



Romanian Interests: Baita Plai & Remin

MAY 2015

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Romania:

- Baita Plai Polymetallic Mine
- Remin SA
- Other opportunities

Why Romania?

- Low sovereign risk – became part of the EU in January 2007
- Established mining culture and pro-mining government – including highly skilled residential workforce
- Emerging market opportunities – potential for significant new discoveries
- Excellent power infrastructure to support development
- Strategic location provides easy access to Europe, the Middle East and Africa

BAITA PLAI POLYMETALLIC MINE



VAST holds an 80% interest in Baita Plai, which is currently on care and maintenance and can be brought back into production in approximately three months

BAITA PLAI POLYMETALLIC MINE

- 80% interest acquired
- Skarn deposit comprising several veins in calcareous sediments in eight distinct pipes
- 1.8 million tonne copper-silver-zinc-lead-gold-tungsten-molybdenum ore body (Russian Reserves and Resources Reporting System) at 6% Cu equivalent within the mining licence area
- Unmeasured resources in other pipes and substantial exploration upside
- Due to lack of capital investment and modernisation the mine became uneconomic and was closed in 2013
- Projected post tax cash flow on existing mine in excess of \$200 million
- 20% held by VAST Romania Senior Management



BAITA PLAI

COSTS TO RECOMMISSION TO ACHIEVE CASH FLOW

CAPEX on REHABILITATION Baita Plai mine	\$2.0m
Creditors of \$1.3m (balance payable out of cash flow)	\$0.8m
Instalment on purchase price of \$1.6m (balance payable out of cash flow)	\$0.5m
	\$3.3m
Contingency	\$0.7m
TOTAL	\$4.0m

RESULT: PRODUCTION RISING to sustained rate of 120,000 tpa by January 2016 and further upgrades to be funded from cash flow

BAITA PLAI RESOURCE BASE AND RECOVERY

- Official records show an in-situ Resource (based on the Russian Reserves & Resources Reporting System) of 1.8 million tonnes at 2.19% Cu, 128g/t Ag, 3.46% Zn, 3.07% Pb and 1.41g/t Au. Mine laboratory records and underground inspections with a Niton XRF analyser cross-correlate very closely
- Polymetallic mix equates to a copper equivalent grade of 6% or a gold equivalent grade of over 10g/t
- 400,000 tonne copper-silver-zinc-lead-gold-tungsten-molybdenum ore body identified within the current mine workings (non-JORC but conservative Romanian estimation methods) – ready to mine
- A molybdenum orebody exists on the Blidar Fault, about 150m west of Shaft 1 - it has been mined out to level 18 (bottom of mine) but below that depth it is untouched, but is not included in Ore Reserves or cashflow models.
- Below are the diluted VAST grades and flotation recovery factors together with back calculations of grades from actual production records

Head Grade Calculations: Concentrate Production vs. VAST Reserve Grades & Recoveries					
	Concentrate Back Calc. Recovered Grade	VAST Head * Grade - Reserves	VAST Float Recovery	VAST Recovery Grade	VAST Recovery vs. Calc. Recovery
Cu %	0.90	1.86	89%	1.65	83%
Pb %	1.60	2.61	86%	2.20	40%
Zn %	1.20	2.94	86%	2.50	111%
Au g/t	0.90	1.20	75%	0.90	0%
Ag g/t	197.94	109.00	75%	81.80	(59%)
Average Difference					35%

** VAST ore reserve grades (based on official figures and the Russian Reserves & Resources Reporting System) vs production figures. Head grade is diluted or “industrial grade” presented to the concentrator. Recovered grade is that achieved after flotation losses.*

Management has reason to suspect that inefficiencies and incorrect recording of value of past metal production render the calculation of recovered grade in the concentrate back calculations very conservative.

BAITA PLAI LOCATION AND HISTORY

- Located in the Apuseni Mountains, Transylvania – area hosts Romania's largest polymetallic and uranium mines
- Located 50km NW from Romania's largest Au-Cu mine, Rosia Montana (→10Moz Au) and also 52km NW of Rosia Poiena, containing over 1 billion tonnes of porphyry copper ore
- Mine hosts; copper, silver, zinc, lead, tungsten, gold, molybdenum, bismuth and antimony
- Polymetallic deposits mined by Romanian state since 1947 before being privatised when communist regime collapsed
- Due to lack of capital investment and modernisation the mine became uneconomic and was closed by the previous owners and operators in 2013 leaving €700,000 debt



1.	Baita Plai	6.	Eldorado Gold
2.	Remat/Nucet	7.	Carpathian Gold
3.	Carpathian Gold	8.	Rosia Montana
4.	Eldorado Gold	9.	Cuprumin
5.	Eldorado Gold		

BAITA PLAI

KEY PRODUCTION STATISTICS

Ore modelled using VAST grades (based on official records) compared to Production grades (from concentrate calculations) gives:

	VAST MODEL	PRODUCTION MODEL
Ore Resource tonnage	1.8m tonnes	1.8m tonnes
Production Rate	10,000 tpm	10,000 tpm
Life of Mine	15 yrs	15 yrs
Capex over life of Mine:	\$40.4m	\$40.4m
Startup, retire debt to end 2014	\$3.3m	\$3.3m
Upgrading to design capacity	\$3.6m	\$3.6m
Development deeper levels	\$15m	\$15m
Closure	\$5m	\$5m
Stay in Business Capital	\$13.5m	\$13.5m
Revenue Discount on LME \$	15%	15%
Peak Cash flow per annum after tax	\$14.7m pa over 11 yrs	\$7.6m pa over 12 yrs
Cashflow NPV 0%	\$217m	\$101m
NPV 10%	\$100m	\$41m
Opex	\$81/tonne	\$81/tonne
IRR	563%	92%

Financial models using geological VAST “industrial” (diluted) head grade vs production figures. Note in the production model, Ag head grades have been dropped from a back-calculated 264 g/t to the VAST grade of 109 g/t as Ag assays are problematical. Au \$1,250/Oz. Ag \$20/Oz, Cu \$3/lb (\$6700/t) Pb & Zn \$0.90/lb

Confirmation of in-situ grades throughout the mine will be a critical task for future planning of mining and exploration. Once these grades are established, a reconciliation against production can be instigated, applying factors for ore loss, dilution and flotation recovery.

- Considerable exploration potential within the mine and in satellite targets in licence area
- Depth potential below the deepest Level 18 has only been drill tested for about 90m – it is not yet certain how deep the skarn mineralisation will persist before being cut off by an underlying granite intrusion – see below
- The branching skarn geometry suggests the mine is currently in the shallow upper levels of the system and the deep roots could persist for at least several hundred metres – an old Russian hole in the 1970s indicated +350m from base of mine to granite.
- Orebody is zoned vertically with Au-Ag caps and Pb-Zn being richer at upper levels.
- Copper grades increase with depth from ~ 0.8% Cu near surface to →2% Cu below Level 18, with spectacular Ag and Au grades (200-2,000g/t and 1-4 g/t respectively) associated with copper on thin veined contacts with the host dolomite.
- Antonio 2 pipe lies approximately 300m north of Antonio 1, both have good access from drives (galleries) down to Level 18 at Antonio 1 and Level 15 at Antonio 2
- Postulated that the Antonio 1 and 2 pipes may merge at depth forming a substantially larger orebody representing a priority drilling target

BAITA PLAI ACQUIRED INFRASTRUCTURE

- Rights to mine polymetallic minerals (Cu, Pb, Zn, Ag, Au), molybdenum, bismuth, wolfram, boron, and wollastonite on exploitation licence LE 999/1999 until 2019, renewable thereafter in 5 year periods
- A processing plant comprising crushing, milling and flotation circuits to produce Cu, Pb, Zn and Mo concentrates with Au and Ag credits – current design capacity is ~ 20,000 tonnes per month
- A tailings dam in good operational order for waste disposal, current tonnage approximately 4.6Mt with all appropriate environmental approvals
- Underground mining infrastructure at Antonio 1 including three access shafts, and active mine levels 16-18 (base of mine)
- Access above those levels is shared with state and private groups who have sub-permits to mine limestone and dolomites (but who are inactive underground at present)
- Above-ground infrastructure including railway and rail wagons



BAITA PLAI MINING PROCESS

- Current mining is at mine levels 16-18 at depths from 260m to 350m from surface
- Ore is loaded from mine face into 1m³ rail cars
- Electric hoist to surface
- 3 silos holding 250 tonnes at surface
- Rail cars of 3m³ move ore 1km to concentrate plant
- Concentrate plant crushes and floats ore to a concentrate of ~26% Cu, 10g/t Au, and 800-1,000 g/t Ag, plus separate Zn and Lead concentrates with high Ag (~2,000 g/t)
- Concentrate trucked by rail or truck for export



- Production costs before closure have been stated by Mineral Mining SA at \$45/tonne, with overheads running at approximately €80,000 per month
- Using OPEX figures from comparable Australian underground mines, the models herein are calculated at a base case of \$81/t
- Romanian labour costs are at least five times lower than Australia, so the OPEX estimates are considered conservative

OPEX is broken down into:

OPEX	\$/tonnes
Mining	\$56.00
Processing	\$15.00
Overheads	\$10.00
Total OPEX	\$81.00

- Improve plant recoveries from current 65% or worse
- Upgrade float circuit to capture W, Mo by-products that are not currently included in the concentrate sales
- Upgrade 1970s vintage ore-loaders, a current bottleneck
- Improve ventilation and hoisting for safety and productivity
- Increase mine production to 120,000t p/a
- Reduce production cost/tonne

Historical MoU with Romanian state mining company, Remin SA

Key Headlines:

- Opportunity to acquire up to 55 precious metal and polymetallic mines
- Wide underground ore bodies that can facilitate mass mining
- Major exploration opportunities over 100km prospective land package
- Government has recommended awaiting near-term new mining legislation to facilitate recommencement of negotiations to acquire

- VAST has completed a due diligence exercise following a Memorandum of Understanding on the mining assets of Remin, a Romanian state government company
- Until 1997 Remin operated a chain of over 55 precious metal (gold and silver) and polymetallic (lead, zinc and copper) mines over more than 100km of strike length in the highly prospective Carpathian mountains in northern Romania
- Three main asset classes have been identified, which would provide the basis for a staged development programme targeting five high priority projects
 - Tailings/stockpiles that can be recycled
 - Open pit mining on gold-silver caps of epithermal veins
 - Wide underground ore bodies that can facilitate mass mining
- Additional development opportunities available – exploration potential over 100km of the Carpathian mineral belt with further upside available in the belt on land not controlled by Remin

Roy Pitchford

Chief Executive Officer

M: +44 7793 909 985

M: +40 741 111 900

E: roy.pitchford@vastresourcesplc.com

Roy Tucker

Finance Director

T: +44 1622 816918

M: +44 7920 189 012

E: roy.tucker@vastresourcesplc.com

Charlotte Heap / Hugo de Salis

Public Relations / Investor Relations

T: +44 20 7236 1177

E: info@stbridespartners.co.uk

