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 *(Business Director)*
Paul Fletcher *(Finance Director)*
Craig Harvey *(Chief Operating Officer)*
Nick Hatch *(Non-Executive Director)*

Registered Office:
60 Gracechurch Street
London
EC3V 0HR

6 November 2020

To Shareholders of Vast Resources plc

Dear Shareholder

Proposed acquisition of minority interests in the Group's Romanian projects

Notice of General Meeting at 2.30 p.m. on 23 November 2020

1. Introduction

The Company has today announced the proposed acquisition of the minority interests in its Romanian projects.

As referred to in the previous announcements of 10 September 2020, 12 October 2020 and 26 October 2020, the Company is currently engaged in discussions with an international banking institution (the "Bank") to conclude an asset backed debt financing linked to Baita Plai Polymetallic Mine ("BPPM") to be used, inter alia, for refinancing the Tranche 1 Convertible Bonds issued by Atlas Special Opportunities LLC. It is a requirement of the Bank that potential conflicts of interest be resolved through the Company acquiring the outlying 20 per cent. interest in BPPM and the 10 per cent. interest in certain other Romanian assets (the "Transaction Assets").

The Company believes this would likely also be a requirement of any other institution of similar standing and accordingly in line with the Company's previously stated intention of rolling up the minority interests in its Romanian projects and thus to eliminate the potential conflicts of interest, the Directors who have no conflict of interest in relation to the ownership of the Transaction Assets, being Brian Moritz, Paul Fletcher, Craig Harvey and Nick Hatch (the "Independent Directors") have negotiated a contract to acquire the Transaction Assets (the "Transaction"). This is proposed to be by way of the issue of new ordinary shares in the Company, conditional on Shareholders' approval in order to authorise the Directors to make the necessary allotment of shares.

As the Vendors in the Transaction include Andrew Prelea and Roy Tucker, who are Directors, the Transaction is a "Related Party Transaction" under the AIM Rules. As such it is a requirement that the Independent Directors make a statement that they consider, having consulted with the Company's Nominated Adviser, that the terms of the Transaction are fair and reasonable as far as the Shareholders of the Company are concerned.

The purpose of this document is to explain the Transaction, including the related party aspects of it and the historic reasons why they exist, and to convene a General Meeting at which an Ordinary Resolution will be proposed to approve the Transaction and to approve the allotment of new Ordinary Shares in the Company to permit the Transaction to be completed.

2. Particulars of the Transaction

The Transaction contract (the "Contract") is for the purchase of the whole share capital of the UK company AP Mining Group Limited ("APMG") by the Company from the vendors as listed below (the "Vendors") in consideration of the issue of 2,850,000,000 ordinary shares of 0.1p in the Company (the "Purchase Price"). APMG is a holding company. On completion APMG will have no debts and will own the Transaction Assets set out in 3 below. To facilitate funding arrangements entered into by Vast, there are the following charges over APMG and/or its assets. None of these charges is for the benefit of APMG:

- A charge over the 20 per cent. of the share capital of Vast Baita Plai SA ("VBP") owned by APMG in favour of Atlas Special Opportunities LLC
- A charge over the shares of Blueberry Ridge Minerals SRL and over receivables due from Blueberry Ridge Minerals SRL to EMA Resources Ltd
- AP Mining Group Ltd has entered as Guarantor jointly with the Company the Prepayment Agreement with Mercuria Energy Trading dated 21 March 2018 and as Obligor jointly with the Company on the Intercreditor and Standstill Deed with Mercuria Energy Trading SA and Atlas Special Opportunities LLC dated 29 January 2020

The Contract is conditional on the passing by Shareholders of the Company in General Meeting of an Ordinary Resolution to approve the Contract and to permit the allotment of the Consideration Shares. It contains customary warranties given by the Vendors as to the good standing of APMG and its title to the Transaction Assets ("Resolution").

The Vendors are as follows:

Vendor	*Shares in APMG "Sale Shares"*	*Vast Resources PLC Shares "Consideration Shares"*
Andrew Prelea	81,818	1,500,001,930
Roy Tucker	12,273	225,005,790
Michael Kellow**	30,000	550,001,930
Samuel Tucker*	12,273	225,005,789
Alexander Prelea*	19,090	349,984,561
	155,454	2,850,000,000

* adult sons of Roy Tucker and Andrew Prelea respectively.

** former director of the Company.

As stated above, Andrew Prelea and Roy Tucker are Directors of the Company and are therefore related parties for the purposes of the AIM Rules. The other Vendors are not related parties.

The minority interests arose as a result of opportunities developed by Andrew Prelea prior to his joining the Company as an executive. At the time of his appointment as a Director of the Company on 1 March 2018, it was announced that, in order to eliminate possible future conflicts of interest, it was the intention of both the Company and of Andrew Prelea to negotiate terms under which Andrew Prelea's interest in the Transaction Assets, including BPPM, would be exchanged for the right to acquire shares in the Company.

3. The Transaction Assets

The Transaction Assets comprise the following:

2,355 shares of RON 10 each in Vast Baita Plai SA ("VBP")

This comprises 20 per cent. of the total share capital of VBP) which company is the owner of Baita Plai Polymetallic Mine ("BPPM") and associated assets. BPPM is considered by the Directors as the lead asset of the Group. BPPM has commenced production in October 2020 and the first sale of concentrate is expected in early November 2020.

On 29 October 2020 the Company published a Mineral Resource Estimate for BPPM prepared by Craig Harvey MGSSA, MAIG, Group Geologist and Chief Operating Officer of the Company. The estimate covers the area immediate to the 18 Level of the mine, the lowest level of present infrastructure, and is intended to provide certainty regarding the initial mine production life of approximately 3-4 years whilst historic mineral resources are verified. The report estimates on a 100 per cent. ownership basis a Resource of 608,000 tonnes of which 376,000 tonnes is Indicated at a copper equivalent grade of 3.01 per cent. and 232,000 tonnes is Inferred at a copper equivalent grade of 1.88 per cent. In addition, the report refers to an exploration target in the range on a 100 per cent. ownership basis of 1,800,000-3,000,000 tonnes at a copper equivalent grade in the range of 0.50 per cent. -2.00 per cent. In this context the report refers to the historical statement at the time that the Company conducted preliminary due diligence on BPPM in October 2014 which stated that the mine had an official mineral resource on the NAEN Russian Code (non JORC) as submitted to the Romanian authorised body for natural resources of 1.88 million tonnes. These mineral resources, bar a portion represented by a single mineral resource block, are not included in the JORC Mineral Resource Estimate of 608,000 tonnes, but are assigned to the exploration target category until they are able to be further verified.

Details of BPPM's development and production plan together with internal cashflow projections were announced to the market on 7 September 2020 and a copy of that announcement is attached to this letter.

In the year ended 30 April 2020, BPPM made a loss of $1.627 million, so that the loss attributable to the assets being acquired is $0.355 million. Further details of the results of BPPM for the year ended 30 April 2020 are contained in Note 24 of the 30 April 2020 Annual Report of the Company. Following acquisition, BPPM will be consolidated within the Group Accounts with no requirement to show a non-controlled interest in relation thereto as has historically been the case and the carrying value of the interest being acquired will be determined in accordance with the Company's accounting policies in due course.

Blueberry Exploration Perimeter – 10 per cent. of the Company's 29.41 per cent. interest

The Blueberry Project is a 7.285km^2 brownfield area of prospectively in the Golden Quadrilateral region of Romania located in the immediate vicinity of the Baia de Aries Mine. Historic work across the perimeter area has demonstrated prospectively for gold and polymetallic mineralisation where sample values of up to 22.4g/t of gold were obtained from historic soil sampling. A drilling programme and assaying has been completed which has delivered sufficient information to support an Inferred JORC Mineral Resource for gold and other polymetallic minerals in one or more of several distinct breccia pipes.

The Blueberry exploration perimeter is owned by Blueberry Ridge Minerals SRL in turn owned by EMA Resources Ltd. In the year to 31 July 2019, the last year for which accounts are available, no profit or loss is attributable to the Blueberry exploration perimeter.

Piciorul Zimbrului – 10 per cent.

The 10km^2 Piciorul Zimbrului prospecting permit is located in the Zagra-Telciu area in Bistrita Nasaud County of Romania and lies adjacent to the Company's Magura Neagra licence. The Company has undertaken a drilling programme focussing on 6 previously identified veins with associated gold and copper mineralisation along an underground drive developed for 820m. The results to date are as expected, and when full results are to hand the Company will be applying for a full exploitation licence.

No profit or loss is attributable to Piciorul Zimbrului in the year ended 30 April 2020.

Magura Neagra – 10 per cent.

The 21km^2 Magura Neagra prospecting permit is located in the Zagra-Telciu area in Bistrita Nasaud County of Romania and lies adjacent to the Company's Piciorul Zimbrului licence. The Company has undertaken a drilling programme targeting sets of polymetallic veins together with areas of disseminated sulphide mineralisation. The results to date are as expected, and when full results are to hand the Company will be applying for a full exploitation licence.

No profit or loss is attributable to Magura Neagra in the year ended 30 April 2020.

In addition, the Transaction Assets include potential interests in former Romanian state owned mines including Remin (10 per cent.).

4. The Purchase Price

The Purchase Price is to be satisfied by the issue to the Vendors of 2,850,000,000 ordinary shares of 0.1p each in the Company ("Consideration Shares"), which will, after completion, represent some 16.47 per cent. of the enlarged share capital of the Company. At the closing market price on 5 November 2020 of 0.17p per share the total Purchase Price would be £4.845 million equivalent at the latest exchange rate to US$6.339 million.

Subject to the passing of the resolution to be proposed at the General Meeting, application will be made for the Consideration Shares, which will rank pari passu with the existing ordinary shares in issue, to trading on AIM. Admission is expected to be on or around 24 November 2020.

The Vendors, who are listed in 2 above, comprise partly Related Parties within the AIM Rules definition (60.52 per cent.) and partly Non Related Parties (39.48 per cent.). The Purchase Price has been determined as a result of a negotiation between the Vendors and the Company through the agency of the Independent Directors, and takes into account the effect of various previous agreements relating to the funding of the Transaction Assets, in particular BPPM.

In conducting negotiations to determine a purchase price that could be agreed between all the Parties, it was recognised by the Independent Directors that the existing 80% holding in BPPM represented in their opinion the substantial majority of the value of the Company as recognised by investors as a whole.

In coming to a view of the value of the Transaction Assets, the Independent Directors decided that the appropriate valuation approach was the 'market' approach since this would reflect all available public information. Accordingly, they carried out such a valuation internally on this basis measured in shares of the Company. This approach involved the assessment of the relative value of each Vast business unit as derived from the Company's market capitalisation.

The Independent Directors formed the view that the Purchase Price should be expressed (and paid) in shares rather than in cash as any uncertainties in the perceived value of BPPM would very largely cancel out as, if the perceived value of BPPM were to increase, so almost pro rata would the money value of the Consideration Shares.

5. Value of the Transaction Assets

The Independent Directors have considered the need to commission a third-party valuation report for the purposes of the Transaction and have come to the conclusion that they hold sufficient technical, financial and market experience individually and collectively to be in a position to make an independent evaluation of the value of the Transaction without the need to employ a third-party valuer.

Accordingly, the Independent Directors have carried out a comprehensive discounted cashflow ("DCF") valuation of BPPM updated for all the variables included in the current mine production and development plan at BPPM and consistent with the Company's published announcements. The model base case adjusted downwards to the lower end of our imputed sensitivities by the use of what they considered conservative metal price forecasts indicates a gross value (based on the simple average consensus view of APEX commodity forecast Q3 2020) of $70 million for BPPM using a country discount rate of 12.5%. based upon their assessment of the appropriate discount rate under the capital asset pricing model. In particular, the forward copper price used was only marginally above the current spot price. Therefore, it was noted that the use of higher metal prices forecasts widely available in the public domain, would have produced a significantly increased the value.

On the $70 million value basis the value for the 20 per cent. interest in BPPM which is being acquired would be $14 million (£10.7 million) This compares favourably to market value of Consideration Shares as set out above, being US$6.339 million (£4.845 million) and would of course compare yet more favourably had the widely available higher metal prices been applied.

For the information of Shareholders a value of US$70 million for BPPM alone – ie without attributing any value to the additional Romanian assets – is equivalent to 0.38p per Consideration Share.

The Independent Directors have for the purposes of assessing the Transaction, not attributed any value to the other assets being acquired; but note that any such value would add to the value of the Consideration Shares.

6. Conclusion

As stated above, under the AIM Rules the Transaction is a 'Related Party Transaction'.

In the light of this, the Independent Directors state that having considered:

i. the need to remove the conflict of interest due to the intended financing transaction with the Bank;

ii. the advantage to the Company of removing as far as reasonably possible any conflict of interest with the Chief Executive Officer of the Company;

iii. their assessment of a purchase price that would represent value for the Company for the Transaction Assets acquired;

iv. the confirmation of value provided by the separate DCF calculations; and

that having consulted with the Company's Nominated Adviser the terms of the Transaction are fair and reasonable as far as the Shareholders are concerned.

7. General Meeting and Action to be taken by Shareholders

Attached to this letter is a Notice convening the General Meeting to be held as a virtual meeting as a result of the current Covid 19 restrictions at 2.30 p.m. on 23 November 2020 at which an Ordinary Resolution is proposed to approve the Transaction and to authorise the Directors to allot 2,850,000,000 Ordinary Shares of 0.1p each in the Company to the Vendors.

As a consequence of the current measures implemented by the UK Government, Shareholders will not be permitted to attend the General Meeting but are strongly encouraged to submit their votes by proxy as soon as possible. Voting at the General Meeting will be carried out by way of poll so that votes cast in advance and the votes of all shareholders appointing the chairman of the General Meeting as their proxy can be taken into account.

Shareholders have been sent a Form of Proxy for use at the General Meeting. Shareholders 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 2.30 p.m. on 19 November 2020.

The Board understands that the General Meeting also serves as a forum for Shareholders to raise questions and comments. If Shareholders do have any questions or comments relating to the business of the meeting that they would like to ask the Board, they are asked to submit those questions in writing via email to shareholderenquiries@stbridespartners.co.uk by no later than 6.00 p.m. on 20 November 2020. These questions will be posed to the Board and an audio recording of the conversation will be uploaded to the website at www.vastplc.com later on the day of the General Meeting.

8. Recommendation

The Independent Directors believe the Transaction to be in the best interest of the Company and for the benefit of the Shareholders as a whole.

The Independent 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 49,698,104 ordinary shares representing approximately 0.34 per cent. of the ordinary shares of the Company expected to be in issue on 9 November 2020.

Brian Moritz
Chairman
6 November 2020

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