

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*)
Paul Fletcher (*Finance Director*)
Andrew Hall (*Chief Commercial Officer*)
Craig Harvey (*Chief Operating Officer*)
Nick Hatch (*Non-Executive Director*)
Roy Tucker (*Non-Executive Director*)
Nigel Wyatt (*Non-Executive Director*)

Registered Office:

60 Gracechurch Street
London
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25 May 2022

To Shareholders of Vast Resources plc

Dear Shareholder

Increase in authorities to meet specific Company obligations – in particular following repayment of Atlas Special Opportunities LLC ('Atlas') Bond - and for ongoing corporate requirements

Notice of General Meeting at 2.00pm on Friday 10 June 2022

1. Introduction

As you may have seen from the Company's RNS published on 16 May 2022 we are pleased to have repaid our Bond to Atlas, who now no longer have any conversion rights and also reduce our outstanding debt to Mercuria Energy Trading SA ('Mercuria'), our concentrate offtaker at Baita Plai Polymetallic Mine ('Baita Plai'). This has been achieved through a new US\$4 million secured loan facility from A&T Investments Sarl ('Alpha') with no conversion rights attached (the 'Alpha Loan'), together with a contribution from an advance payment ('Advance Payment') of US\$1,090,000 (£888,925) towards a subscription for new ordinary shares in the Company conditional upon Shareholder approval and as more fully explained below.

2. Transactions and equity funding agreement

In order to draw down the Alpha Loan it was necessary for the Company to obtain the consent of Mercuria to whom the Company had an indebtedness of approximately US\$5,000,000. Mercuria have given that consent, but in order to secure this the Company has entered a legally binding heads of terms ('Heads of Terms') for a new intercreditor agreement with Mercuria and Alpha in order to govern the future relationship of the parties, and under which, inter alia, the Company has agreed to repay Mercuria US\$500,000 contemporaneously with the repayment of Atlas and a further US\$500,000 out of an issue of new ordinary shares.

In order to make up the balance of the Atlas repayment, to provide for the US\$500,000 second payment to Mercuria, to pay costs of the Alpha transaction and to support the continued optimisation of the performance of Baita Plai and for general working capital, the Company has raised in aggregate £3,243,325 before costs through a subscription and placing of 463,332,161 new ordinary shares at a price of 0.7p per share conditional upon receipt of Shareholder approval for the relevant authorities to issue the new ordinary shares (the 'Subscription and Placing'). The sum conditionally raised of £3,243,325 includes the Advance Payment of £888,925 referred to above. The Advance Payment was made ahead of Shareholder approval on the basis of certain guarantees provided by Andrew Prelea and other members of the Prelea family secured against existing shares held by the family.

Shore Capital, the Company's joint broker, participated in the Subscription and the Placing was arranged by Axis Capital Markets, the Company's joint broker.

More details of the Alpha Loan and of the Heads of Terms are given in the Appendix to this letter.

It should be noted that the amount raised was completed without the knowledge of the subsequent \$800,000 conversion by Atlas resulting in a return of \$800,000 from the amount repaid to Atlas by the Company and the Company is under an obligation to honour the amounts raised via the subscription and placing. The additional money will be used for the Company's obligations made to Mercuria which requires the Company to make a payment of \$1,000,000 at the end of July 2022 should other debt reduction plans not materialise.

3. £420,000 Placing announced on 12 April 2022

On 12 April 2022 the Company announced a placing for £420,000 priced at a 60% premium to the closing share price on 11 April 2022 on the basis of the issuing of 160,000,000 warrants to subscribers for new ordinary shares in the Company ('Warrant Shares') at the 11 April 2022 closing share price of 0.525p. The exercise of the warrants was conditional on the Company passing the necessary resolutions at a General Meeting of the Company to authorise the issue of the Warrant Shares.

4. Mercuria

The Company has thanked Mercuria for its continued support for the Company, and the Company has agreed a long term equity option, unconnected with the existing debt to Mercuria, for Mercuria to subscribe up to £3,250,000 for new ordinary shares in the Company at a price set against a 10% discount to the mid closing price on the previous trading day to exercising the option. Further details of this option are given in the Appendix.

Resolutions are being proposed to grant authority to issue shares to Mercuria so that it can subscribe for shares in the Company under its option rights. For this purpose the Company has assumed that the share price at the time of exercise of this option would not be less than 2.78p, which after applying the 10% discount contained in the option agreement would equate to the grant of authorities to issue approximately 130,000,000 shares.

5. Authorities requested

As stated by Andrew Prelea in the Company's RNS announcement of 16 May, we believe that the repayment of Atlas marks a definitive turning point for the Company, and the Board believes that this should restore a fair value in the Company's share price. The investment and development work now being undertaken at Baita Plai, together with the new revenue streams being introduced as a result of the Company's interest in Tajikistan, are already reshaping our financial performance.

The receipt of the funds from the Subscription and Placing was and is essential for Mercuria's consent and continued consent for the refinancing, and also for the Company's continued investment and development work at Baita Plai. Accordingly, authorities are required to fulfil the conditions of the Subscription and Placing (authority to issue 463,332,161 new ordinary shares or shares to a nominal value of £463,332.16).

Authorities are also requested for the issue of the Warrant Shares for the 12 April 2022 placing (authority to issue 160,000,000 new ordinary shares or shares to a nominal value of £160,000) and for a modest buffer for future requirements and for contingencies (authority to issue a further 50,000,000 new ordinary shares or shares to a nominal value of £50,000). In addition, the Board seeks discrete authorities to issue shares to satisfy Mercuria's purchase option right (authority to issue 130,000,000 new ordinary shares or shares to a nominal value of £130,000) which authorities are requested in separate resolutions limited to this purchase option agreement.

Accordingly, the Company is seeking authority at the forthcoming General Meeting for the issue of shares up to an aggregate nominal amount of £673,332.16 and for shares up to an aggregate nominal amount of £130,000 nominal value for Mercuria.

The total authorities being sought represent 47.38% of the Company's new enlarged shares in issue. It should be noted however that this figure is based on the scenario that Mercuria exercises their option in full and the Company using all of the additional general headroom. At this point in time it is not known

when Mercuria will exercise their option and whether the Company will need to utilise the additional general headroom.

General Meeting and Action to be taken by Shareholders

Attached to this letter is a Notice convening the General Meeting at 2.00pm on 10 June 2022 at which Ordinary Resolutions are proposed to authorise the Directors to allot ordinary shares of 0.1p each up to an aggregate nominal value of £673,332.16 and separate £130,000 for Mercuria and Special Resolutions are proposed to disapply statutory pre-emption rights in respect of the shares so allotted.

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 2.00pm Wednesday 8 June 2022.

The Board understands that the General Meeting also serves as a forum for Shareholders to raise questions and comments. If Shareholders who are unable to attend the meeting and question the Directors in person 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 6.00pm on 8 June 2022. 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.

6. Recommendation

The Directors believe the passing of the Resolutions is essential for the Company to continue as a going concern and is accordingly in the best interests of the Company and 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 20,138,435 ordinary shares representing approximately 2.00% of the ordinary shares of the Company expected to be in issue on 10 June 2022.

Brian Moritz

Chairman

24 May 2022

APPENDIX

Transaction details

Alpha has provided an asset backed debt facility with the following terms:

- US\$4,000,000 asset backed debt with no convertibility
- 12 month term
- 20% interest per annum with ability to repay early at month nine. Interest & principal to be repaid as a Bullet payment at the end of the term on Monday 15 May 2023.

The following security has been granted by the Company in order to facilitate the Transaction:

- Alpha has been granted first lien security over a real estate asset in Bucharest, Romania, in order to provide an enhanced security. Alpha is predominately a real estate driven lender and as this transaction is its first mining transaction, the real estate security component was key. The real estate asset has an independent valuation of €9,199,769.
- An existing shareholder of the Company, who is not a Related Party under the AIM Rules, has been granted a first ranking security over Baita Plai in return for allowing the real estate asset owned by him and his wife being used as enhanced collateral for the funding to be provided to the Company by Alpha. Alpha has been granted a second ranking security over Baita Plai.

As part of the debt transaction and in lieu of the enhanced security being offered the Company has issued Warrants to both the real estate owner and A&T Investments SARL. The amount issued is US\$800,000 based on the prior agreement of giving warrants equal to 20% of the debt facility (US\$4,000,000). The strike price will be set at a 20% premium to the closing share price on Monday 16 May 2022 as referenced by Bloomberg. The Warrants are issued under existing authorities granted by Shareholders of the Company.

The binding Heads of Terms to govern the future relationship between the Company, Alpha and Mercuria, executed on 12 May 2022 provides that for best efforts to be given to enter into an intercreditor agreement within the next thirty days from 12 May (or by such later date as may be agreed between the Parties). The Heads of Terms provide that:

- Mercuria and Alpha shall each have its own security package for the debt owed to it by the Company.
- in addition to Mercuria's current individual debt security over the Company's Manaila Polymetallic Mine in Romania, Vast shall grant third ranking security to Mercuria over Baita Plai.
- a cash payment to Mercuria to be made on 16 May 2022 of US\$500,000.
- a further payment by Vast to Mercuria of US\$500,000 will be paid from the proceeds of the Subscription and Placing.
- various arrangements are being considered to repay Mercuria. Notwithstanding this the Company has undertaken to make further debt reductions and if necessary these could be covered by the funds raised from the placing and subscription subject to General Meeting Shareholder Approval.
- the totality of the debt owed to Mercuria will be fully repaid on or before Monday 15 May 2023.
- the Company may repay Mercuria in full ahead of any debt owed by the Company to Alpha.

The Company has agreed a long term equity option in the Company for Mercuria unconnected to the existing debt or repayment thereof:

- up to £3,250,000 in full or in tranches.
- 12 month option.
- Mercuria can exercise an option at a 10% discount to the mid closing price on the previous trading day to exercising the option.
- control mechanism so that Mercuria takes no more than a 20% stake in the Company.