 (0) 7793 909985
<b>Strand Hanson Limited - Financial &amp; Nominated Adviser</b> James Spinney James Bellman	<i>www.strandhanson.co.uk</i> +44 (0) 20 7409 3494
<b>Daniel Stewart and Company plc - Joint Broker</b> Martin Lampshire David Coffman	<i>www.danielstewart.co.uk</i> +44 (0) 20 7776 6550

<b>Dowgate Capital Stockbrokers Ltd - Joint Broker</b> Jason Robertson Neil Badger	<a href="http://www.dowgatecapitalstockbrokers.co.uk">www.dowgatecapitalstockbrokers.co.uk</a> +44 (0)1293 517744
<b>St Brides Partners Ltd</b> Charlotte Heap Susie Geliher	<a href="http://www.stbridespartners.co.uk">www.stbridespartners.co.uk</a> +44 (0) 20 7236 1177

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