

Notice of General Meeting

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

8 April 2019

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

Letter to Shareholders Notice of General Meeting Disposal of an economic interest in 25.01% of Pickstone Peerless Gold Mine and associated assets Change to accounting year end

Vast Resources plc, the AIM-listed mining company, announces that a letter from the Chairman of the Company (the 'Letter') including a Notice of General Meeting has been posted to Shareholders late on 5 April 2019. A copy of the Letter and the Notice of General Meeting will be available on the Company's website at www.vastresourcesplc.com and the full text of the Letter follows in the appendix to this announcement below (the 'Appendix').

The principal matter dealt with in the Letter is the proposed sale by the Company of its 50.01% interest in Ronquil Enterprises (pvt) Ltd through which the Company holds its Zimbabwe gold assets, being the remaining 25.01% economic interest in the Pickstone Peerless Gold Mine and associated assets (principally the Eureka Gold Mine) (the 'Proposed Sale'). A sale contract has been concluded subject to the approval of Shareholders which approval is required as the Proposed Sale falls within Rule 15 of the AIM Rules relating to fundamental changes of business.

In the six months to 30 September 2018, the Pickstone Peerless Gold Mine and associated assets contributed a profit before taxation of US\$3,128,000 on revenue of US\$19,329,000 in the consolidated accounts of Vast. These figures relate to 100% of the results due to the Company's historic controlling interest. Further details of the financial effects of the Proposed Sale are set out in the Appendix.

The Letter also asks Shareholders to approve an extension to the Company's accounting period so that the next Accounts are made up to 30 April 2019, rather than 31 March 2019, and to extend the exercise period of the warrants granted through the 2016 open offer and related placings from 30 June 2019 to 31 December 2019.

The implementation of the proposals will enable the Company to focus its activities in Zimbabwe on the Heritage Diamond Concession. It will also result in a fundamentally less complex balance sheet with much reduced liabilities and which will assist with the future financing of the Company.

Andrew Prelea, Chief Executive Officer of Vast, commented, "I am delighted with the results that this transaction will achieve for the Company as it will allow management to focus its efforts on the two core focus assets in the Company, namely the Heritage Concession in Zimbabwe and Baita Plai in Romania.

"The Heritage Concession will require significant investment, not only financial but in human resource to enable near term positive cash flow for the business. The divesting of the gold assets in Zimbabwe allows us to focus all of our Zimbabwe finance and management on this key component of the Company's growth.

"We have a responsibility not only to our Shareholders but to the Chiadzwa and Marange communities as well as the wider Manicaland community to ensure the success of this project as a

representation that Zimbabwe is open for business and investor and community can work together in creating a profitable and beneficial project for all the stakeholders.

“The result of the transaction will also open up significant funding opportunities to the Company for the Romanian projects that have been delayed due to historic financial structures and arrangements that in turn hampered the Company’s ability to progress our near term goals.

“Due to the hard work and dedication of the management teams in the UK, Romania and Zimbabwe I can now look forward to the Company being able to unlock the value of the assets in our portfolio, bringing these two primary focus assets in to production in real time and, most importantly, creating shareholder value.”

****ENDS****

For further information, visit www.vastresourcesplc.com or please contact:

Vast Resources plc
Andrew Prelea (Chief Executive Officer)

www.vastresourcesplc.com
+44 (0) 20 7236 1177

Beaumont Cornish - Financial & Nominated Adviser
Roland Cornish
James Biddle

www.beaumontcornish.com
+44 (0) 020 7628 3396

SVS Securities Plc – Joint Broker
Tom Curran
Ben Tadd

www.svssecurities.com
+44 (0) 20 3700 0100

SP Angel Corporate Finance LLP – Joint Broker
Ewan Leggat
Caroline Rowe

www.spangel.co.uk
+44 (0) 20 3470 0470

St Brides Partners Ltd
Catherine Lettley
Juliet Earl

www.stbridespartners.co.uk
+44 (0) 20 7236 1177

Notes

Vast Resources plc, is an AIM listed mining company with mines in Romania and Zimbabwe focused on the rapid advancement of high quality brownfield projects by recommencing production at previously producing mines in Romania and finalising its Chiadzwa Community Development Trust joint venture on the Heritage Concession (Block T1A of the Marange Diamond Fields) in Zimbabwe.

The Company’s portfolio includes an 80% interest in the Baita Plai Polymetallic Mine in Romania, where work is currently underway towards developing and recommissioning the mine on completion of funding.

Vast Resources owns the Manaila Polymetallic Mine in Romania, which was commissioned in

2015, currently on care and maintenance, and is focused on its expansion through the development of a second open pit operation and new metallurgical complex at the Carlibaba Extension Area.

Appendix

LETTER FROM THE CHAIRMAN OF THE COMPANY

Disposal of an economic interest in 25.01% of Pickstone Peerless Gold Mine and associated assets

Change of accounting date

Extension of exercise period for Warrants issued under the 2016 Open Offer and related Placings

and

Notice of General Meeting 10.30am on 23 April 2019

1. Introduction

As mentioned in my letter to Shareholders of 22 February 2019 the main focus of the Company is its two growth opportunities: the Baita Plai Polymetallic Mine in Romania (Baita Plai) and the Heritage Diamond Concession in Zimbabwe (Heritage Concession). As also mentioned in that letter, following the non-receipt of US\$5.5 million from Mercuria, the Company has been obliged to negotiate new terms with Sub-Sahara Goldia Investments (SSGI) in relation to the US\$3.4 million owing to SSGI (the SSGI Loan) on which discussions were still ongoing.

In the light of this focus and these events, and also importantly for the reasons explained in Paragraph 5 below, the Board have decided that the Company should sell its 50.01% interest in Ronquil Enterprises (pvt) Ltd (Ronquil) through which it holds its remaining 25.01% economic interest in the Pickstone Peerless Gold Mine (Pickstone Peerless) and associated assets (principally the Eureka Gold Mine (Eureka)). The Company accordingly has concluded conditional contracts for the sale of its 50.01% interest in Ronquil (the Transaction) the key terms of which are described in Paragraph 2 below. As the turnover of Pickstone Peerless contributed on a consolidated (ie100%) basis *inter alia* 89.9% of the Company's total revenues in the year to 31 March 2018, pursuant to Rule 15 of the AIM Rules the Transaction is deemed to constitute a disposal resulting in a fundamental change of business, and is therefore conditional on the consent of Shareholders being obtained at a General Meeting. The Company will however remain a minerals company under the AIM Rules given the remaining material minerals interests after the proposed disposal.

The Transaction, if approved, together with a further disposal as explained in Paragraph 3 below, will have the additional benefit of producing a material simplification of the Company's Balance Sheet and the elimination of some \$38 million of liabilities shown therein as demonstrated in Paragraph 4 below. For this reason, the Board are recommending that the accounting period of the Company be extended by one month so that the next financial statements of the Company will be made up to 30 April 2019 in order to show the less complex Balance Sheet reflecting the assets and liabilities of the Company post completion of the Transaction. As the decision to extend the accounting period is linked to the approval of the Transaction, the Board have decided that this change should also be approved by Shareholders.

There are currently 521,197,123 warrants (the Warrants) giving the right to subscribe for shares in the Company at 0.5p per share derived from the placings announced on 6 July 2016 and 11

August 2016 (the “Placings”) and the open offer approved on 30 July 2016 (the “Open Offer”). The Warrants expire on 30 June 2019, and since the Company’s share price is at the date of this letter below 0.5p the Warrants will have no value failing a substantial increase in the share price of the Company by 30 June 2019. Subject to approval by Shareholders, the Board would like to create goodwill to long-term Shareholders by extending the exercise period of the Warrants to 31 December 2019 so as to give the Shareholders who took part in the Placings and the Open Offer an increased possibility to benefit from the exercise of the Warrants. Additionally, this will provide the possibility of up to £2.6million of additional funding for the Company’s working capital requirements.

To this end, the Board are proposing three resolutions at the General Meeting, all of which are proposed as Ordinary Resolutions. These can be summarised as follows:

Resolution 1 is to approve the Transaction

Resolution 2 is, subject to the passing of Resolution 1, to change the Accounting Reference Date of the Company to 30 April so that the next financial statements of the Company will be made up to 30 April 2019

Resolution 3 is to extend the exercise period of the Warrants from 30 June 2019 to 31 December 2019

The Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting.

You will find set out at the end of this document a Notice of the General Meeting. A Form of Proxy is also enclosed with this document. Completion of the Form of Proxy will not preclude you from attending the General Meeting and voting in person.

1. The Transaction

The Company has concluded a contract with, as parties, Southern African Trade Finance Ltd (SATF), a company registered in the British Virgin Islands, as the purchaser, and SSGI: and a second contract with, as parties, SATF, SSGI and Canape Investments (pvt) Ltd (Canape) the Company’s wholly owned Zimbabwean subsidiary, the combined effect of which is to assign the Group’s 50.01% interest in Ronquil to SATF. SSGI is a party to the contract as a ‘Confirming Party’ as it has a security interest pursuant to the SSGI Loan, and also is the parent company of the owner of the other 49.99% interest in Ronquil; but otherwise has no material interest in or benefit from the Transaction. The key terms of the combined contracts are as follows:

- The consideration from SATF is US\$2.5 million payable outside Zimbabwe plus *RTGS\$2.5 million (being US\$1 million) payable in Zimbabwe.
- The US\$2.5 million payable externally will be applied in part repayment of US\$2.5 million of the SSGI Loan.
- The RTGS\$2.5 million payable in Zimbabwe will be retained by SSGI as security until the SSGI Loan is repaid in full but if remitted from Zimbabwe may be applied in further repayment of the SSGI Loan.
- SSGI has assigned back to the Company a loan due from Canape of US\$3,168,059 value dated at 31 December 2016. This loan was equitably assigned to SSGI as part of a larger transaction pursuant to the agreements with SSGI announced on 30 January 2017 in

connection with the acquisition by SSGI and its subsidiary of a 49.99% interest in Ronquil.

- As a condition precedent that the Transaction must be approved by the Company's Shareholders at a General Meeting no later than 23 April 2019.

* RTGS is the new currency introduced in Zimbabwe in February 2019. On the date that RTGS was introduced all internal US\$ balances in Zimbabwe became RTGS\$ balances on a 1:1 basis. However, at the same time a market rate of US\$1 = RTGS\$2.5 was established.

1. Disposal of Canape

After completion of the Transaction, Canape will have no material assets apart from RTGS\$2.5 million which will remain charged to SSGI until the SSGI Loan is fully repaid. It will owe on loan account US\$18,012,050 to the Company and US\$11,669,995 due to SSGI, all value dated 31 December 2016 (together the Historic Loans). Neither principal nor interest is payable on the Historic Loans unless and until Canape has the ability to pay. If repaid they must be repaid pro rata save that the first RTGS\$2.5 million may be repaid to the Company in priority.

In practical terms, there is no likelihood that the Historic Loans or interest thereon will ever become payable, however the liability to SSGI will remain on the Company's consolidated Balance Sheet whilst Canape remains a subsidiary of the Company. In order to resolve this matter on the Company's Balance Sheet, the Company is proposing that after the Transaction is completed the shares of Canape will be transferred to a trust under independent control for the benefit of Zimbabwe staff thus enabling Canape to be deconsolidated. As a result, the Historic Loan of \$11,669,995 will no longer appear as a liability on the Company's Balance Sheet.

1. Financial impact of the Transaction

The table below summarises the financial statements of the Company as per the interim accounts at 30 September 2018 alongside pro forma restated financial statements at 30 September 2018 on the basis that the Transaction and the disposal of Canape had taken place immediately before 30 September 2018.

Income statement

	Reported	Restated
	6 months to 30th September 2018	6 months to 30th September 2018
	US\$ 000	US\$ 000
Revenue	21,942	2,613
Cost of sales	(16,431)	(3,233)
Gross profit / (loss)	5,511	(620)
Overhead expenses	(6,817)	(4,454)
Profit / (Loss) from operations	(1,306)	(5,074)
Finance income	26	-
Finance expense	(851)	(185)

Loss of disposal of interest in subsidiary loans	-	-
Profit / (Loss) before taxation from continuing operations	(2,131)	(5,259)
Taxation charge	-	-
Total profit / (loss) after taxation from continuing operations	(2,131)	(5,259)
Profit / (Loss) after taxation from discontinued operations	-	*12,185
Total Profit / (Loss) after taxation for the period	(2,131)	6,926
Other comprehensive income	955	955
Total comprehensive profit / (loss) for the period	(1,176)	7,881
Total loss attributable to:		
The equity holders of the parent company	(3,555)	5,502
Non-controlling interests	2,379	2,379
	(1,176)	7,881

* the amounts included within the profit/(loss) after taxation from discontinued operations are as follows:

	US\$ 000
Gain on disposal of operation	9,057
Total profit/(loss) after taxation from discontinued operations	3,128
	<u>12,185</u>

Statement of financial position

	Reported	Restated
	30 September 2018	30 September 2018
Assets	US\$ 000	US\$ 000
Non-current assets	52,476	10,973
Current assets	15,233	4,380
Total assets	<u>67,709</u>	<u>15,353</u>
Equity and Liabilities		
Capital and reserves attributable to equity holders of the Parent	(4,277)	4,780
Non-controlling interests	23,731	80

Total equity	19,454	4,860
Non-current liabilities	29,568	6,086
Current liabilities		
Loans and borrowings	10,906	232
Trade and other payables	7,781	4,175
Total current liabilities	18,687	4,407
Total liabilities	48,255	10,493
Total equity and Liabilities	67,709	15,353

In interpreting the comparative figures it must be borne in mind that the assets, liabilities and results relating to Pickstone Peerless and to Eureka – all held through the Company's 50.01% interest in Ronquil – are, on account of the Company's historic controlling interest, consolidated under IFRS rules showing 100% of the results of the enterprise whereas the Company's net economic interest was only 25.01%.

1. Reasons for the Transaction

There are several independent reasons why the Board are of the opinion that the Transaction is in the interests of Shareholders.

- The Transaction repays the majority of the SSGI Loan and gives the Company the ability to repay more through the RTGS\$2.5 million further consideration. It should be noted that SSGI has a charge over the Company's 50.1% interest in Ronquil.
- Reducing the SSGI Loan gives the Company the ability to raise finance from other parties. It should be noted that SSGI's charge also extends to certain of the Romanian assets.
- The Transaction, together with the disposal of Canape, in addition to repaying US\$2.5 million of the SSGI Loan, significantly reduces the other loan and liabilities on the Company's Balance Sheet so that in all there is a reduction of nearly US\$38 million (US\$10.493 million vs US\$48.255 million). The liabilities eliminated - in addition to the US\$2.5 million repaid to SSGI, the release of the US\$3.168 million referred to in Paragraph 2 and the US\$11.669 million referred to in Paragraph 3 - include liabilities in relation to the funding of both Pickstone Peerless and the not yet operational Eureka.

Significantly reducing these liabilities and simplifying the Balance Sheet gives the Company the ability to be in a position to raise finance from other parties.

- The Transaction enables us to concentrate more fully on our main focus of Baita Plai and the Heritage Concession.
- On account of the Zimbabwe currency shortage the diamond regime in Zimbabwe is more attractive to investors than the gold regime.

Gold can only be sold to a state-owned buyer and 45% of sales revenues must now be retained in country in RTGS. The 55% paid in US\$ is normally less than is required to make overseas purchases for the purpose of the operation, and the conversion of the RTGS to make such further payments as may be necessary is uncertain both as to the amount that may be realised and subject to long delays. The investment in Pickstone Peerless, and in Eureka for which substantial new capital is required, held the prospect of being locked in for a long period with no ability to remit profits.

Under the diamond regime on the other hand, most sales will be made overseas and it is believed it will be possible to remit or retain profits overseas.

1. Ongoing strategy for the Company

As already explained, the main focus of the Company is the two growth opportunity pivotal assets, Baita Plai and the Heritage Concession which the Board believes, when adequately financed, will produce near term remittable cashflow for the Company.

In relation to the Heritage Concession we are led to understand that we should be successful in making application that the area of the concession be included in a 'Special Economic Zone'. Such a designation will give the operation enhanced ability to receive and retain diamond revenues outside Zimbabwe and in addition will give exemption for customs duties on imports.

The detailed start up and operational plans for both assets are well advanced and subject in the case of the Heritage Concession to the final signature of the joint venture agreement the main bridge to cross in achieving profits and cashflow is obtaining the finance needed for both on terms which are as attractive to the Company as it is possible to obtain. On the basis of discussions with potential lenders the Board is of the opinion that the simplification of the Company's Balance Sheet, and in particular the major reduction in liabilities that flow from the Transaction, will be a major step in achieving the financing objective.

1. The extension of the Accounting Period

The reason for this proposal is very simply in order to accelerate publication of a simplified Balance Sheet of the Company relevant to the strategy going forward. In law the accounting reference date can be changed by a resolution of the Board, but in these circumstances the Directors wish to ensure that they have the support of Shareholders in making the change. Should the resolution be passed, the Company will be required to publish its audited accounts for the 13 month period ended 30 April 2019 by 30 September 2019.

1. The Warrant Exercise extension

This proposal is unconnected with the matter of the Transaction and the change of accounting date. It has been included as a proposal as a gesture of goodwill to our long-term Shareholders who took place in the 2016 Open Offer and the related Placings.

1. General Meeting and Action to be taken by Shareholders

Attached to this letter is a notice convening the general meeting to be held at the Company's Registered Office, 60 Gracechurch Street, London, EC3V OHR at 10.30am on 23 April 2019 to consider the Resolutions. The Resolutions if passed will approve the Transaction.

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 10.30am on 17 April 2019. Completion of a form of proxy will not preclude Shareholders from attending the meeting and voting in person if they so choose.

1. Recommendation

The Directors believe that the Transaction will promote the success of the Company for the benefit of the Shareholders as a whole.

The Directors unanimously recommend the Shareholders to vote in favour of the Resolutions to be posed at the General Meeting as they intend to do in respect of their own beneficial holdings amounting in aggregate to 81,712,431 ordinary shares representing approximately 1.09% of the existing ordinary shares.

Brian Moritz

Chairman

5 April 2019