

MINING FLASHNOTE

VAST Resources (VAST AIM)

19 October 2016

Stock Data

Share Price:	0.225p
Market Cap (M):	£7.3
EV (M):	£18.32

Price Chart



52 Week Range

0.14p	0.225p	1.475p
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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

St Annes Trustees LTD	6.70%
Sapi River Investments LTD	6.70%
Hargreaves Lansdown	6.48%
Toronto Dominion Bank	5.70%
Canacord Genuity Wealth	5.19%
Halifax Share Dealing	5.07%

Source: Bloomberg

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JORC Resource Declared for Nkombwa Hill Phosphate and Rare Earth Element Project

Event

Vast Resources ("Vast") has announced that a maiden JORC Compliant Resource estimate has been completed for the Nkombwa Hill Phosphate and Rare Earth Element Project ("Nkombwa Hill" or the "Project") located in northern Zambia.

Comment

This comes as a complete surprise. When we wrote our initiation note on Vast this project was not mentioned as management attributed it no value and it had been farmed out to Kilimire International Limited ("KLL"), a private exploration company. Lo and behold, luckily they were wrong.

There are two ways of looking at the deposit. Firstly, as a phosphate deposit, it contains an Indicated and Inferred Resource of 21.8Mt grading 7.06% P₂O₅ and 1.17% Total Rare Earth Oxides ("TREO's") at a 3% P₂O₅ cut-off.

Alternatively, and as a subset of the Total Mineral Resource above, a Total Mineral Resource of 2.78Mt at a grade of 2.76% TREO and 6.43% P₂O₅ at a 1.0% TREO cut-off grade.

KLL will now proceed to stage 2 of the earn-in. This requires KLL to fund an additional US\$1M to de-risk the project through metallurgical work which will assist in assessing the economic viability of the project and contribute towards possible future feasibility studies. In this regard, representative ore samples have been delivered and a Scope of Work document is currently being agreed with appropriate laboratories.

The mineral resource was solely based on the drilling undertaken by KLL which comprises 11 diamond drill-holes. The area drilled represents approximately 5% of the carbonatite pipe by volume. The historical drill holes drilled by Rhodesian Selection Trust (RST) have only been sampled selectively and have not been used in the resource calculation.

This obviously adds value to Vast who currently own 49.6% of the Nkombwa Hill project and this can be diluted down to 35% if KLL achieve certain milestones. Given so little of the lease has been drilled, there is potential to expand the resource significantly, but it is extremely difficult to value at this stage.

One interesting possibility would be to develop the deposit as a P₂O₅ mine with a TREO concentrate as a by-product. There is a possibility that the TREO concentrate could be produced and sold to, or toll treated at Peak Resources Ngualla project's proposed processing plant in nearby Tanzania or shipped to Europe for processing in their solvent extraction plant.

Research Disclosures

Peter Rose

Peter has 60 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 9 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 19 October 2016

<u>Company Name</u>	<u>Disclosure</u>
Vast Resources (VAST AIM)	1, 2, 7, 8, 9

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