

MINING FLASHNOTE

VAST Resources (VAST AIM)

20 June 2016

Stock Data

Share Price:	0.20p
Market Cap (M):	£4.9
EV (M):	£21.8

Price Chart



52 Week Range

0.14p	0.20p	2.25p
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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

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Sapi River Investment LTD	8.85%
Hargreaves Lansdowne Asset	6.83%
Halifax Share Dealing	5.38%
Barclays PLC	5.30%
TD Direct Investing	5.21%
Canaccord Genuity Wealth	3.87%

Source: Bloomberg

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VAST Releases Mine Update

Event

Vast Resources ("Vast") has released an operational update and news of share issues. It has also called for a General Meeting to be held on the 1st July 2016

Comment

In this note we are only commenting on the operational side of the company. All issues relating to the Crede and Darwin facilities will be dealt with in another note which we will publish after the General Meeting.

Pickstone-Peerless. This is the good news. When comparing the current update of 2,900oz of gold produced in the April-May period, we believe the mine is around 3 months ahead of our modelling. Although we anticipated a better June quarter, it is exceeding our anticipations. Already the mine has produced more gold in the 2 month period than in the previous quarter. Although tonnes processed are up, on a monthly basis, we believe that the gold production could not be achieved without better grades which also suggests better recoveries. This is in part due to the co-operation between mine management, the artisanal miners, and the authorities has seen the artisanal miners relocated to other areas and the mine able to operate throughout the mine lease area. This anticipated enhanced profitability is expected to result in a further reduction of debt.

The success and progress at Pickstone-Peerless has encouraged the Company and Grayfox to consider developing the 50% owned Giant Gold Mine ("GGM") where there is currently an inferred resource circa half a million ounces of gold. Vast has secured additional information from third parties and further exploration drilling now needs to be undertaken in order to upgrade and increase the known level of resources at the mine. Artisanal miners working in the area will need to be relocated and consultations with their representatives have commenced. GGM provides the Company with the potential to develop a second significant gold mine. Management will now focus on this objective.

It appears that the **Manaila** mine is approximately three months behind our expected schedule. The second mill was commissioned in April as a regrind mill and it was thought that this would enable the production of a separate zinc concentrate and increase the value of the copper concentrates. However, there have been problems with the flotation reagents and two concentrates are not yet being produced. Further tests were conducted and an analysis has been undertaken on the recommendation of polymetallic metallurgical consultants and the consultants are now on site at MPM to assist management in achieving improved recoveries and separated concentrates. In our modelling we have postponed the production of individual copper and zinc concentrates until the September quarter.

The enlarged prospecting licence granted to MPM, as announced on 30 March 2016, will allow the Company to evaluate whether it is possible to extend the open pit resources at the mine, and to extend the open pit mine life, which could provide MPM with the ability to install a new milling and flotation facility at the mine thereby saving transport costs on the ore and waste between the mine and the processing facility at Iacobeni.

Baita Plai. The delay in obtaining the right to mine at Baita Plai has been very frustrating for the Company. It is important as the value of this mine accounts for approximately 50% of our net present value of Vast Resources. Since February 2016 there has been new management at Baita SA, and it has become evident to the Company that there is now no opposition in principle from any quarter to the Company receiving the sub-licence. The new Secretary of State verbally confirmed to the Company in February 2016 that the sub-licence would be granted upon clarification of the current position which would take up to sixty (60) days, thus giving the Company the expectation of delivery no later than April 2016.

Progress has continued to be laboriously slow and is principally centred on a debate surrounding a debt of Lei 6.9M or 2.5M (US\$620K) depending upon an interpretation of what is legally due upon the grant of the sub-licence.

The up to date position is that Baita SA has now mandated its General Manager to confirm the current position officially in writing to the relevant section of the Ministry of Economy. The Company is in advanced discussions to procure the additional funding required for the deposit in the escrow on terms which are currently considered acceptable to the Company.

The Company believes that official clarification of the agreed facts with the assistance of Baita SA for the benefit of the Ministry of Economy should deliver real progress. It is intended that Lei 2.5m be placed in a suitable bank account on escrow in order to secure the immediate obligations that will arise on receipt of the sub-licence so that the sub-licence can be issued without delay.

Research Disclosures

Peter Rose

Peter has 29 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 8 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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Research disclosure as of 20 June 2016

Company Name	Disclosure
KEFI Minerals (KEFI LN)	1, 2, 7, 8, 9

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