

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

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

Conclusion of agreement to acquire 50.1 per cent. interest in Manaila mine subject to conditions precedent

Vast Resources plc, the AIM listed resource and development company, announces that, further to the pre-sale agreement announced on 10 June 2015 (the "Pre-sale Agreement"), it has concluded an agreement to purchase 50.1 per cent. of the issued share capital of Sinarom Mining Group srl ("Sinarom") (the "Acquisition") (the "Sale and Purchase Agreement" or "SPA"), the company which owns the Manaila polymetallic mine in Suceava County, northern Romania ("Manaila") for consideration of €1 and the assumption of Sinarom debt as further detailed below. The Board believes that Manaila, which has a 1.8 million tonne ("Mt") resource (based on management estimates derived from historical information reviewed during its due diligence on Sinarom including a review of the resource data from the Romanian National Agency for Mineral Resources), an operational mine with existing mining licence and established infrastructure, has the potential for enhanced production in the short term. Sinarom has no assets other than its interest in Manaila.

The acquisition of Sinarom complements the Company's existing asset in Romania, the Baita Bihor mine, which has a total management-estimated 1.8 million tonne copper-silver-zinc-lead-gold-tungsten-molybdenum resource and is targeted for recommencement of production in H2 2015.

The SPA between the Company and Mr. Ni Jin Ming (the "Vendor") provides that completion of the Acquisition (the "Completion") will take place after fulfilment of a number of conditions precedent ("Conditions Precedent") which, unless the time limit is extended by mutual agreement, must be satisfied by 15 July 2015. The Conditions Precedent relate to the production of a number of certificates from the Romanian government and other agencies, to the execution of certain documents and, more particularly, to the release of Sinarom from certain debts and obligations.

Roy Pitchford, Chief Executive Officer, commented:

"Securing a controlling interest in the Manaila mine marks another significant step towards achieving Vast's objective of becoming a significant mining company in Romania. Manaila, formerly owned by the Romanian State mining company Remin SA prior to that company's closure, complements the Baita Bihor Mine investment and Vast's continuing work on the Remin SA mines. We look forward to working with our existing and new Romanian senior management and staff to improve the operations of Manaila mine and the re-commencement of operations at Baita Bihor Mine. The prospect of three operating mines in the near future, including the Pickstone-Peerless Gold Mine in Zimbabwe, augers well for the Company's future."

Manaila mine and the Immediate Operational Plan

The Manaila mine has total mineral resources, which are estimated in accordance with the Russian Reserves and Resource Reporting System ("Russian System"), comprising 1.8Mt in-situ of lead ("Pb") @ 0.95%, zinc ("Zn") @ 1.86%, copper ("Cu") @ 1.17%, gold ("Au") @ 0.63g/t and silver ("Ag") @ 45.97g/t

The mineral resource for the immediate operation in the prospect, Phase 1, which is open pit, is

estimated under the Russian System as 0.35Mt in-situ at Pb @ 1.10%, Zn @ 2.00%, Cu @ 1.25%, Au @ 0.70g/t and Ag @ 50.0g/t

Phase 1 has a projected life of mine of three years at a mining rate of 10,000 tonnes per month

The ore body extends over the current licence boundary and, under Romanian mining laws, it is possible to extend the mining licence to incorporate the adjoining area, which can feasibly be mined using an open pit as used in existing operations at Manaila

Over the due diligence period and as a result of the advice proffered by Vast to Sinarom, in June 2015, the percentage of copper estimated to be present in the concentrate increased from 13 per cent. to 19 per cent. It is Vast's opinion that this percentage can be further increased after production has recommenced as a result of further optimising operations.

To reduce the time required to recommence production, Vast intends to exercise its right under the Pre-sale Agreement to lend money to Sinarom in advance of Completion, secured on the Vendor's shares in Sinarom and on the assets of Sinarom, in order both to carry out work to eliminate the inefficiencies of the previous mining operation and also to commence the programme of capital expenditure as set out in the announcement of 10 June 2015. With immediate effect and until Completion, Vast will manage Sinarom and its operation at Manaila under a power of attorney. Mining will be stopped for approximately one month while this takes place.

Following Completion, it is planned to undertake production by mining ore at a rate of approximately 10,000 tonnes per month and to carry out the immediate plans for capital expenditure as set out in the announcement of 10 June 2015. The estimated cost of the capital expenditure remains at approximately US\$1.7 million as announced on 10 June 2015 to which must be added VAT at the Romanian rate of 24 per cent.

The Sale and Purchase Agreement

- On Completion, Vast will acquire 50.1 per cent. of the issued share capital of Sinarom for a purchase price of €1. Vast will also assume 50.1 per cent. of all receivables due by Sinarom to the Vendor, being in total approximately US\$4,500,000 ("Shareholder Loan")
- Conditions Precedent to be fulfilled by 15 July 2015 are of a document delivery nature and include, in particular, the assignment of the debts due by Sinarom to Zheng Yuanqing (historically the offtake partner of Sinarom) and by Shi Xu Ming (the former manager of Manaila) of US\$2,500,000 and Lei 1,538,600 (approx. US\$384,650) respectively to the Vendor. This will give rise to a corresponding increase in the Shareholder Loan which will form part of the approximate US\$4,500,000 referred to above.
- Vast has agreed that Sinarom had debts of US\$724,000 as at 2 July 2015. In the event that debts at 2 July 2015 exceeded US\$770,000, the Vendor has agreed to transfer to Vast as a penalty, one per cent. of the 49.9 per cent. of the issued share capital of Sinarom retained by the Vendor for each US\$14,000 by which the debts exceed US\$700,000 (the "Penalty"). Vast would neither pay any consideration for any interest in Sinarom it obtains in accordance with

the Penalty nor would the Company assume any further element of the Shareholder Loan if its interest in Sinarom is increased in accordance with the Penalty.

Further Agreements

- Sinarom has agreed, in a side agreement with the Vendor and Zheng Yuanqing (the "First Side Agreement"), that it will guarantee the obligation of US\$2,500,000 of Ni Jin Ming to Zheng Yuanqing that has arisen consequent upon the assignment of receivables referred to above payable at an average rate of US\$138,888 per month over an eighteen month period with a minimum payment of US\$100,000 in any one month and starting from 30 August 2015 but with a 30 day grace period for payment.
- Vast has agreed to loan to Sinarom for the purpose of its business such amount as is required by its business plan (the "Buyer's Loan"). No minimum amount for the Buyer's Loan is stipulated, but it is agreed that any Buyer's Loan up to US\$5m will not have the effect of causing any dilution of the Vendor's 49.9 per cent. of the issued share capital of Sinarom save as determined by the Penalty. The Buyer's Loan is repayable prior to the distribution of any further dividends. The Buyer's Loan will be secured by a pledge over the Vendor's entire 49.9 per cent. interest in the issued share capital of Sinarom.

- On Completion, Sinarom's constitution will provide that

Sinarom be managed by a board of three directors with one director appointed by the Vendor and two directors appointed by Vast;

that decisions of directors shall be made by a majority of votes; that the president of the board shall be appointed by Vast; that shareholders' resolutions shall be passed by a simple majority unless otherwise provided by law; and

that pre-emption rights and the right of first refusal be granted to either party in case of share transfer.

The Board of Vast will consider the appropriateness of a relationship agreement between the Company and Sinarom following Completion.

- The SPA takes precedence over the Pre-sale Agreement where there is any conflict between the two, but, subject to this, the Pre-sale Agreement remains in full force and effect and binding upon the respective parties.
- The Pre-sale Agreement, provided that prior to Completion Vast shall have the right to grant a secured loan to Sinarom at its discretion for the purpose of making good the mine site pertaining to the mining licence and that such loan will be secured by a guarantee from the Vendor secured by a pledge over his shares entire shareholding in Sinarom and by creating any other charge as may be necessary to secure repayment of the loan.

- Under a second side agreement with the Vendor, Vast has agreed to pay a further €100,000 on account of the purchase price of Mineral Mining SA, the owner of the Baita Bihor Mine, to Ni Ji Ming who is also the former owner of Mineral Mining SA. This means that the balance of the purchase price due in respect of Mineral Mining SA is now €646,000 payable to Ni Jin Ming out of Baita Bihor cash flow and a further €25,400 being the balance of the €61,000 payable in instalments as previously announced on 24 March 2015.

This announcement has been reviewed and approved by Mr Craig Harvey, Group Chief Geologist of Vast and a member of the Geological Society of South Africa and the Australian Institute of Geoscientists. Mr Harvey is a qualified geologist, with 24 years' experience in the mining industry, having gained a NHD in Economic Geology from Technikon Witwatersrand.

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