

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

16 June 2016

Vast Resources PLC

("Vast" or "the Company")

**Subscription of £1.25 million by Crede and issue of Associated Warrants
Potential Conversion under Darwin Senior Loan Note Instrument
Notice of General Meeting**

Vast Resources PLC, the AIM-listed resource development and production company, announces that a Circular including a Notice of General Meeting was yesterday posted to shareholders. The General Meeting is to be held at 14:30 on 1 July 2016 at the offices of Paul Hastings (Europe) LLP, Ten Bishops Square, Eighth Floor, London, E1 6EG. A copy of the circular and Notice of General Meeting will also be available to view on the Company's website www.vastresourcesplc.com.

The definitions that apply throughout this announcement can be found later in the announcement, after section 9.

Introduction

Crede

On 4 January 2016, the Board announced that the Company had entered into an agreement with Crede according to which Crede agreed to subscribe for new Ordinary Shares and associated Warrants to raise up to £5.0 million, with the subscription price being the closing bid price on the Trading Day prior to the date of subscription. On 6 January 2016, it was further announced that the Managers, including certain directors of the Company and their associated companies and/or trusts, as permitted by the Subscription Agreement, had agreed to invest an aggregate principal amount of £0.5 million to subscribe for Ordinary Shares at the Issue Price, together with warrants to subscribe for Ordinary Shares exercisable at 1.04 pence each, or otherwise on the same terms as the Warrants, as provided for in the Warrant Instrument and further explained below, at any time until 3 January 2021.

The Subscription Agreement provides for an investment of up to £5.0 million in the Company through the issue of Ordinary Shares to Crede in four separate tranches, occurring at 90-day intervals, with each tranche being equal to £1.25 million in quantum.

156,250,000 new Ordinary Shares, which make up the first tranche of the Subscription Shares, were issued by the Company to Crede on 4 January 2016, using the Directors' existing share issuance authorities, conditional on Admission, at the Issue Price per Ordinary Share, together with 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 terms of the Warrant Instrument, summarised further below.

The exercise of Warrants issued to Crede on 4 January 2016 was intended to be covered by the Company's Pre-Existing Authorities. Due to a fall in the Company's share price, the Pre-Existing Authorities were insufficient to meet the conversion of the Warrants issued to Crede on 4 January 2016. In respect of the new Ordinary Shares to be issued, which could not be issued under the Pre-Existing Authorities, being 121,702,286 Ordinary Shares, the respective Warrants have been cancelled and the Company has issued to Crede 121,702,286 new Ordinary Shares under the Crede Authorities. Following the issue of the 121,702,286 new Ordinary Shares, the remaining number of Ordinary Shares which can be issued to Crede on a non-pre-emptive basis under the

Crede Authorities is 949,726,714.

Following this exercise and cancellation Crede no longer holds any Warrants from the 156,250,000 issued to it under the initial subscription. Further details on the terms of the Warrants are provided in section 4 below.

Darwin Capital

On 16 May 2016, the Board announced entry into the Darwin Senior Loan Note Instrument with Darwin Capital according to which Darwin Capital agreed to make a loan to the Company of £650,000, and has agreed that on any single date between 16 June 2016 and 16 August 2016, the Company may request and Darwin Capital shall have the right to make an additional loan to the Company in an amount up to £350,000 (repayable on 10 October 2016 and otherwise on the same terms as the initial loan), which may be provided only with Darwin Capital's consent.

Under the terms of the Darwin Senior Loan Note Instrument, the Company has covenanted to pay to the order of Darwin Capital fifty (50) per cent of the outstanding principal amount of the £650,000 loan note plus accrued interest on 10 July 2016 (or earlier upon acceleration or early redemption pursuant to the Darwin Senior Loan Note Instrument). As further explained below, in the event that the Company does not pay such amount to Darwin Capital on 10 July 2016, then amongst other things, at any time from 10 July 2016 to 10 January 2017 (the "**Conversion Period**") Darwin Capital shall be entitled to convert all of the then outstanding and unpaid total principal amount of the entire loan notes and accrued interest into fully paid Ordinary Shares at the conversion rate set out in the Darwin Senior Loan Note Agreement (the "**Conversion**").

Background

Tranche I

The Tranche I Shares and Tranche I Warrants were issued on 4 January 2016 within Pre-Existing Authorities available to the Company. Subsequent issues of Subscription Shares and associated Warrants are conditional, *inter alia*, on sufficient share issuance authorities being approved by Shareholders.

At a general meeting of the Company held on 9 February 2016, the Directors were granted: (i) the authority to allot Subscription Shares up to an aggregate nominal amount of £1,071,429 to Crede; (ii) the authority to allot relevant securities in connection with the grant of awards to directors and officers of the Company under the Company's share appreciation rights scheme up to an aggregate nominal amount of £250,000; and (iii) the general authority to allot relevant securities up to an aggregate nominal amount of £500,000, each for a period of twelve (12) months following the General Meeting.

Pursuant to the Subscription Agreement, the Company has committed to using all reasonable endeavours to procure sufficient Shareholder authorities are in place to complete the Subscription.

Tranche II

The Tranche II Shares together with Warrants were not issued to Crede as to do so would have resulted in them holding twenty (25) per cent or more of the Ordinary Shares on a fully diluted basis, which, without the prior written consent of the Company, is a breach of the maximum investor provisions of the Subscription Agreement more fully set out below. The decision to not give consent was taken in order to reduce further dilution to existing shareholders. The cancellation of the Tranche II Shares does not affect the contractual rights and obligations between Crede and the Company in relation to the Tranche III Shares.

Tranche III

Due to the movements in the share price of the Company, the authorities granted to the Company at the general meeting of the Company held on 9 February 2016 may not be sufficient to allow the Company to issue the Tranche III Shares to Crede together with the Tranche III Warrants. In order to issue the Tranche III Shares to Crede together with the Tranche III Warrants on the next Subsequent Investment Date, being 4 July 2016, the Company is obligated under the Subscription Agreement to seek, for the reasons explained below, further authority to allot and to disapply pre-emption rights in respect of that issuance.

Darwin Conversion

The Company anticipates it will utilise part of the amount drawn down from Crede in respect of the Tranche III Shares to pay the amounts due to Darwin Capital on 10 July 2016 pursuant to the terms of the Darwin Senior Loan Note Instrument. In the event that the Company does not repay the amount due to Darwin Capital on 10 July 2016, either because the Company is not granted the authority in respect of the Tranche III Shares and it is unable to issue those shares to Crede or otherwise, Darwin Capital will as a result have the right to exercise the Conversion. The Company is therefore seeking the authorities to allot and to disapply pre-emption rights to issue Ordinary Shares to Darwin Capital in the event that the Company is unable to pay the amounts due to Darwin Capital on 10 July 2016 and Darwin Capital exercises the Conversion. Further details of the Conversion and the amounts payable to Darwin Capital under the Darwin Senior Loan Note Instrument are set out below.

Other authorities

The Company is further seeking to refresh its existing allotment authority and to disapply pre-emption rights up to an amount of £500,000 until the next annual general meeting of the Company. A summary of the Resolutions is set out below. The Directors have convened the General Meeting at which Shareholders will be asked to consider and, if thought fit, pass the Resolutions.

Purpose

The purpose of this letter is to provide you with further information on the Financing and the Resolutions seeking, *inter alia*, the authority to allot shares and to disapply pre-emption rights.

The amount payable for the Tranche III Shares, being the third tranche of payments due from Crede under the Subscription Agreement, is already contractually due pursuant to that Subscription Agreement and the purpose of the equity finance to the Company by Crede has already been explained both in the Company's announcement of 4 January 2016 and in the circular to shareholders of 20 January 2016. This is therefore not an additional financial requirement. The reason why authorities are now being sought for the Tranche III Shares is because of the fall in the Company's share price which has resulted in the situation that the authorities granted for the Tranche III Shares at the general meeting of 9 February 2016 are no longer sufficient.

The Loan, which was made on 16 May 2016, did also not itself represent an additional source of finance over what had already been committed and previously authorised. The investment of Tranche II Shares from Crede, which had been contractually committed in the Subscription Agreement, was cancelled and the Loan partially replaced the funds that would have been received by the Company in consideration for the Tranche II Shares together with the associated Warrants. The need for authorities in connection with the Loan arises from the term of the Loan under which in the circumstances explained below, if the Loan is not repaid on its due dates

Darwin Capital has the right to the repayment of the Loan together with interest and premium by the issue of Ordinary Shares of the Company.

The cash provided through the issue of the Tranche III Shares, should this be authorised by the Shareholders, is anticipated to be used partly for the repayment of half of the Loan and the balance will be applied for the general working capital of the Company, including in particular on the Manaila Polymetallic Mine. Although the need for the authorities now requested from shareholders arises from a combination of the fall in the share price and the cancellation of Tranche II Shares and therefore supports a cash raising of less than was originally authorised at the general meeting of 9 February 2016, the overall cash required by the Company has increased for several reasons.

The recent major fall in copper and lead prices has reduced cash flow from Manaila. Cashflow has been further affected by the reduced concentrate grade at Manaila as a consequence of extreme cold weather in the first quarter of this year, and the commissioning of the second mill and flotation line to facilitate production of separate copper and zinc concentrates. Currently zinc is being recovered in the copper concentrate, which results in a penalty and lower price for the copper concentrate. The production of separate copper and zinc concentrates will result in larger concentrate quantities, better quality and higher prices.

Cash flow from Manaila and subsequently from Baita Plai had been calculated to fund a significant part of the Company's capital expenditure and this has now been reduced for the reasons described above in the case of Manaila, and in the case of Baita Plai the delay in restarting whilst awaiting the mining sub-licence. Fortunately, following the delayed completion of the merger between the Company's Romanian subsidiaries, the granting of the sub-licence at Baita Plai is now expected very soon.

Reasons to vote in favour of the Resolutions

The Company is required to have the appropriate authorities to honour the Subscription Agreement entered into with Crede and the Darwin Senior Loan Note Instrument with Darwin Capital. To breach these requirements would jeopardise the Subscription and the Loan and could result in the Company not being able to complete its capital expansion objectives, thus reducing its ability to operate Manaila and Baita Plai at full capacity and preventing additional investment in other projects identified for evaluation. In addition, under the Subscription Agreement there is a positive contractual obligation on the Company to use all reasonable endeavours that it has sufficient subsisting shareholder authority to issue the Tranche III Shares and the Tranche III Warrants.

Having secured the funding from Crede and Darwin Capital, Shareholder support for the share price is now sought to ensure that the future tranche of Subscription Shares are issued at increasing, not decreasing, share prices.

In the event that the Resolutions are not passed, there would be a number of consequences including, without limitation, as set out below:

If Resolutions 1 and 4 are not passed with respect to the issuance of the Tranche III Shares and the Tranche III Warrants, the Company will have the right to terminate the Subscription Agreement in accordance with its terms. On termination of the Subscription Agreement all of the Company's material obligations to Crede, except the indemnity given by the Company to Crede Capital, will fall away under the terms of the Subscription Agreement*. In addition, the Company would be required to identify alternative sources of funding, which could include an open offer, to meet, among other things, its obligations to Darwin Capital under the Darwin Senior Loan Note Instrument.

If Resolutions 2 and 5 are not passed with respect to the Darwin Senior Loan Note Instrument, the Company will not have the requisite shareholder authority to issue Relevant Securities to Darwin Capital should the Company fail to pay the amounts due on 10 July 2016 under the Darwin Senior Loan Note Instrument and Darwin Capital exercises the Conversion thereunder. In addition, if Resolutions 2 and 5 are not passed then, under the terms of the Darwin Senior Loan Note Instrument the Company will be required to promptly deposit the second half of the loan due for repayment in October 2016 into escrow which will reduce the available working capital of the Company.

* *The obligations of the Company to Crede under the Subscription Agreement relating to fees and expenses, notices, and confidentiality will continue after termination of the Subscription Agreement*

The Subscription

Subscription Agreement

Under the terms of the Subscription Agreement, the Company will issue Ordinary Shares to Crede, on the next Subsequent Investment Date, being 4 July 2016, with that tranche being equal to £1.25 million in quantum and with the subscription price being the closing bid price on the Trading Day prior to the date on which the Ordinary Shares are subscribed for. Crede will also be issued (following the issue of the Tranche III Shares on the next Subsequent Investment Date being 4 July 2016) with one (1) Warrant for every one (1) Subscription Share issued to it.

The Subscription Agreement includes warranties from the Company customary for an agreement of this nature and also an indemnity from the Company to Crede in relation, *inter alia*, to the Company's covenant to Crede 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.

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

The allotment and/or grant of Relevant Securities pursuant to the Subscription Agreement and the Warrant Instrument, is conditional, *inter alia*, on there being sufficient share issuance authorities in place. The Company agreed to convene a general meeting in February 2016 (which in the event was held on 9 February 2016) and subsequent general meetings, if required, to seek authorities to issue Relevant Securities under the terms of the Subscription Agreement.

Maximum Crede Holding

Under the terms of the Subscription Agreement, Crede, 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 Crede, when aggregated with interests it already then holds pursuant to its holding of Ordinary Shares and Warrants, result in Crede holding twenty five (25) per cent. or more of the Ordinary Shares (calculated on a fully diluted basis).

Terms of the Warrants

On the Issue Date, one (1) Warrant has been, and at each Subsequent Investment Date, one (1) Warrant will be, issued to Crede for every one (1) Subscription Share subscribed for. Each Warrant will entitle Crede to acquire new Ordinary Shares, with a five-year exercise period. The terms of the Warrants are covered in full under the Warrant Instrument entered into by the Company.

For each Warrant, Crede may either (i) subscribe for one (1) new Ordinary Share at an exercise price equal to one hundred and thirty (130) per cent. of the closing bid price on the day prior to the Issue Date or each Subsequent Investment Date; or (ii) subscribe for such number of new Ordinary Shares calculated by dividing the aggregate Black Scholes Value of the Warrants held and to be exercised by Crede by the closing bid price of Ordinary Shares on the Trading Day two (2) days prior to the date on which the notice of exercise of the Warrant(s) is issued, at a price per Ordinary Share equal to the nominal value of £0.001 per Black Scholes Conversion Share payable in full on the Trading Day the Warrant is, or Warrants are, exercised.

The Company has the right to call the Warrants to be exercised at any time if the Ordinary Share price is trading at a twenty five (25) per cent. premium to the exercise price of the Warrants described in part (i) of the above paragraph for a period of twenty (20) consecutive trading days and the average daily trading volume of Ordinary Shares during this period exceeds £200,000 in value.

Black Scholes Conversion

In the event that Crede elects to undertake a Black Scholes Conversion, the number of Warrants it wishes to convert will be valued at the Black Scholes Value, converted to an equivalent number of Ordinary Shares valued at the applicable closing bid price of the Ordinary Shares on the Trading Day two (2) days prior to the date on which Crede issues the notice to exercise the Warrant(s), and such number of Ordinary Shares will be issued to Crede and the applicable Warrants cancelled.

In such event, Crede will pay the nominal value of £0.001 per Black Scholes Conversion Share on the Trading Day of the Black Scholes Conversion.

The Directors note that the relative economic benefit to Crede of exercising the Warrants for cash versus undertaking a Black Scholes Conversion is dependent on the Company's share price. Assuming the market price of the Ordinary Shares rises, there will be a price at which the economic benefit of a conventional exercise of the Warrants exceeds the economic value received through a Black Scholes Conversion. By way of example, according to the Directors' calculations, for the Tranche 1 Warrants the economic value to Crede of conventionally exercising the Warrants exceeds the economic value derived from the Black Scholes Conversion when the market price of the Ordinary Shares exceeds approximately 1.73 pence (at an assumed risk-free rate of two (2) per cent. based approximately on the current market rate on 5-year US Treasury Bills).

Commission

For each subscription of Subscription Shares (including the Tranche I Shares) by Crede, a commission ("**Commission**") equal to ten (10) per cent. of the aggregate purchase price for the relevant Subscription Shares may become payable by the Company to Crede in the event that Crede subsequently subscribes for Black Scholes Conversion Shares, under the terms of the Warrant Instrument. The Commission payable shall not exceed the nominal value of £0.001 per Black Scholes Conversion Share payable in respect of the Black Scholes Conversion Shares then being issued after deduction of the commission by way of administration fee also payable on such issue (see below). The payment of such Commission is subject to further conditions and payment mechanics as detailed in the Subscription Agreement. In no circumstances will the Commission payable exceed ten (10) per cent. of the purchase price of the Ordinary Shares to which such Commission relates.

The Subscription Agreement further provides that in the event that Crede subscribes for Black Scholes Conversion Shares the Company shall also pay to Crede a commission by way of administration fee on the issue of such Black Scholes Conversion Shares equal to ten (10) per cent. of the nominal value of £0.001 payable for such shares.

The Darwin Senior Loan Note Instrument

Under the terms of the Darwin Senior Loan Note Instrument, Darwin Capital has agreed to make a loan to the Company of £650,000, and has agreed that on any single date between 16 June 2016 and 16 August 2016, the Company may request, and Darwin Capital shall have the right to make, an additional loan to the Company in an amount up to £350,000, which may be provided at Darwin Capital's sole discretion.

The Company promises and covenants to pay to the order of Darwin Capital: (i) fifty (50) per cent of the outstanding principal amount of the £650,000 loan note and all other payment obligations relating to this amount, including all accrued and unpaid interest on 10 July 2016, or, earlier, upon acceleration or early redemption pursuant to the Darwin Senior Loan Note Instrument; and (ii) the outstanding principal amount of the entire loan note (including the additional £350,000 loan note) and any other payment obligations relating to this amount including all accrued and unpaid interest on 10 October 2016 or earlier, upon acceleration or early redemption pursuant to the Darwin Senior Loan Note Instrument. Interest on the principal amount of the loan notes shall accrue at the rate of twenty (20) per cent per annum and is payable in cash arrears on 10 July 2016 (in relation to the outstanding principal amount of the £650,000 loan note and all other payment obligations relating to this amount) and on 10 October 2016 (in relation to the outstanding principal amount of the entire loan note and all other payment obligations relating to this amount). The maximum amount payable to Darwin Capital pursuant to the Darwin Senior Loan Note Instrument on default by the Company is £877,874, payable in shares valued by reference to the share price of the Ordinary Shares on the day of Conversion.

The Company may, if they wish, prior to 10 July 2016, redeem in cash on ten (10) days' notice, the full amount of the entire loan amount outstanding for a redemption price equal to one hundred and five (105) per cent. of the then outstanding amount of the loan including all interest payable on that amount.

In the event that (i) fifty (50) per cent. of the principal amount of the initial £650,000 loan note and all interest accrued thereon is not paid in full on 10 July 2016 by the Company (the "**First Default**") or (ii) the remainder of the principal amount of the entire loan note and other payment obligations are not paid in full on 10 October 2016 by the Company, on the day following 10 July 2016 or 10 October 2016 (as applicable) (the "**Second Default**"): (i) the principal amount of the entire loan notes shall be one hundred and twenty (120) per cent. of all outstanding payment obligations; (ii) the maturity date of the entire loan notes shall be extended to 10 January 2017 (if the First Default occurs) or 10 April 2017 (if the Second Default occurs) (each such period being the day following 10 July 2016 and 10 January 2017 or the day following 10 October 2016 and 10 April 2017, as applicable, being the "**Conversion Period**"); and (iii) interest shall continue to accrue in respect of the principal amount during the Conversion Period.

At any time during the Conversion Period, Darwin Capital shall be entitled to convert all of the then outstanding and unpaid total principal amount of the entire loan notes and accrued interest into fully paid Ordinary Shares at the conversion rate, being the principal amount and accrued interest being converted, divided by the conversion price (being an amount calculated with reference to the average price of an Ordinary Share on 16 May 2016 or the price of an Ordinary Share in the twenty (20) trading days prior to the expiry of the Conversion Period).

The Darwin Senior Loan Note Instrument provides that in the event that the Company has less than 600,000,000 authorised and unissued Ordinary Shares available for issue on 1 July 2016 then, following the earlier of 10 July 2016 or the day the £1.25 million is received from Crede in consideration for the issue of Tranche III Shares, the Company shall promptly deposit the second half of the loan due for repayment in October 2016 pursuant to the Darwin Senior Loan Note Instrument into escrow.

Pursuant to the Darwin Senior Loan Note Instrument, the Company undertakes to Darwin Capital, so long as any part of the loan to the Company is outstanding, to comply with the obligations to Crede (including the issue of shares) in relation to Tranche III to satisfy any payment obligations of the Company under the Darwin Senior Loan Instrument.

The Darwin Senior Loan Note Instrument contains warranties given by the Company to Crede which are customary for an agreement of this nature.

Interim Results

The Company released its interim results on 31 December 2015 for the six (6) months ended 30 September 2015.

Operational Update

Zimbabwe

Pickstone-Peerless Gold Mine ("PPGM") (50% owned)

PPGM is producing higher than expected grades and milling tonnages are significantly above the original design capacity of the plant. In April and May 2016, the total tonnage milled has exceeded twenty thousand (20,000) tonnes per month in both months, producing in excess of two thousand nine hundred (2,900) ounces of gold during this period.

A better understanding of the ore bodies is being developed as the open pits are expanded and the grade control drilling provides additional information to that obtained from the resource definition drilling during the feasibility study stage. Additional potential ore sources are also being evaluated within the existing mining lease.

Co-operation between mine management, the artisanal miners, and the authorities has seen the artisanal miners relocated to other areas and the mine able to operate throughout the mine lease area.

PPGM's stakeholders may be considering improvements and additions to the existing oxide plant which would form part of the expansion of the processing facilities that will handle the higher-grade sulphide ore to be mined when the oxide resources are depleted.

The newly promoted General Manger, formerly the Plant Manager, and the newly appointed Mining Manager, have settled in very well and a cohesive and enthusiastic team has emerged at PPGM.

Giant Gold Mine ("GGM") (50% owned)

The success and progress at PPGM has encouraged the Company and Grayfox to consider developing GGM where there is currently an inferred resource *circa* half a million ounces of gold. We have secured additional information from third parties and further exploration drilling now needs to be undertaken in order to upgrade and increase the known level of resources at the mine. Artisanal miners working in the area will need to be relocated and consultations with their representatives have commenced. GGM provides the Company with the potential to develop a second significant gold mine. Management will now focus on this objective.

Romania

Manaila Polymetallic Mine ("MPM") (50.1% owned)

MPM achieved a reasonable performance in its first quarter of operation ended December 2015. The second quarter ended March 2016 has seen the mine face a number of challenges that have impacted performance. These challenges, summarised below, are being addressed:

Extreme cold weather in January and February 2016 affected recoveries as the heating of the flotation facility and cells was not adequate and it was not possible to upgrade the heating system in time. The heating system will be upgraded for the next winter. It is often the practice to cease operations during the extreme cold periods, however, the Company elected to

continue production in order to instil a culture of "the mill never stops" apart from maintenance and breakdowns.

With a single mill and float line operational, MPM was producing a single copper concentrate with a high zinc concentration. The zinc incurred a penalty on the price of the concentrate and no credit/payment was received for the zinc and lead.

A second mill and flotation circuit existed at the plant, but both required significant refurbishment and upgrading. In addition, the already working mill had to be relined for the first time during this period.

The refurbishment of the flotation circuit is designed to produce a separate copper and zinc concentrate in order to remove the penalty in the copper concentrate and to receive value for a zinc concentrate. It is expected that this will be operational by late June 2016.

Tests undertaken at the technical university in nearby Cluj-Napoca indicated that a change in reagents and the separated flotation circuits should result in improved recoveries, a clean copper concentrate, and a second zinc concentrate. However, initial application of the test outcomes to the plant did not achieve the results expected.

Following these various further tests, an analysis has been undertaken on the recommendation of polymetallic metallurgical consultants and the consultants are now on site at MPM to assist management in achieving improved recoveries and separated concentrates.

The enlarged prospecting licence granted to MPM, as announced on 30 March 2016, will allow the Company to evaluate whether it is possible to extend the open pit resources at the mine, and to extend the open pit mine life, which could provide MPM with the ability to install a new milling and flotation facility at the mine thereby saving transport costs on the ore and waste between the mine and the processing facility at Iacobeni.

Baita Plai Polymetallic Mine ("BPPM") (80% owned)

The delay in obtaining the right to mine at BPPM has been very frustrating for the Company. Not only has it delayed cash flow generation from what management believes to be the Company's most valuable asset, but also monthly dewatering and maintenance costs are being incurred. The Company remains wholly confident that it will obtain its due right to mine at BPPM, but it has had little control over the speed of the judicial process or over the bureaucratic delays within state owned Baita SA and the Ministry of Economy.

In order to assist shareholders to form an assessment of where the Company stands in relation to this it may be helpful to outline in somewhat more detail than would be customary the processes and events that have been experienced to date and the final steps that yet lie ahead.

Prior to the Company's involvement, Mineral Mining SA ("**MM**"), the original holder of the head-licence at BPPM, was in administration and by reason thereof was forced to transfer the head-licence to Baita SA, the local state owned mining company, against an undertaking by Baita SA to grant a sub-licence (known in Romania as an association) back to MM should MM become solvent (the "**Protocol**").

After the Company became interested in BPPM through an option over shares in MM it received the following local legal advice:

The way to satisfy the condition of the Protocol as to solvency, MM having been adjudicated bankrupt, was to merge MM with the Company's Romanian subsidiary, African Consolidated Resources SRL ("**AFCR**"), under a little used part of the Romanian Insolvency Code whereby MM was subsumed within AFCR and ceased to exist as an independent company.

When the solvency condition was satisfied, AFCR then had an enforceable right against Baita

SA for a sub-licence.

In any case the Protocol was *void ab initio* for several reasons.

Notwithstanding the advice that the Protocol was void, the swiftest way to obtain the right to mine at BPPM was to follow the Protocol and obtain contractual engagement by following the merger process.

The legal process for the merger was started in February 2015 and at the time specialist insolvency lawyers advised AFCR that the process should be complete by May 2015. It was on this basis that the purchase of BPPM went ahead.

In the event, the previous management of Baita SA were uncooperative and the whole legal process - which involved eighteen (18) separate court hearings - was spun out until a final non-appealable Court of Appeal decision was reached in November 2015 finally confirming the merger (announced 30 November 2015) and the termination of the bureaucratic process following this decision only occurred in February 2016.

While the legal proceedings were taking their course, the Company was attempting in parallel to bypass the legal process by negotiation with government. The miners' sit-in (announced 26 August 2015) provided an opportunity to meet with the President of the Romanian National Mining Agency, a Secretary of State at the Ministry of Economy and the Minister of Economy who between them promised a swift resolution of the matter by agreement (see announcement 2 September 2015). This resulted in a new agreement, independent of the litigation, announced on 23 November 2015.

Unfortunately, shortly after this the then government was removed and the Secretary of State and the Minister of Economy were replaced. The new Minister and Secretary were not familiar with the background of the situation, and it has taken a long time to promote a proper understanding of the facts.

Since February 2016 there has been new management at Baita SA, and it has become evident to the Company that there is now no opposition in principle from any quarter to the Company receiving the sub-licence. The new Secretary of State verbally confirmed to the Company in February 2016 that the sub-licence would be granted upon clarification of the current position which would take up to sixty (60) days, thus giving the Company the expectation of delivery no later than April 2016.

Notwithstanding this, progress has however remained disappointingly slow. The following are examples of the reasons:

One of the senior directors of Baita SA was in hospital or incapacitated for some five (5) weeks, which meant that under the bureaucratic Romanian system Baita SA was not able to hold any Board meetings at all during that period.

Meetings at the Ministry of Economy have taken a long time to arrange due to other pressures on Ministry officials and the straightforward difficulty of finding times when one key official or another was not absent on holiday or on assignments.

Officials at the Ministry of Economy, whilst accepting the principle of the grant of the sub-licence pursuant to the Protocol, had no clear understanding of the detail involved and seemed to be acting on different information than that known to be factual by the Company.

More particularly, the previous management of Baita SA had materially overcharged for dewatering costs prior to the Company's involvement. The amount that will become immediately legally due to Baita SA by MM on grant to MM (now AFCR) of the sub-licence is subject to a judicial audit that is still ongoing. However, in the interim the court has ordered that the maximum amount due and payable immediately on the grant of the sub-licence is

approximately Lei 2.5m (a.\$620,000) and AFCR have offered to pay this sum into an escrow account against delivery of the sub-licence.

However in Baita SA's official accounts there is an amount shown as due and payable of c.Lei 6.9m. The current management of Baita SA accept that only Lei 2.5m is legally immediately due on grant of the sub-licence, but that fact has never been communicated to the section of the Ministry of Economy within whose remit the shares in Baita SA lie, which even now officially has only seen the accounts of Baita SA showing a Lei 6.9m liability apparently due and payable immediately. The Ministry has had no understanding as to why AFCR should not be paying Lei 6.9m or why even the Lei 2.5m is only payable against the grant of the sub-licence. The lack of provision of this information about the Baita SA accounts has only been revealed to the Company in the last week and clearly provides a reason for the lack of understanding in the Ministry.

The up to date position is that Baita SA has now mandated its General Manager to confirm the current position officially in writing to the relevant section of the Ministry of Economy. The Company is in advanced discussions to procure the additional funding required for the deposit in the escrow on terms which are currently considered acceptable to the Company.

The Company believes that official clarification of the agreed facts with the assistance of Baita SA for the benefit of the Ministry of Economy should deliver real progress. It is intended that Lei 2.5m be placed in a suitable bank account on escrow in order to secure the immediate obligations that will arise on receipt of the sub-licence so that the sub-licence can be issued without delay.

General Meeting

The Notice of General Meeting posted to Shareholders convening the General Meeting to be held at the offices of Paul Hastings (Europe) LLP, Ten Bishops Square, Eighth Floor, London E1 6EG at 2.30 pm on Friday 1 July 2016 proposes the following Resolutions described below.

Authority to grant relevant securities pursuant to the Subscription Agreement

An ordinary resolution (Resolution 1) is being proposed in order to authorise the Directors to grant Relevant Securities to Crede or its nominees in connection with the payment of £1,250,000 due by Crede for the Tranche III Shares in accordance with section 551 of the Act up to an aggregate nominal value of £1,250,000. The section 551 authority granted therein will expire on 10 July 2016.

Authority to grant relevant securities pursuant to the Darwin Senior Loan Note Instrument

An ordinary resolution (Resolution 2) is being proposed in order to authorise the Directors to grant Relevant Securities to Darwin Capital (or its nominees) in connection with the Darwin Senior Loan Note Instrument in accordance with section 551 of the Act up to an aggregate nominal value of £600,000. The section 551 authority granted therein will expire at the conclusion of the next annual general meeting of the Company.

General authority to allot relevant securities

An ordinary resolution (Resolution 3) is being proposed in order to grant general authority in accordance with section 551 of the Act to the Directors to allot Relevant Securities (other than pursuant to Resolutions 1 and 2) up to an aggregate nominal value of £500,000. The section 551 authority granted therein will expire at the conclusion of the next annual general meeting of the Company.

Disapplication of pre-emption rights

The provisions of section 561(1) of the Act to the extent that they are not disapplied, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up wholly in cash.

Accordingly, a special resolution (Resolution 4) is being proposed to disapply statutory pre-emption provisions in connection with the allotment of equity securities to Crede (or its nominees), in connection with the Subscription, up to an aggregate nominal value of £1,250,000. The authority granted therein will expire on 10 July 2016.

A special resolution (Resolution 5) is being proposed to disapply statutory pre-emption provisions in connection with the allotment of equity securities to Darwin Capital (or its nominees) in connection with the Loan up to an aggregate nominal value of £600,000. The authority granted therein will expire at the conclusion of the next annual general meeting of the Company.

A special resolution (Resolution 6) is being proposed to disapply statutory pre-emption provisions in connection with the allotment of equity securities in connection with a Rights Issue (as defined in the Notice of General Meeting which forms part of this Circular) and more generally pursuant to the authority that is sought under Resolution 3, up to an aggregate nominal value of £500,000. The authority granted therein will expire at the conclusion of the next annual general meeting of the Company.

Recommendation

The Directors believe that the Subscription, and the passing of the Resolutions are in the best interests of the Company and Shareholders, taken as a whole. The Directors unanimously recommend the Shareholders to vote in favour of the Resolutions as they and their "associates" have undertaken to do, in the case of Resolution 1, as a requirement of the Subscription Agreement, in respect of their own beneficial holdings of Ordinary Shares representing, in aggregate, 301,181,086 Ordinary Shares, being approximately 12.24 per cent. of the issued ordinary share capital of the Company at the date of this announcement.

Definitions

The following definitions apply throughout this announcement unless the context otherwise requires:

"Act"	the Companies Act 2006 (as amended)
"Additional Financing Shares"	the 62,500,000 Ordinary Shares subscribed for by the Managers pursuant to the Additional Financing
"Additional Financing"	the subscription for the Additional Financing Shares made on 5 January 2016 for £0.5 million at the Issue Price (together with associated warrants) by the Managers
"Admission"	the admission of the Tranche III Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM Rules"	the AIM Rules for Companies governing the admission to and operation of AIM published by the London Stock Exchange as amended from time to time
"AIM"	the market of that name operated by the London Stock Exchange
"Articles"	the articles of association of the Company (as amended from time to time)
"associate"	shall in respect of a Manager, bear the meaning ascribed to it in paragraph (c) of the definition of "related party" in the AIM Rules as if the relevant Manager fell within paragraphs (a) and/or (b) of such definition, or as otherwise publicly disclosed by the Company as being "associated" companies of a Manager, and "associated" shall be construed accordingly

"Baita Plai" or "Baita Plai Polymetallic Mine"	the Baita Plai polymetallic mine in Transylvania, Romania
"Black Scholes Conversion Shares"	Ordinary Shares to be issued to Crede pursuant to a Black Scholes Conversion
"Black Scholes Conversion"	a subscription by Crede for Ordinary Shares in the Company pursuant to a conversion of Warrants into Ordinary Shares at the nominal value of £0.001 per Black Scholes Conversion Share in accordance with the Warrant Instrument
"Black Scholes Value" or "Warrant Conversion Value"	the value of a 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 Warrants shall be deemed to be 60 months (regardless of the then actual remaining term of the Warrants), the stock price shall be the closing bid price per Ordinary Share on the Trading Day immediately preceding the Issue Date or the Subsequent Investment Date (the " Relevant Closing Share Price ") and the option price shall be 130 per cent. of the Relevant Closing Share Price
"Board" or "the Directors"	the directors of the Company, as at the date of this announcement
"City Code"	the City Code on Takeovers and Mergers
"Closing Share Price"	the closing bid price per Ordinary Share on the Trading Day immediately prior to the Issue Date and each Subsequent Investment Date, as applicable, as shown by the London Stock Exchange Daily Official List for such Trading Day
"Conversion"	has the meaning given to it in Paragraph 1 (Introduction) of this announcement
"Conversion Period"	has the meaning given to it in Paragraph 1 (Introduction) of this announcement
"Crede Authorities"	the authorities granted to the Company in respect of the Crede Funding, as approved by shareholders at the General Meeting of 9 February 2016
"Crede"	Crede CG III Ltd, a wholly-owned subsidiary of Crede Group, LLC, a company incorporated in Bermuda and whose registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda
"Crede Funding"	Subscription by Crede for new Ordinary Shares for an aggregate subscription amount of up to £5 million and the issue of associated warrants on the terms set out in the company's announcement on 4 January 2016
"CREST"	the relevant system (as defined in the Uncertified Securities Regulations 2001 (SI 2001 No 3875)) for the paperless settlement of trades and the holding of uncertificated securities, operated by Euroclear UK & Ireland Limited, in accordance with the same regulations
"Darwin Capital"	Darwin Capital Limited, a company incorporated in the Cayman Islands (Registration No. QH-282152) which has its registered office at Suite #7, Grand Pavillion Commercial Centre, 802 West Bay Road, Grand Cayman, PO Box 10250, KYI - 1003, Cayman Islands
"Darwin Senior Loan Note Instrument"	the senior loan note instrument dated 16 May 2016 and made between the Company and Darwin Capital Limited
"Enlarged"	the issued ordinary share capital of the Company as enlarged by the issue of the

"Share Capital"	Tranche I Shares and the Additional Financing Shares
"FCA"	the Financial Conduct Authority of the UK
"Financing"	the Subscription and the Loan
"Form of Proxy"	the form of proxy which accompanies the Notice of General Meeting, for use in respect of the General Meeting
"FSMA"	the Financial Services and Markets Act 2000 (as amended) and regulations made pursuant thereto
"GBP" or "£"	Pounds sterling, being the lawful currency of the UK
"General Meeting"	the general meeting of the Company, convened for 2.30pm on Friday 1 July 2016, notice of which has been posted to shareholders
"Grayfox"	Grayfox Investments (Private) Limited
"Group"	together the Company and its subsidiary undertakings
"HMRC"	Her Majesty's Revenue & Customs
"Issue Date"	4 January 2016
"Issue Price"	0.8 pence per New Ordinary Share
"Loan"	the initial loan and any additional loan on the terms agreed between the Company and Darwin Capital pursuant to the Darwin Senior Loan Note Instrument
"London Stock Exchange"	London Stock Exchange plc
"Managers"	includes the Directors, senior executives and/or consultants of the Company or its subsidiaries who participated in the Additional Financing, including companies or trusts associated with such individuals, further details of which are set out above
"Manaila" or "Manaila Polymetallic Mine"	the Manaila polymetallic mine in Suceava County, Northern Romania
"Notice of General Meeting" or "Notice"	the notice convening the General Meeting as has been posted to shareholders
"Official List"	the Official List of the UKLA
"Ordinary Shares"	the 2,459,888,916 ordinary shares of £0.001 each in the capital of the Company in issue as at the date of this announcement
"Pre-Existing Authorities"	the Company's authority to dis-apply pre-emption rights in respect of the issue of new Ordinary Shares which was in place prior to the General Meeting on 9 February 2016
"Prospectus Rules"	the rules made by the FCA pursuant to sections 73A(1) and (4) of FSMA
"Record Date"	29 June 2016
"Registrar"	Capita Asset Services PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU
"Regulatory Information Service"	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list on the website of the London Stock Exchange
"Relevant Closing Share Price"	has the meaning given within the definition of " Black Scholes Value " or " Warrant Conversion Value " above

"Relevant Securities"	Ordinary Shares and/or rights to subscribe for or convert any security into Ordinary Shares
"Resolutions"	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
"Shareholders"	the registered holders of ordinary shares in the capital of the Company
"Strand Hanson"	Strand Hanson Limited, a company incorporated in England and Wales with registered number 2780169, whose registered office is at 26 Mount Row, London W1K 3SQ, the Company's nominated and financial adviser
"Subscription Agreement"	the agreement dated 4 January 2016 between the Company and Crede relating to the Subscription
"Subscription Shares"	the Ordinary Shares subscribed for and to be subscribed for by Crede pursuant to the Subscription Agreement, including the Tranche III Shares
"Subscription"	the subscription on the terms agreed between the Company and Crede pursuant to the Subscription Agreement
"Subsequent Investment Date"	each 90 day anniversary of the Issue Date, or, if any such date is not a Trading Day, the next following Trading Day, and save as varied in accordance with the Subscription Agreement
"Trading Day"	a day on which dealings in domestic equity market securities may take place on AIM
"Tranche I Shares"	the Subscription Shares issued to Crede on the Issue Date pursuant to the Subscription Agreement
"Tranche I Warrants"	the Warrants issued to Crede on the Issue Date pursuant to the Subscription Agreement
"Tranche II Shares"	the Subscription Shares that were to be issued to Crede on the Subsequent Investment Date immediately following the Issue Date pursuant to the Subscription Agreement
"Tranche III Shares"	the Subscription Shares to be issued to Crede, conditional on Admission, on the next Subsequent Investment Date being 4 July 2016
"Tranche III Warrants"	the Warrants to be issued to Crede on the next Subsequent Investment Date being 4 July 2016
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UKLA"	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"US\$", "USD" or "Dollar"	United States of America dollars, being the lawful currency of the USA
"Vast" or "Company"	Vast Resources plc, a company registered in England and Wales with company number 05414325
"Warrant Instrument"	the warrant instrument dated 4 January 2016 constituting the Warrants
"Warrants"	the warrants to subscribe for Ordinary Shares issuable under the Warrant Instrument, including the Tranche III Warrants

**** ENDS ****

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