

VAST Resources (VAST AIM)

06 September 2016

Stock Data

Share Price:	0.27p
Market Cap (M):	£8.6
EV (M):	£25.2

Price Chart

52 Week Range

0.14p		0.27p
2.25p		

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

St Annes Trustees LTD	6.81%
Sapi River Investments LTD	6.80%
Hargreaves Lansdown	6.58%
Toronto Dominion Bank	5.78%
Canacord Genuity Wealth	5.27%
Halifax Share Dealing	5.15%

Source: Bloomberg

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Manaila Long Term Off-take Agreement

Event

Vast Resources ("Vast") has announced that it has signed a long-term off-take agreement with Transamine Trading SA ("Transamine"), the Geneva-based global trader of non-ferrous metals, for all concentrates produced at Vast's Manaila Polymetallic Mine in Romania. The terms and conditions of the Offtake Agreement, which is valid until December 2017 dictate the off-take pricing dependent on the quality of the concentrate and are in line with industry standards with favourable payment terms to reduce Vast's working capital constraints.

The first concentrate sale under the terms of the Offtake Agreement (but ahead of the Offtake Agreement being entered into) was on 2 September 2016 for a total of 430 tonnes of copper ("Cu") concentrate grading 18.7% Cu. The steady-state Cu concentrate now being achieved post the plant optimisation is grading 20% Cu. This grade is considered to be the optimum Cu content for the Manaila Cu concentrate.

Comment

This is another good result for Vast. The June quarterly production report showed that the metallurgical performance at Manaila was taking longer than anticipated to improve, however, copper concentrate grades have improved substantially to 20% copper and we understand that precious metal recoveries have also improved.

Prior to this agreement being signed, Vast had some residual stock in the warehouse that was sub optimal in grade. By blending this material with the recently produced higher grade concentrates, a more saleable concentrate has been achieved.

Secondly, this agreement should assist with the cash flows at Manaila. Under the payment terms, Vast will receive 80% of the cash value of the concentrate once 200t have been placed in the warehouse followed by a further 10% on shipment. The balance is payable under normal concentrate terms.

The terms of this agreement will also apply to the zinc concentrate. No zinc concentrate has been produced since Vast have been operating the plant, but the implementation of the test work by Minxcon has shown that by commissioning the second float line, a separate zinc concentrate can be produced. The testwork has shown that a 50% zinc concentrate can be produced which will be very saleable. An additional advantage of this is that the zinc content of the copper concentrate has been reduced, which lowers penalty charges. The removal of the zinc from the copper concentrate is one of the key reasons why the copper concentrate grade has improved significantly.

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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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 06 September 2016

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

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