

MINING FLASHNOTE

# VAST Resources (VAST AIM)

21 December 2016

### Stock Data

Share Price:	0.17p
Market Cap (M):	£7.7
EV (M):	£18.5

### Price Chart



### 52 Week Range

0.10p	0.17p	1.075p
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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

Hargreaves Lansdown	7.93%
Toronto-Dominion Bank	7.79%
Halifax Share Dealing	6.65%
Barclays PLC	5.45%
St Annes Trustees LTD	4.94%
Sapi River Investments LTD	4.94%

Source: Bloomberg

Peter Rose

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

www.brandonhillcapital.com

## Vast Reports Significant Improvements with Manaila Metallurgical Performance

### Event

Vast Resources ("Vast") has released two announcements. The first announcement was its Interim financials to 30 September 2016. The second was an update on the Manaila mine with specific reference to zinc.

### Comment

It was the Interim results that took us a little by surprise, Vast reporting a very small profit of US\$384K before the minorities were included. Including the minorities, Vast reported a very modest loss of US\$0.8M, which was a much better figure than Brandon Hill expected. Hidden, deep in the fine print was the comment that the Manaila mine had delivered a positive cashflow.

It is very difficult to forecast the cashflows at Manaila as Vast releases very little details of the precious metal content of its copper concentrates, but the cashflows will have benefitted from the improved copper prices.

But, this morning comes the news that sales of zinc concentrate have commenced. The concentrate grade is in excess of 30% zinc and to really make money this grade needs to be improved to 45% zinc or better. The first sale of zinc concentrate was 200 dry mt in mid-December 2016 and is currently producing around 80 dry mt per month and is aiming to increase this by 85% by the end of the first half of 2017.

In addition, the mine has commissioned a third flotation line with the objective of increasing copper production in the first quarter of 2017. It is also installing a gravity recovery facility for the gold and silver. Apart from generating a third revenue stream, this would improve cashflows as dore bars have much shorter selling times than concentrates.

Overall, these two announcements are very positive. Manaila is cashflow positive and we believe it will be profitable on a P&L basis very soon, if not already. Current metal prices and increasing production should ensure that this happens sooner rather than later and it will relieve all the pressures on fund raising that the company has suffered in the past 12 months.

## Research Disclosures

### Peter Rose

Peter has 30 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.

**Tel: +44 (0)20 3463 5034**

**Peter.Rose@brandonhillcapital.com**

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<b>Sell</b>	Recommendation implies that expected total return expected over 12 months between current and analysts' target price is negative.

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Research disclosure as of 21 December 2016

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

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## Brandon Hill Contact List

### International Sales

**Oliver Stansfield**

Tel: +44 20 3463 5061

Email: oliver.stansfield@brandonhillcapital.com

**Alex Walker**

Tel: +44 20 3463 5018

Email: alex.walker@brandonhillcapital.com

**Pierre Iseux**

Tel: +44 20 3463 5024

Email: pierre.iseux@brandonhillcapital.com

### Research

**Peter Rose**

Tel: +44 20 3463 5034

Email: peter.rose@brandonhillcapital.com

**William Arnstein**

Tel: +44 20 3463 5020

Email: william.arnstein@brandonhillcapital.com

### Corporate Finance & Broking

**Jonathan Evans**

Tel: +44 20 3463 5016

Email: jonathan.evans@brandonhillcapital.com

**Wei Jiao**

Tel: +44 20 3463 5019

Email: wei.jiao@brandonhillcapital.com

**Robert Beenstock**

Tel: +44 20 3463 5023

Email: robert.beenstock@brandonhillcapital.com