

## Letter to Shareholders and Notice of General Meeting

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

11 June 2018

### **Vast Resources plc**

("Vast" or the "Company")

### **Letter to Shareholders Notice of General Meeting**

Vast Resources plc, the AIM-listed mining company with operations in Romania and Zimbabwe, announces that a Circular including a Notice of General Meeting of the Company was posted to shareholders on the evening of 8 June 2018. The General Meeting will be held at 2.30pm on Monday 25 June 2018 at the Company's registered office, 6<sup>th</sup> Floor, 60 Gracechurch Street, London EC3V 0HR. A copy of the Circular and Notice of General Meeting will be available on the Company's website at [www.vastresourcesplc.com](http://www.vastresourcesplc.com).

The purpose of the Circular is to seek through the passing of Resolutions at the General Meeting approval for granting the Directors authority to issue new equity share capital up to specified limits, and to disapply statutory pre-emption rights, and to explain the reason for the proposals.

### **Background**

In the Circular to shareholders of 24 November 2017, which resulted in a fully subscribed Open Offer that raised £1.3 million, the Directors confirmed that they had estimated a strategic funding requirement for the Company's operations of \$10 million. The Circular also stated that the Directors believed that a significant proportion of this requirement could be met from off-take debt finance. This off-take finance has indeed proved to be the case as confirmed by the pre-payment off-take agreement with Mercuria Energy Trading SA concluded on 21 March 2018.

Since the Circular, new developments and opportunities, coupled with the cost of an additional six months of de-watering at Baita Plai, have given rise to an additional funding requirement for the Company, as judged from the date of the last Circular, of approximately \$2.25 million (approximately £1.65 million), comprised as follows:

		\$m	\$m
<b>Baita Plai Polymetallic Mine</b>			
	Additional expenditure under Association Licence Agreement	0.300	
	Dewatering costs December 2017 to May 2018	0.450	
			0.750
<b>Manaila Polymetallic Mine</b>			
	Deposit on new dumpers/excavators		0.500
	Seed capital for new projects		0.750
	Legal costs of financing agreements		0.250
			2.250

The Directors believe that the revised expenditure will add to shareholder value and accordingly are asking Shareholders to grant them authority to issue additional equity share capital in order to raise funds to balance the Company's requirements.

The reasons for the expenditure are explained below.

### **Baita Plai Polymetallic Mine (BPPM)**

The basic commercial terms of the Association Licence Agreement at BPPM were stipulated in a document issued for the competitive selection process in which we were successful. However, as announced on 30 May 2018, we have now agreed some additional terms. The Company's subsidiary has agreed a lease from Baita SA of various mining equipment and, most importantly, access to previously mined upper galleries which give ready access to other highly prospective areas of the perimeter. We have also agreed to install a second independent electricity supply line in addition to the first, to which we are already committed, which will give us security of supply.

The additional terms involve an upfront cost of approximately \$300,000 which was not taken into account in the strategic funding requirement estimate for BPPM set out in the 24 November Circular. Since that Circular, we have also been required to continue the expense of de-watering at BPPM, at an aggregate cost of approximately \$450,000.

### **Manaila Polymetallic Mine (MPM)**

As announced on 8 May 2018 in the Quarterly Production Summary and Operations Update, following catching up with waste stripping, grade and performance have now significantly improved.

The limiting factor at MPM currently, and which will continue at least until the planned new metallurgical plant has been completed anticipated to be in March 2020, is the availability of dumpers and excavators on the mine site and of trucks to carry the ore to the processing plant at Iacobeni some 32km away. The existing trucks and dumpers are rented and are not new.

A leasing package opportunity has arisen to acquire a fleet of new state of the art dumpers and excavators having a capital value of approximately \$5 million, which would involve a cash deposit by the Group of \$500,000. This should enable us to increase production at MPM by 50% without any commensurate increase in overheads and also at a lower direct mining/transport cost per tonne of ore mined, and thus materially increasing profitability until the new process plant is completed.

### **Seed capital**

In Andrew Prelea's introductory statement as Chief Executive Officer of the Company, announced on 2 January 2018, he said that expansion was a core pillar of our strategy, and new projects and opportunities in both Romania and Zimbabwe would continue to be assessed, provided they would not impact current projects or overall performance. He went on to say that it was our intention to undertake new projects that did not require significant capital or human resources from the parent company.

Since the beginning of 2018, and pursuant to this strategy, we have been investigating several opportunities both in Romania and in Zimbabwe where, in each case, we believe we can obtain third party finance on the basis of the Company managing the project and earning a management/deal maker share. Apart from the acquisition of a 23.75% stake in the Eureka Gold Mine in Zimbabwe, announced 27 April 2018, we are not yet in a position to make announcements concerning any of these projects, but they now form a significant pipeline and we believe that they will be capable of delivering a new source of income for the Company, coupled with capital growth arising from the equity positions obtained.

Although it is the intention that any acquisition arising from this strategy be funded by third parties, the activity does incur seed costs through senior management requirement and also a measure of

consultancy fees. We have budgeted an additional \$750,000 for this, which sum is included in the funding requirement.

## The Resolutions

Pursuant to the Company's intentions, Resolution 1, if passed, will give authority to the Directors to issue up to 400 million shares representing 7.79% of the Company's existing issued share capital, and Resolution 2, if passed, will give authority to the Directors to disapply pre-emption rights in respect of the said 400 million shares.

The Directors do not have any present intention of using more of this authority than is required to raise an additional £1.65 million (approximately \$2.25 million).

## Action to be taken

Shareholders have been sent a Form of Proxy for use at the General Meeting. Whether or not shareholders intend to be present at the General Meeting they are requested to complete and return the form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by the Registrar as soon as possible, and in any event not later than 2.30pm on 21 June 2018. Completion of a form of proxy will not preclude shareholders from attending the meeting and voting in person if they so choose.

## Recommendation

The Directors believe that the ability to obtain the necessary finance and therefore the passing of the Resolutions is important to the Company and Shareholders taken as a whole. The Directors unanimously recommend the shareholders to vote in favour of the Resolutions as they intend to do in respect of their own shareholdings amounting to 50,045,765 ordinary shares (approximately 0.97% of the total issued shares).

**\*\*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 owns and operates the Manaila Polymetallic Mine in Romania, which was commissioned in 2015 and is focussed on its expansion through the development of a second open pit operation and new metallurgical complex at the Carlibaba Extension Area. The Company's portfolio also includes an 80% interest in 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 controlling 25% interest in the producing Pickstone-Peerless Gold Mine in Zimbabwe.

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*Source: Vast Resources plc via Globenewswire*