Vast Resources plc / Ticker: VAST / Index: AIM / Sector: Mining

31 December 2015

Vast Resources plc

("Vast" or the "Company")

Interim Results for the six months to 30 September 2015

Vast Resources plc, the AIM listed resource and development company, is pleased to announce its interim results for the six months ended 30 September 2015.

Highlights

Financial

- Sale of minerals $1.04 million (2014 $nil)
- Loss of $3.64 million to 30 September 2015 (2014 $2.76 million)
- Cash balance of $1.89 million as at 30 September 2015 (2014 $0.26 million)
- Post period end: cash balance of $0.25million at 30 December 2015

Mine Development

- Acquisition of 50.1% interest in Manaila Polymetallic Mine - July 2015
- First gold pour at Pickstone-Peerless Gold Mine - September 2015
- First sale of concentrate at Manaila Polymetallic Mine - September 2015
- Post period end: merger completed with Mineral Mining SA, 27 November 2015, thus granting contractual enforceable rights by the Company for a mining sub-licence at Baita Plai Polymetallic Mine
- Baita SA request for meeting early January 2016 to conclude mining sub-licence at Baita Plai Polymetallic Mine

Share Issues

- Exercise of 7 million warrants at 0.5p each – August 2015

Post period end

- Issue of 154,649,140 shares in consideration of repayment of $1.2m loan
- Issue of 23,097,237 shares in consideration of fundraising commission obligations
- Exercise of 3 million warrants at 0.5p and 4.5 million warrants at 0.6p

General

- Creation of Share Appreciation Rights Scheme (SARS) for directors and senior executives

CHIEF EXECUTIVE OFFICER’S REPORT

TRANSITION

Save for a residual exploration interest in Zambia, the transition from a junior explorer to a mining and production company has been completed.

- The construction and commissioning of Pickstone-Peerless Gold Mine in Zimbabwe has been completed.
- The exploration activities in Zimbabwe and Zambia have been terminated save for the Nkombwa Hill Rare Earth project in Zambia which is being funded and managed by a partner.
- Production at the Pickstone-Peerless Gold Mine and Manaila Polymetallic Mine is ramping up to steady state.
- The Company’s former Zimbabwean head office has been sold.
- The acquisition of 50.1% of the Manaila Polymetallic Mine in Romania has been completed. More details of this acquisition are given in note 8.
- A merger agreement between two of Vast’s Romanian subsidiaries was completed on 27 November 2015 with the result that the subsidiary, African Consolidated Resources SRL, is now contractually entitled to a mining sub-licence giving it the right to operate the Baita Plai Polymetallic Mine in Romania.
- Production at the Baita Plai Polymetallic Mine is planned to commence in early 2016.
- A small administrative office in Bucharest has been established to assist in the management of the two Romanian mines, both of which have full onsite mine management offices.

ROMANIA

Romania is the major focus of the Company for the foreseeable future. The short-term objectives are:

Manaila Open Cast Mine

- Improvements to the open cast mine to facilitate increased mining volumes and compliance with international best practices.
- Expansion of the mining licence area to increase the potential to expand the open cast mine life.
- Plan and undertake an exploration programme to firm up the expansion of the phase one open pit and the phase two underground mining resources.
- Complete metallurgical test work on the ore to assist in the design of the proposed processing facilities that may be constructed at the mine, subject to a positive feasibility study, to avoid transporting ore 34 kilometres to the Iacobeni concentrator and tailings 20 kilometres to the tailings facility.
- Conversion of the resources and reserves defined according to the Russian code to JORC, which will be undertaken during 2016.

Iacobeni Concentrator

- Recommission the second ball mill to increase milling capacity to 20,000 tons per month.

- Complete the repairing and re-commissioning of the second and third float lines respectively to facilitate the production of high quality copper concentrate and high quality zinc/lead concentrate.
- Upgrade, modify and modernise the milling and flotation facilities to comply with international standards.
- Eliminate material double handling wherever possible.
- Establish warehouse facilities for concentrate storage to enable offtake contractors to make timeous payments for concentrates sold without waiting for transport delays.

Baita Plai Polymetallic Mine

- Recommence underground mining operations early 2016. The initial steady state objective is 10,000 tonnes per month.
- Service and recommission two of the three ball mills respectively; service four flotation circuits and recommission a fifth for molybdenum.
- Commence a study to increase production to 20,000 tonnes per month, which is the total installed processing capacity.
- Conversion of the resources and reserves defined according to the Russian code to JORC, which will be undertaken during 2016.
- Review current mining methods and plan to reduce waste mining volumes.
- Undertake feasibility study on the merits and benefits of beneficiation of ore prior to hoisting to surface and/or prior to milling.
- Evaluate near surface resources in adjacent undeveloped skarn pipes for future mining compared to accessing the deeper levels of current mining areas.
- Plan the systematic modernisation of all mining and processing equipment and plant.

S.C. Remin S.A.

Re-engage with S.C Remin S.A. and the Government of Romania to negotiate the acquisition of target mines identified during the exclusivity period that resulted from the past Memorandum of Understanding entered into by S.C, Remin S.A. and Vast.

Remin remains the main focus of Vast in Romania. However, at the request of the Government negotiations have been suspended pending changes planned for mining and investment in Romania which are expected during 2016.

Other Projects

Having established the first mine in Romania with a second mine due to commence operation in the near term, several additional mining projects are being offered to the Company.

Subject to Manaila and Baita Plai performing to expectations, these new opportunities will be evaluated. Any additional mining operations will be conditional on adequate funding being available to the Company on terms that are advantageous to stakeholders.

ZIMBABWE

The Pickstone-Peerless Gold Mine has been built and commissioned and is building up to achieve its design capacity, expected to be achieved in early 2016.

FUNDING

Whilst the Company is now earning operational income on Manaila Polymetallic Mine and Pickstone-Peerless Gold Mine it will require additional funding in order to meet its capital requirements to bring Baita Plai Polymetallic Mine into production and for the further CAPEX required to increase production. The Company is in an advanced discussion with a funding source and the Directors are very confident of being able to raise such funds as are required.

CONCLUSION

The Directors believe that the Company's share price and market capitalisation is being negatively affected by the decline in commodity prices world-wide, which in turn is making investors in this sector reconsider their holdings, causing some of them to sell their mining stocks.

Many large and small high cost producers are likely to be forced out of the market, reducing supply/metal inventories. Very little exploration is being undertaken to replace the metal currently being consumed, which, in our view, coupled with the supply/inventory decline, will lead to a recovery in metal prices in the medium to long term

Vast's focus will be to continue with its mine developments and improvements, focussing in particular on Romania, and ensuring that it remains a low-cost producer able to withstand the low price cycle and be ready to take advantage of the upturn in prices when this occurs.

Staff and management have done a fantastic job in transforming Vast to become a producing mining company. My sincere thanks to them, to the Board's continued assistance to management, and to shareholders for their on-going support.

Roy Pitchford
Chief Executive Officer

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Consolidated statement of comprehensive income
for the six months ended 30 September 2015

	Note	For the six months ended 30 Sep 2015 Unaudited Group $'000	30 Sep 2014 Unaudited Group $'000
Revenue		1,041	-
Cost of sales		(1,129)	-
Gross loss	3	(88)	-
Overhead expenses		(3,703)	(2,779)
Depreciation of property, plant and equipment		(845)	(245)
Loss on sale of property, plant and equipment		(55)	-
Share option expense		-	(37)
Other administrative and overhead expenses		(2,803)	(2,497)
Loss from operations		**(3,791)**	**(2,779)**
Finance income		130	-
Loss before and after taxation from continuing operations		(3,661)	(2,779)
Other comprehensive income			
(Loss)/gain on available for sale financial assets		(21)	18
Other income		43	-
Total comprehensive loss for the period		**(3,639)**	**(2,761)**
Total comprehensive loss attributable to:			
- the equity holders of the parent company		(2,985)	(2,761)
- non-controlling interests		(654)	-
		(3,639)	(2,761)
Loss per share – basic and diluted	4	(0.26)	(0.34)

Consolidated statement of changes in equity
for the six months ended 30 September 2015

	Share capital $'000	Share premium $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Available for sale reserve $'000	EBT reserve $'000	Retained deficit $'000	Total $'000	Non-controlling interests $'000	Total $'000
At 31 March 2014 - Audited	**14,075**	**62,893**	**504**	**(1,843)**	**(31)**	**(3,944)**	**(39,077)**	**32,577**	**-**	**32,577**
Total comprehensive loss for the year					18		(6,617)	**(6,599)**	(237)	**(6,836)**
Share option charges	-	-	(25)	-	-	-	-	**(25)**	-	**(25)**
Interest in mining asset	-	-	-	-	-	-	(7,404)	**(7,404)**	9,403	**1,999**
Acquired through business combination										
- Dallaglio Investments (Pvt) Ltd	-	-	-	-	-	-	-	**-**	2,000	**2,000**
- Mineral Mining SA	-	-	-	-	-	-	-	**-**	(198)	**(198)**
Shares issued:										
- for cash consideration	715	3,089	-	-	-	-	-	**3,804**	-	**3,804**
- to settle liabilities (including Directors)	245	123	-	-	-	-	-	**368**	-	**368**
At 31 March 2015 - Audited	**15,035**	**66,105**	**479**	**(1,843)**	**(13)**	**(3,944)**	**(53,098)**	**22,721**	**10,968**	**33,689**
Total comprehensive loss for the period	-	-	-	-	(21)	-	(2,964)	**(2,985)**	(654)	**(3,639)**
Share option charges	-	-	-	-	-	-	-	**-**	-	**-**
Shares issued:										
- for cash consideration	167	1,837	-	-	-	-	-	**2,004**	-	**2,004**
- to settle liabilities	11	44	-	-	-	-	-	**55**	-	**55**
At 30 September 2015 - Unaudited	**15,213**	**67,986**	**479**	**(1,843)**	**(34)**	**(3,944)**	**(56,062)**	**21,795**	**10,314**	**32,109**

Consolidated statements of financial position

As at 30 September 2015

	Note	30 Sep 2015 Unaudited Group $'000	31 Mar 2015 Audited Group $'000
Assets			
Non-current assets			
Intangible assets	5	8,739	8,739
Property, plant and equipment	6	30,178	22,621
		38,917	31,360
Current assets			
Inventory		1,615	65
Receivables		3,603	4,134
Available for sale investments		3	24
Cash and cash equivalents		1,885	3,090
Restricted cash		-	637
Total current assets		7,106	7,950
Total Assets		**46,023**	**39,310**
Equity and Liabilities			
Capital and reserves attributable to equity holders of the Parent			
Share capital		15,213	15,035
Share premium		67,986	66,105
Share option reserve		479	479
Foreign currency translation reserve		(1,843)	(1,843)
Available for sale reserve		(34)	(13)
EBT reserve		(3,944)	(3,944)
Retained deficit		(56,062)	(53,098)
		21,795	22,721
Non-controlling interests		10,314	10,968
Total equity		32,109	33,689
Non-current liabilities			
Secured borrowings		1,968	1,555
Unsecured borrowings		1,000	-
Other non-current liabilities		1,000	-
		3,968	1,555
Current liabilities			
Short term loan	7	3,362	1,229
Trade and other payables		4,748	2,837
Bank overdraft		1,836	-
Total current liabilities		9,946	4,066
Total Equity and Liabilities		**46,023**	**39,310**

Consolidated statements of cash flow
for the six months ended 30 September 2015

	For the six months ended	
	30 Sep 2015	**30 Sep 2014**
	Unaudited	**Unaudited**
	Group	**Group**
	$'000	**$'000**
CASH FLOW FROM OPERATING ACTIVITES		
Loss for the period	(3,791)	(2,779)
Adjustments for:		
Depreciation	845	245
Loss (profit) on sale of property, plant and equipment	55	(116)
Exchange losses	89	6
Interest received	(41)	-
Liabilities settled in shares	55	-
Share option expense	-	37
	(2,788)	(2,607)
Changes in working capital:		
Decrease in receivables	821	1
Increase in inventories	(1,288)	(324)
(Decrease)/Increase in payables	(1,221)	1,233
	(1,688)	910
Cash used in operations	(4,476)	(1,697)
Investing activities:		
Payments to acquire intangible assets	-	(54)
Payments to acquire property, plant and equipment	(4,884)	-
Proceeds on disposal of property, plant and equipment	-	1,449
Restricted cash movement	637	-
Other income	43	-
	(4,204)	1,395
Financing Activities:		
Proceeds from the issue of ordinary shares, net of issue costs	2,004	-
Movement in secured borrowings	413	-
Movement in unsecured borrowings	1,000	-
Movement in short term loans	2,133	-
Movement in bank overdraft	1,836	-
Total proceeds from financing activities	7,386	-
Decrease in cash and cash equivalents	(1,294)	(302)
Cash and cash equivalents at beginning of period	3,090	568
Exchange (loss)/gain on cash and cash equivalents	89	(6)
Cash and cash equivalents at end of period	**1,885**	**260**

Interim report notes

1 *Interim Report*

The condensed interim financial statements, which are unaudited, are for the six months ended 30 September 2015 and consolidate the financial statements of the Company and all its subsidiaries. The statements are presented in United States Dollars.

The financial information set out in these condensed interim financial statements does not constitute statutory accounts as defined in Section 434(3) of the Companies Act 2006. The condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2015 which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs"). The Auditor's report on those financial statements was unqualified and did not contain a statement under s.498(2) or s.498(3) of the Companies Act 2006.

While the Auditors' report for the year ended 31 March 2015 was unqualified, it did include an emphasis of matters concerning going concern and the political and economic stability in Zimbabwe, to which the Auditors drew attention by way of emphasis without qualifying their report. Full details of these comments are contained in the report of the Auditors on Pages 13 and 14 on the annual financial statements for the year ended 31 March 2015, released elsewhere on this website on 15 September 2015.

The accounts for the period have been prepared in accordance with International Accounting Standard 34 *"Interim Financial Reporting"* ("IAS 34") and the accounting policies are consistent with those of the annual financial statements for the year ended 31 March 2015, unless otherwise stated, and those envisaged for the financial statements for the year ended 31 March 2016.

After review of the Group's operations and of the funding opportunities open to the Group, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the unaudited condensed interim financial statements.

This interim report was approved by the Directors on 30 December 2015.

2 *Accounting policies*

The following accounting policies have been adopted in addition to those stated in the annual financial statements for the year ended 31 March 2015:

Inventory

Mining inventory includes run of mine stockpiles, minerals in circuit, finished goods and consumables. Stockpiles, minerals in circuit and finished goods are valued at their cost of production to their point in process using a weighted average cost of production, or net realisable value, whichever is the lower. Low grade stockpiles are only recognised as an asset when there is evidence to support the fact that some economic benefit will flow to the Company on the sale of such inventory. Consumables are valued at their cost of acquisition, or net realisable value, whichever is the lower.

Production expenses

Production expenses include all direct costs of production, including depreciation of property plant and equipment involved in the mining process, but excluding mine and company overhead.

Provision for rehabilitation of mining assets

Provision for the rehabilitation of a mining property on the cessation of mining is recognised from the commencement of mining activities. This provision accounts for the full cost to rehabilitate the mine according to good practice guidelines in the country where the mine is located, which may involve more than the stipulated minimum legal commitment.

When accounting for the provision the Company recognises a provision for the full cost to rehabilitate the mine and a matching asset accounted for within the non-current mining asset. The rehabilitation provision is be discounted using a risk free rate which is linked to the currency in which the costs are expected to be incurred and the applicable inflation rate applied to the cash flows. The unwinding of the discounting effect is recognised within finance expenses in the income statement.

Revenue

Revenue from the sales of goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the Group defers recognition of revenue until the right to return has lapsed. However, where high volumes of sales are made to established wholesale customers, revenue is recognised in the period where the goods are delivered less an appropriate provision for returns based on past experience. The same policy applies to warranties.

Provided the amount of revenue can be measured reliably and it is probable that the Group will receive any consideration, revenue for services is recognised in the period in which they are rendered.

3 Gross loss

The gross loss has arisen during the first two months of production where production throughput has not yet reached a steady state level, which allows for full absorption of mining and processing costs. This situation is not unusual during the first weeks of mine operations and management is confident the trend will reverse in the second half of the year.

4 Loss per share

		For the six months ended	
		30 Sep 2015 Group	**30 Sep 2014 Group**
Loss per ordinary share has been calculated using the weighted average number of ordinary shares in issue during the relevant financial year.			
The weighted average number of ordinary shares in issue for the period is:		1,383,278,837	818,897,396
Losses for the period:	($'000)	(3,639)	(2,761)
Loss per share basic and diluted (cents)		(0.26)	(0.34)

The effect of all potentially dilutive share options is anti-dilutive.

5 Intangible assets

Group	**Deferred exploration costs**	**Mining options**	**Total**
	$'000	**$'000**	**$'000**
Balance 31 March 2014	24,410	4,300	28,710
Reclassification of deferred costs	(95)		(95)
Discontinued operations	(1,132)		(1,132)
Transfer to property, plant and equipment	(15,654)	(3,153)	(18,807)
Additions during the year	63		63
Impairment loss	-	-	-
Balance 31 March 2015	**7,592**	**1,147**	**8,739**
Additions during the period	-	-	-
Impairment loss	-	-	-
Balance 30 September 2015	**7,592**	**1,147**	**8,739**

6 Property, Plant and equipment

	Plant and machinery	Fixtures, fittings and equipment	Computer assets	Motor vehicles	Buildings and Improvements	Mining assets	Capital Work in progress	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost at 31 March 2014	2,718	141	216	419	1,490	-	-	4,984
Additions during the year	-	1	-	-	-	-	393	394
Acquired through business combination	481	2	1	17	2,121	-	-	2,622
Transferred from intangibles	-	-	-	-	-	18,807	-	18,807
Disposals during the year	(706)	(39)	(3)	(167)	(1,418)	-	-	(2,333)
Cost at 31 March 2015 - Audited	**2,493**	**105**	**214**	**269**	**2,193**	**18,807**	**393**	**24,474**
Additions during the period	1,011	3	55	131	-	1,556	3,022	5,778
Acquired through business combination	478	6	-	68	1,122	901	-	2,575
Reclassification	3,129	30	-	-	117	-	(3,276)	-
Disposals during the period	(257)	(23)	(102)	(30)	(23)	-	-	(435)
Foreign exchange movements	24	-	-	2	88	1	-	115
Cost at 30 September 2015 - Unaudited	**6,878**	**121**	**167**	**440**	**3,497**	**21,265**	**139**	**32,507**
Depreciation at 31 March 2014	1,489	124	186	419	83	-	-	2,301
Charge for the year	432	10	15	-	8	-	-	465
Disposals during the year	(626)	(33)	(1)	(166)	(87)	-	-	(913)
Depreciation at 31 March 2015 - Audited	**1,295**	**101**	**200**	**253**	**4**	**-**	**-**	**1,853**
Charge for the period	716	9	-	3	98	19	-	845
Disposals during the period	(302)	(75)	9	-	(1)	-	-	(369)
Foreign exchange movements	-	-	-	-	-	-	-	-
Depreciation at 30 September 2015 - Unaudited	**1,709**	**35**	**209**	**256**	**101**	**19**	**-**	**2,329**
Net book value at 31 March 2015 - Audited	**1,198**	**4**	**14**	**16**	**2,189**	**18,807**	**393**	**22,621**
Net book value at 30 September 2015 - Unaudited	**5,169**	**86**	**(42)**	**184**	**3,396**	**21,246**	**139**	**30,178**

7 *Short term loans*

Of the total, $1.22 Million was repayable on 30 June 2015 and was convertible, at the lender's election, into new ordinary shares of the Company at an issue price of 1.5p or at the price at which the Company secured new funding prior to the repayment date, whichever was the lower.

On 9 July 2015 the Company announced that the lender had notified the Company that the conversion rights would be exercised. Accordingly, 154,649,140 shares become due to be issued to the lender at an issue price of 0.5p. The shares were issued on 13 October 2015.

The balance of the short terms loans are repayable within one year.

8 *Business combinations during the period*

Manaila Polymetallic Mine acquisition

On 7 July 2015 the Group announced that it had concluded an agreement to purchase 50.1% of the issued share capital of Sinarom Mining Group SR (Sinarom) for the price of €1, subject to certain conditions precedent. Sinarom is a company which is currently operating the open pit at Manaila Polymetallic Mine (MPM). Fulfilment of all conditions precedent was announced on 22 July 2015 and the Group took over control of MPM and Sinarom at this date.

Details of the provisional fair value of identifiable assets and liabilities acquired and purchase consideration are as follows:

	Provisional Fair value $000's
Property Plant & equipment	1,705
Mining asset *	870
Inventories	263
Receivables	291
Cash & cash equivalents	1
	3,130
Less payables	(3,130)
Total net liabilities	-
Fair value of consideration paid	-

* This amount represents the value of the underlying mining licence and is carried provisionally pending completion of a full fair value assessment of the other assets of the company. Management is of the opinion that the final fair value of this acquisition is in excess of the amounts stated.

9 *Events after the reporting date*

Exercise of conversion rights and issue of shares

As detailed in Note 5 above, 154,649,140 ordinary 0.1p shares were issued on 16 October 2015 in settlement of a short term loan.

Further issue of shares

On 12 October 2015 7,500,000 new ordinary shares of 0.1p each were issued pursuant to an exercise of warrants for a cash consideration of £42,000.

On 16 October 2015 23,097,237 new ordinary shares of 0.1p each were issued pursuant to an issue of shares to a consultant to satisfy obligations to pay commissions in relation to a prior fundraising.

Baita Plai Polymetallic Mine right to mine

On 27 November 2015 the Appeal Court of Cluj confirmed the merger between the Company's Romanian subsidiaries, African Consolidated Resources SRL (Vast Romania) and Mineral Mining SA, and stated that its decision was final and enforceable.

Vast is advised that Vast Romania, as a result, has a direct legal right to obtain the right to mine (the "Mining Sub-Licence") at Baita Plai Polymetallic Mine without any further legal argument from the holder of the head-licence, Baita SA, and that the grant of the Mining Sub-Licence should now only be a matter of due process. On 29 December 2015 the Company received a letter from Baita SA to request a meeting in early January to conclude the grant of the Mining Sub-licence.

The grant of the Mining Sub-Licence requires the approval of the Romanian National Mining Agency. Such approval is required to be given if Vast Romania fulfils the criteria required laid down under the Romanian mining law. The Directors are of the opinion that these criteria will be satisfied.