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

21 November 2017

**Vast Resources plc**

("Vast" or the "Company")

**Placing to raise £1,000,000**

**Open Offer to raise up to £1,250,000**

**Appointment of Joint Broker**

Vast Resources plc, the AIM-listed mining company with operating mines in Romania and Zimbabwe, is pleased to announce a financing update which is designed to facilitate the Company's continued expansion and production optimisation whilst offtake debt finance is secured in Romania.

## **Overview**

- Raised in aggregate £1,000,000 (approximately US\$1.32 million) before costs through a Placing (the "Placing") of 190,476,190 ordinary shares of 0.1 pence in the Company ("Ordinary Shares") at a price of 0.525 pence per Ordinary Share (the "Placing Shares").
- Shareholders will be invited to participate on the same terms as those investors in the Placing, through a proposed open offer to raise up to £1,250,000 (approximately US\$1.65 million) by the issue of up to 238,095,238 Ordinary Shares at the price of 0.525 pence per Ordinary Share (the "Open Offer").
- The Board and management is simultaneously working to finalise longer-term, non-dilutionary offtake financing that will see both the Company's Baita Plai Polymetallic Mine and the Manaila Polymetallic Mine reach their production objectives.
- Appointment of SVS Securities Plc ("SVS") as joint broker with immediate effect.

## **Purpose of the fundraising**

Through its recent announcements, the Company has signalled that its Directors have estimated a strategic financing requirement for its operations of US\$10 million (details of which are set out below) and encouraged by the drilling results to date at Carlibaba, the Company believes it is in a good position to obtain substantial offtake debt finance from metal traders. The Company has started an offtake contract bidding process linked to pre-shipping finance, funded by the retention of a portion of subsequent concentrate sale proceeds, and it is believed that a significant proportion of the capital requirements of the Company can be funded from these sources or by other non-dilutionary methods.

While such measures are being negotiated, the Company requires finance towards its overall \$10 million requirement, which it believes should be satisfied by the Placing supplemented by

such amount as it raises in the Open Offer.

### **Background and further details**

**The Company has made significant progress over the last 20 months, over which it has completed its transition from an explorer to a miner.**

#### ***Manaila Polymetallic Mine***

- **This is an open-pit mine with a current JORC Indicated and Inferred mineral resource of 2,600,000 tonnes open pit at 1.0% copper and 0.9% zinc at a cut-off grade of 0.25% copper, together with considerable exploration targets.**
- **The Group has increased its holding in the mine to 100%.**
- **A licence extension has been obtained that increases the total prospecting licence area by more than 20 times.**
- **Production has increased over the time period and optimisation initiatives undertaken.**
- **A zinc flotation line has been installed to establish a second revenue stream.**
- **A gravity concentrator has been installed to extract a pyrite concentrate containing gold credits.**
- **A phase 1, ten-hole drill programme for 1,000 metres at the Carlibaba prospect located adjacent to the current Manaila open pit has been completed and results announced on 4 October 2017.**
- **Phase 2 drilling to test the extension of the Carlibaba ore body at depth has been completed and assays sent to an independent external laboratory for analysis.**
- **It is the Group's objective to establish a second open pit mining operation at Carlibaba and to establish an enlarged mining complex that will utilise a centralised metallurgical processing facility for both open pits.**

#### ***Baita Plai Polymetallic Mine***

- **This is a skarn deposit comprising several veins in calcareous sediments in five distinct pipes with a reserve and resource under the**

Romanian reporting system of 1,800,000 tonnes copper-lead-zinc, gold and silver with uncategorised resources of molybdenum, tungsten and bismuth.

- This has uncategorised resources in other pipes and a substantial exploration upside.
- After an extremely long and difficult process due to the insolvency of the previous owner, the point has been reached where the Directors believe that the grant of an association licence giving the right to mine is imminent.
- The mine is due to become operational within six months of the grant of the licence.
- The budgeted expenditure before first revenue is \$1.5 million (CAPEX \$1.2m + resource drilling \$0.3m). This low figure reflects the fact that the Group has acquired 60 years of infrastructure development and investment that would take 5-10 years to build today. Basic care and maintenance has been undertaken by the company to ensure access to the underground infrastructure is unimpeded.

#### ***Pickstone Peerless Gold Mine***

- Significantly increased production and revenues have been achieved.
- A new sulphide plant is nearly completed and due for commissioning imminently. This is estimated to increase production to at least 35,000 tonnes per month from the current level of 20,000 tonnes per month.

The Company has commenced prospecting activities at Piciorul Zimbrului and Magura Neagra (74km from Manaila) in October 2017. Initial estimates derived from open source literature related to the mineralisation at Magura Neagra have indicated an exploration target (non JORC compliant) of up to 3,000MT of ore to a depth of 600 metres at grades of up to 0.8% copper and 0.5 grams per tonne gold.

The Company will now require approximately US\$10 million for the next phase of its development to be applied as follows:

			US\$
MPM new metallurgical complex			4.0m
BPPM reopening			1.2m
BPPM underground resource drilling	pre-opening	0.3m	0.6m

	post opening	0.3m	
Piciorul Zimbrului and Magura Neagra prospecting			0.4m
UK and Romania overheads - 12 months			1.2m
Repayment of SSGI loan to finalise Baita Plai exploitation licence			1.6m
General working capital			1.0m
<b>TOTAL</b>			<b>10.0m</b>

As stated above, the amounts raised by the Placing and the Open Offer will count towards this requirement.

### **Appointment of Joint Broker**

SVS has been appointed joint broker to the Company alongside Brandon Hill Capital Ltd.

### **Admission of and Dealings in the Placing Shares**

The issue of the Placing Shares is conditional on their admission to trading on AIM ("Admission").

Application is being made for the Placing Shares to be admitted to trading on AIM and it is expected that Admission will become effective and dealing in the Placing Shares will commence on 27 November 2017. The Placing Shares will rank pari passu with existing Ordinary Shares.

Following Admission, the total issued share capital of the Company will be 4,875,713,703. The Placing Shares together will represent approximately 3.91 per cent. of the enlarged share capital of the Company prior to the Open Offer.

The above figure of 4,875,713,703 may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in Vast under the FCA's Disclosure and Transparency Rule.

### **Open Offer**

A further announcement concerning the timetable and other details of the Open Offer will be made shortly and a circular sent to shareholders at the same time.

### **Roy Pitchford, Vast CEO, commented:**

"This limited placing and the subsequent open offer to shareholders on the same terms, will ensure the Company is adequately funded through the process of securing longer-term, non-dilutionary offtake financing that will see both the Baita Plai Polymetallic Mine and the Manaila Polymetallic Mine reach their production objectives.

"These objectives will see Vast generating sufficient cash flows to cover its operating and overhead funding requirements while the current Zimbabwe mining operations continue to be operationally self-financing. It is anticipated that any future capital raisings will be for specified acquisitions or expansions."

**\*\*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 own and 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 25 per cent. interest in the producing Pickstone-Peerless Gold Mine in Zimbabwe.

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