

LETTER FROM THE CHAIRMAN OF THE COMPANY

Vast Resources plc

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

Directors:

Brian Moritz (*Non-Executive Chairman*)
Andrew Prelea (*Chief Executive Officer*)
Roy Tucker (*Finance Director*)
Eric Diack (*Non-Executive Director*)
Craig Harvey (*Chief Operating Officer*)
Nick Hatch (*Non-Executive Director*)

Registered Office:

60 Gracechurch Street
London
EC3V 0HR

23 October 2019

To Shareholders of Vast Resources plc

Dear Shareholder

Notice of General Meeting

2.00 p.m. on Friday 8 November 2019 at 60, Gracechurch Street, London EC3V 0HR

Introduction

The Company was very pleased to announce today the signature of the secured convertible bond facility (the 'Facility') with Atlas (the "Announcement"). This Facility is of fundamental importance to the Company, and, as stated in the Announcement, will provide the required capital to enable the Company to bring its two core assets, Baita Plai in Romania and the Chiadzwa Diamond Concession in Zimbabwe (subject to formal signing expected imminently), into production, and subsequently to generate positive cash flow for the Company.

The terms of the Facility include, as a condition for drawdown, that the Company create authorities to issue new shares sufficient, in the event of the Company not having the ability to repay in cash, to enable Atlas to convert after – subject to the Company complying with its obligations under the Facility – a minimum of six months, but up to twelve months, the US\$15 million par value of the Convertible Bonds into shares of the Company at an effective maximum price of 0.24p per share. The terms also allow Atlas to subscribe for new shares in the Company at a fixed price of 0.26p per share up to the value of US\$3.75 million, pursuant to the exercise of warrants attached to the Convertible Bonds. The Resolutions proposed at the General Meeting will grant sufficient authority to achieve this, but, as explained more fully below, the terms of the Facility are such that, provided the Company reaches its targets, all, or a significant portion, of the Convertible Bonds need not become eligible for conversion, due to the cashflow projected to be generated from Baita Plai and the Chiadzwa Diamond Concession.

Full terms of the Facility are set out in the Announcement which is available on the Company's website at www.vastplc.com.

Mercuria

Following the General Meeting of 24 May 2019, the Directors had authority to issue 2,315,000,000 shares to Mercuria, pursuant to the exercise of warrants held by Mercuria as security for US\$4 million, plus accumulated interest owed to it under the Pre-Payment Agreement. These warrants are only exercisable in the event that the Company fails to repay its indebtedness to Mercuria. Following drawdown under the agreement with Atlas, and if targets are met, we anticipate that there will be no requirement for this authority to be used. A standstill and intercreditor agreement with Mercuria for the balance of the Mercuria debt is a condition of drawdown of the Facility, and in addition the sum for which the warrants have been issued as security will be reduced as a result of the repayment to Mercuria of US\$1 million out of Tranche 1 of the Facility. It should be noted that Mercuria is continuing its obligations as off taker at Baita Plai in Romania.

More detail on conversion rights

As stated in the Announcement, the Secured Convertible Bonds are to be issued in four tranches.

Tranche 1		US\$7,101,947
Tranche 2	US\$4,467,354	
Tranche 3	US\$2,061,856	
Tranche 4	US\$1,368,843	
		<u>US\$7,898,053</u>
		<u>US\$15,000,000</u>

Tranche 1 will provide the capital to place Baita Plai into production and, in addition, to repay both US\$1 million of the debt due to Mercuria under its Pre-Payment Agreement with the Company and US\$1 million as a final payment in satisfaction of the Company's liability under the Loan and Guarantee Agreement with Sub Sahara Goldia Investments. Tranches 2, 3 and 4 will provide the capital now needed for the Chiadzwa Diamond Concession.

Subject to the Company complying with its obligations under the Facility, there is a Non-Conversion Period of six months from the date of drawdown of Tranche 1 for all the Convertible Bonds. Furthermore, in respect of Tranches 2, 3 and 4, Atlas may make an irrevocable election that the Non-Conversion Period be extended to twelve months from the date of drawdown of Tranche 2 (the 'Election').

Provided targets and budgets are achieved it will be possible to avoid conversion altogether if the Election is made. With regard to Tranche 1, on account of ongoing refinancing discussions with the Swiss bank and others, the Company is targeting to refinance this within the six month Non-Conversion Period. With regard to Tranche 2, 3 and 4, the budgets in relation to the Chiadzwa Diamond Concession, if achieved, will enable the Company to repay this on the required 200% basis within the extended twelve month Non-Conversion Period.

Calculation of authorities required

Convertible Bond par value US\$15m – say £12.5m	
Number of shares that would be required to be issued at 0.24p per share	5,208,333,333
Warrants sufficient to purchase US\$3.75m – say £3.125m at 0.26p per share	1,201,923,077
Partial allowance for interest that can at Company's election be paid in shares at 90% of Volume Weighted Average Price for the shares at the date that the interest becomes due – say	<u>125,000,000</u>
Total	<u>6,535,256,410</u>
Say	<u>6,535,000,000</u>

The Resolutions

Resolution 1, if passed, will give authority to the Directors to issue up to 6,535 million shares, and Resolution 2, if passed, will give authority to the Directors to disapply pre-emption rights in respect of the said 6,535 million shares.

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 2.00 p.m. on 6 November 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 finance under this Facility is of great importance to the Company, and therefore that the passing of the Resolutions is in the 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 intend to do in respect of their own shareholdings amounting to 124,399,468 Ordinary Shares.

Brian Moritz*Chairman*

23 October 2019

