LETTER FROM THE CHAIRMAN OF THE COMPANY

Vast Resources plc

(Incorporated and registered in England and Wales with registered number 05414325)

Directors:	*Registered Office:*
Brian Moritz (*Non-Executive Chairman*) Andrew Prelea (*Chief Executive Officer*) Roy Tucker (*Finance Director*) Craig Harvey (*Chief Operating Officer*) Eric Diack (*Non-Executive Director*) Nick Hatch (*Non-Executive Director*)	60 Gracechurch Street London EC3V 0HR

15 January 2019

To Shareholders of Vast Resources plc

Dear Shareholder

Notice of General Meeting

Introduction

Included with this letter is the notice convening a General Meeting of the Company to grant the Directors authority to issue new equity share capital up to specified limits, and to disapply statutory pre-emption rights. The purpose of this letter is to explain the reason for the proposals, which are divided into specific areas to permit Shareholders to support certain aspects of the proposals should they so wish.

The areas where the Directors are seeking authority to issue new equity shares for cash are set out below and comprise:

- Development of diamond mining in the Marange diamond fields in Zimbabwe (Resolutions 1 and 2);
- Creation of head room in connection with the loan from Bergen Global Opportunities Fund LP ("Bergen") (Resolutions 3 and 4); and
- Commencement of mining at the Baita Plai polymetallic mine in Romania and general working capital (Resolutions 5 and 6).

The agreement with Bergen requires a resolution to increase headroom to be put to Shareholders by 31 January 2019. The Directors consider that the interests of Shareholders are best served by bringing forward all the proposals for increased headroom in a single document, rather than over a period. It should be stressed that there is no firm commitment at this time to issue any of the new equity share capital for which authority is sought, and it remains the policy of the Directors to minimise such issues.

Zimbabwe Diamonds

In August 2018 the Company announced that it had concluded an agreement (the 'Agreement') with Red Mercury (Pvt) Ltd ('Red Mercury') for exclusive access to a 15km^2 diamond concession area (the 'Heritage Concession') in the Marange Diamond Fields in the Chiadzwa region of Zimbabwe, popularly considered to be one of the richest sources of alluvial diamonds globally.

Red Mercury is a company owned by the Marange-Zimunya Community Share Ownership Trust under the laws of Zimbabwe, and which has received an undertaking from the Government of Zimbabwe for a licence to mine on the Heritage Concession.

Under the Agreement, Red Mercury is responsible for providing a full mining licence and Vast is responsible, subject to the results of exploration and subject to Zimbabwe's future indigenisation laws when changed as anticipated not being an effective bar to investment, to procure funding such as is necessary to develop an efficiently operating diamond mine on the Heritage Concession. Since the Agreement was reached the

Zimbabwe Mines Minister has made a statement that indigenous ownership requirements may be waived subject to certain conditions including reserving 10 per cent. of the gems mined for 'local value addition'.

Following the completion of initial due diligence, the Company prepared base case commercial scenarios and made the decision, subject to legal due diligence, to proceed to the full Joint Venture Agreement with Red Mercury.

Despite reports in the press that the Minister of Mines has stated that the Company will be invited to explore for diamonds in Zimbabwe, as yet the Company has received no official notification of this position.

Notwithstanding this, the Company wishes to be in a position to proceed with mining the Heritage Concession within six months of finalising documentation, with a view to commencing production in H2 of 2019. Under Resolution 1 the Board is requesting authority to issue shares to a nominal value of £2,000,000 (allowing for the allotment of up to 2 billion new ordinary shares of 0.1p each) to support funding for this and under Resolution 2 the Board is requesting the disapplication of pre-emption rights in respect of any such allotment. The Board plans as far as reasonably possible to finance the mining operation by means of loan finance, but using the authority to issue shares as collateral security for the loan. The unissued shares used in this way would not fall to be issued except in the event of default. Shares would only be actually issued pursuant to the authority to extent that this is not achievable.

Agreement with Bergen

On 19 December the Company entered into a convertible securities issuance deed (the Deed) with Bergen, 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 are (subject to satisfaction of certain conditions) issuable in two tranches and the initial Convertible Security, with the nominal value of US$1,575,000, was duly issued shortly following signature of the Deed. The second Convertible Security, also with the nominal value of US$1,575,000, is expected to be issued within approximately a week of the passing of the relevant resolutions to be proposed on 31 January 2019, and is conditional on the passing of that resolution. Each of the Convertible Securities has a term of 12 months.

No conversion rights attach to the initial Convertible Security until 18 January 2018 or to the second Convertible Security for the first 30 days after the date of its 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 Bergen. 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 Bergen's election: (a) (as to no more than US$1,500,000 of the Convertible Securities) £0.0059 per share, calculated as 140 per cent. of average daily VWAPs during the 20 trading days prior to the execution date of the Agreement and (b) 92 per cent. 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, Bergen 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, Bergen 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.

Bergen 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 per cent. of their nominal value (and without a fee or penalty) within 90 days of the execution date of the Agreement.

Under Resolution 3 the Board is requesting authority to issue new shares up to a nominal value of £1,000,000 (allowing for the allotment of up to 1 billion new ordinary shares of 0.1p each) being the amount specified in the Deed to permit draw down of the second Convertible Security and under Resolution 4 the Board is requesting the disapplication of pre-emption rights in respect of any such allotment. This is in addition to the authorities already granted to issue and allot new shares up to a nominal value of £592,000 in connection with the initial Convertible Security under the Deed.

Baita Plai and general working capital

On 16 October 2018 the Company announced that, following the completion of all legal documentation, the Company's 80 per cent. subsidiary African Consolidated Resources srl now had the right to mine at the Baita Plai Polymetallic Mine in Romania, and was targeting initial production from Baita Plai in H1 2019.

The delay in obtaining the right to mine has been very costly for us. We have been required to bear the ongoing dewatering costs during the wait period, and at the same time the Mercuria Tranche B finance has been deferred which has impacted on needed capex expenditure on Manaila. But the most important impact has been the delay in generation of cash flow from Baita Plai when in production – a matter which is critical to the Company's budget.

A comprehensive start up and mining plan for Baita Plai is now near completion by the Company's technical director. This plan allows for first production after 6 months and for an accelerated move to full production (13,000 tonnes per month) after 12 months. Further details of this plan will be released shortly. The successful implementation of the plan will transform the Company's finances.

As at the date that this letter is printed Tranche B of funding from Mercuria, amounting to $5.5m, is expected very shortly. However on account of the factors mentioned above caused by the delay in the right to mine and also because of increased development capital required by the accelerated move to full production, additional capital and hence additional authority will be required.

The proposed authority in addition would also cover the cost of exploration at the Group's other properties in Romania, such as at the Magura Neagra and Piciorul Zimbrului prospecting licences (collectively Zagra) in northern Romania, where a 4,000m surface diamond drilling campaign commenced in November 2018. All core samples will be submitted to the ALS laboratories located in Rosia Montana for copper, lead, zinc, molybdenum, gold and silver assays.

Under Resolution 5 the Board is seeking authority to issue new shares up to a nominal value of £800,000 (allowing for the allotment of up to 800 million new ordinary shares of 0.1p each) and under Resolution 6 the Board is requesting the disapplication of pre-emption rights in respect of any such allotment which authorities also cover general working capital requirements.

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 2.00pm on 29 January 2019. 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 77,362,431 ordinary shares of 0.1p each (approximately 1.32 per cent. of the total issued ordinary shares).

Brian Moritz
Chairman

15 January 2019

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