

MINING FLASHNOTE

VAST Resources (VAST AIM)

09 June 2017

Stock Data

Share Price:	0.385p
Market Cap (M):	£18.0
EV (M):	£28.5

Price Chart



52 Week Range

0.105p	0.385p	0.71p
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Company Summary

Vast Resources was originally a Zimbabwean focused company called African Consolidated Resources. The opportunity to acquire some base metal assets in Romania changed the focus of the company and caused it to change its name to Vast Resources.

MAIN SHAREHOLDERS HOLDING

Hargreaves Lansdown	10.06%
Barclays PLC	8.05%
St Annes Trustees LTD	7.79%
Sapi River Investments LTD	7.42%
Halifax Share Dealing	7.21%
Toronto-Dominion Bank	5.40%

Source: Bloomberg

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Vast Announces Romanian Update

Event

Vast Resources ("Vast") has announced an update on its Romanian mining activity. Drilling has commenced at Carlibaba, the proposed location of a second open pit mining operation at the Manaila Polymetallic Mine in Romania ("Manaila"), which supports the Company's plans to establish an enlarged Manaila mining complex. In addition, technical consultants to the Company have confirmed that the Feasibility Study for the Faneata Tailings Storage Facility ("Faneata"), which consists of more than 40 years' material from the proximal Baita Plai Polymetallic Mine, is nearing completion.

Comment

This exploration is vitally important for Vast, with historic drilling having previously highlighted polymetallic potential. A 10 hole programme for 1,000m of drilling has commenced at the Carlibaba prospect. By BHC's calculations, Manaila accounts for 33% of the valuation of Vast, but only has around 4 years live remaining. Any extension to the Manaila mine life would have a significant impact on the value of both Manaila and Vast.

Further, if sufficient ore resources were found to justify a new mill, this will bring additional benefits which will further enhance the valuation. Apart from the benefits of newer technology on the processing, the re-siting of the mill would reduce transport costs, both from the mine to the mill and of the tailings. If state of the art instrumentation were part of the design, it should also be possible to reduce manning levels.

The feasibility study at Faneata is nearing completion. This offers an additional revenue opportunity for Vast. Faneata has not been included in our modelling and therefore has no value in our valuation calculations. A positive result from the feasibility study would therefore be value accretive for Vast. This should be a relatively low cost operation as tailings are easy to mine and the plan is to process the ore through the existing Baita Plai mill.

Research Disclosures

Peter Rose

Peter has 31 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 10 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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Sell	Recommendation implies that expected total return expected over 12 months between current and analysts' target price is negative.

Research Disclaimers

Research disclosure as of 09 June 2017

Company Name	Disclosure
Vast Resources (VAST AIM)	1, 2, 7, 8, 9

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