

<money>USD3,000,000</money> Bridge Facility

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

20 December 2018

## **Vast Resources plc**

("Vast" or the "Company")

### **US\$3,000,000 bridge facility**

Vast Resources plc, the AIM listed mining company with operations in Romania and Zimbabwe, is pleased to announce that it has entered into a US\$3,000,000 bridge facility (the "Facility") with the Bergen Global Opportunity Fund, LP (the "**Funder**"). The Facility will consist of two funding tranches, each of which will not be convertible into shares of the Company (the "**Shares**") for the initial 30 days from the date of their respective advance; the initial advance will be provided on issue of each Convertible Security, as further detailed below. This facility has become necessary due to the continued delay, but still expected receipt, of the previously announced US\$5,500,000 Tranche B of the Mercuria Prepayment facility.

### **Highlights:**

- A total of up to US\$3,150,000 in zero coupon convertible securities in two equal tranches allows Vast to fund further working capital including for the Baita Plai Polymetallic Mine and other leading projects.
- This funding allows these projects to commence immediately prior to the receipt of the anticipated US\$5,500,000 of Tranche B Mercuria funding which has been delayed due to local administrative reasons but is now expected early in the New Year.
- Funding provided by New York based fund, Bergen Global Opportunity Fund, LP, an institutional investor.
- Company may elect to repay each tranche in full within 90 days of execution date, subject to prior conversion rights which arise after an initial period of 30 days from the date of each advance.
- Staged funding potentially minimises dilution to existing shareholders.
- No warrants attached to the funding.

The Company announces that it has entered into a convertible securities issuance deed (the "**Agreement**") with the Funder, an institutional investment fund managed by Bergen Asset Management, LLC, a New York asset management firm, in connection with an issuance by the Company of zero coupon convertible securities having a nominal amount of up to US\$3,150,000 (the "**Convertible Securities**").

The Convertible Securities will (subject to satisfaction of certain conditions) be issued in two tranches and the Company will make an announcement of the issue of each Convertible Security. The initial Convertible Security will have the nominal value of US\$1,575,000 and will be issued shortly. The second Convertible Security will have the nominal value of US\$1,575,000 and is expected to be issued within approximately a week of the date on which the Company obtains authority from its shareholders to allot Shares and to grant rights to subscribe for or convert securities into shares up to a maximum nominal amount of not less than £1,000,000, and to allot equity securities for cash other than in accordance with statutory pre-emption rights up to a maximum nominal amount of not less than £1,000,000. The Company expects to seek such approval from the shareholders not later than 31 January 2019.

Each of the Convertible Securities will have a term of 12 months.

No conversion rights will attach to either Convertible Security for the first 30 days after the date of its respective issue. Thereafter, the Convertible Securities will (subject to the satisfaction of certain conditions) be convertible into Shares of the Company, in whole or in part, at the option of the Funder. The Company will make an announcement if at any time any Convertible Securities are converted in whole or in part and will specify in such announcement the relevant conversion price, which will be, at the Funder's election: (a) (as to no more than US\$1,500,000 of the Convertible Securities) £0.0059 per share, calculated as 140% of average daily VWAPs during the 20 trading days prior to the execution date of the Agreement and (b) 92% of the average of five daily volume-weighted average prices of the Shares on AIM during a specified period preceding the relevant conversion (the "**Second Issue Price**"); in each case subject to rounding).

In addition to the non-conversion period, the Funder has agreed to certain, substantial, limitations on its ability to dispose of the Shares following a conversion of the Convertible Securities, by reference to the trading volume of the Shares on AIM (provided that no default has occurred). Additionally, the Funder may postpone the funding of the second tranche of the Convertible Securities in the event that the market price of the Shares is below a specified level being 0.2p for any two consecutive trading days during the term of the Agreement and, should the price of the Shares remain below that level, elect not to fund the second tranche.

The Funder is also contractually precluded from shorting the Company's shares.

The Company will have the right to repurchase the Convertible Securities for cash at 100% of their nominal value (and without a fee or penalty) within 90 days of the execution date of the Agreement.

In connection with the Agreement:

**(A) the Company will pay the Funder a fee of US\$170,000 by way of offset against the purchase price of the initial Convertible Security and will pay a further fee of US\$80,000 at or prior to the time of the issuance of the second Convertible Security offset against the purchase price of the second Convertible Security;**

(B) the Company has issued to the Funder 68,000,000 Shares at par to "collateralize" the investment. The Company has applied for admission of these Shares to trading on AIM, and this is expected to become effective on or about 31 December 2018. The Funder is required to make a further payment to the Company by way of fee (determined based on the Second Issue Price on the date of payment) once all of the obligations of the Company under the Agreement have been finally met and no amount remains outstanding to Investor; and

(C) the Company has agreed to ensure that there are no less than Shares of £592,000 nominal value authorised but unissued available for issue to enable conversion of the initial Convertible Security (approximately 10% of the currently issued share capital) and to hold a General Meeting of the Company by 31 January 2019 to seek Shareholder approval for the authorities to issue Shares of a further £1,000,000 nominal value (to enable the Company to raise additional capital, if needed, and to ensure that sufficient headroom is available for conversion of the Convertible Securities, if needed).

The Convertible Securities will only be issued (and converted (if at all)) to the extent that the Company has the authorities to do so.

Application will be made to the London Stock Exchange for any Shares issued and allotted on conversion of the Convertible Securities to be admitted to trading on AIM.

The proceeds for the issue of the new 68,000,000 Shares and the Convertible Securities will be

used by the Company for long term lead items on Baita Plai Mine, initial expenditure on the Heritage Concession for diamonds in Zimbabwe and general working capital.

Following the issue of the 68,000,000 Shares, which will rank *pari passu* with existing Ordinary Shares, the Company will have 5,859,746,392 Shares in issue with each Share carrying the right to one vote. There are no Shares currently held in treasury. The total number of voting rights in the Company is therefore 5,859,746,392 and this figure may be used by shareholders as the denominator for the calculations by which they determine if they are required to notify their interest in, or a change to their interest in, the Company under the Disclosure Rules and Transparency Rules published by the United Kingdom Listing Authority.

**Brian Moritz, Chairman of Vast, commented:**

*“It is important that the Company is able to direct funds towards the Baita Plai Polymetallic Mine in Romania and other leading projects.*

*“However, we are cognisant of our previous statements that we would avoid raising finance through convertible securities with a conversion price linked to the share price at the date of conversion. We have only undertaken this transaction as a short-term bridge of a limited size pending the receipt of the expected \$5.5 million Tranche B pre-payment finance from Mercuria, which we are expecting to complete within the 30-day period prior to the conversion rights on the Convertible Securities becoming effective. Should conversion rights nevertheless be triggered, then the maximum dilution will be limited by our existing authorities, and any issues beyond that will require as stated above the approval of new authorities by Shareholders.”*

**About Bergen Asset Management LLC**

Bergen Global Opportunity Fund, LP (the “Fund”) is managed by Bergen Asset Management LLC, a New York-based asset management company. The Fund invests in high-growth public and private companies in a range of industries around the world.

**\*\*ENDS\*\***

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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 and Zimbabwe.

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 Romanian portfolio also includes interests in two brownfield development projects; the Baita Plai Polymetallic Mine (80% interest), which has a reported 1,800,000-tonne copper-silver-zinc-lead-gold-tungsten-molybdenum ore body at 6% copper equivalent (Russian Reserves and Resources Reporting System) within the mining licence area; and the Blueberry Project (29.41% interest), a 7.285km<sup>2</sup> brownfield area of prospectivity in the Golden Quadrilateral of Romania located in the immediate vicinity of the now closed Baia de Aries mine.

The Company also has interests in a number of projects in Zimbabwe including a controlling 25 per cent. interest in the producing Pickstone-Peerless Gold Mine, a 23.75% economic interest in the Eureka Gold Mine, and an 86.67% interest in a SPV which has a due diligence access agreement and pre-agreed joint venture terms on a diamond concession within the Marange Diamond Fields, widely considered to be one of the richest sources of alluvial diamonds globally.