

MINING FLASHNOTE

VAST Resources (VAST AIM)

26 March 2018

Stock Data

Share Price:	0.685p
Market Cap (M):	£35.1
EV (M):	£33.6

Price Chart



52 Week Range

0.253p	0.685p	0.779p
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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

HSBC	5.14%
Kate Margaret	3.24%
NPlus1 Singer Advisory	2.62%
Halifax Share Dealing Ltd	2.12%

Source: Bloomberg

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Vast Announces an Updated JORC Compliant Resource Estimate for Manaila

Event

Vast Resources ("Vast") has announced an updated JORC compliant resource for the Manaila polymetallic mine in Romania. The total open pit mineral resource is an Indicated and Inferred tonnage of 4.6Mt grading 0.97% copper, 0.68% zinc, 0.32% lead, 25.8g/t silver and 0.23g/t gold, all based on a copper cut-off grade of 0.25% copper, an increase of 210%. In addition, there is an underground Indicated and Inferred resource of 1.1Mt grading 1.58% copper, 0.88% zinc, 0.82% lead, 14.6g/t silver and 0.15g/t gold all based on a copper cut-off grade of 1.0% copper, an increase of 298%.

Comment

This is excellent news for Vast. It is a significant increase to the current ore resource and will have a large impact on the mine life which is now estimated at 11 years, based on a 30kt pm operation. One of our key concerns had been the mine life at Manaila and this increase in ore resources answers our questions and helps to justify the proposed new processing plant which would significantly reduce costs.

The new resource figure is based on the recently completed 19 hole drill campaign. This included 4 holes twinned with historic holes for which only the assays existed. As the results correlated well, the historic assays were included in the resource calculation. As a result of including the historic assays, the Measured resource was downgraded to the Indicated category. The new resource is based on the existing open pit that has just been extended and the extensions to the north-east which is known as the Calibaba area.

BHC considers the ore resource figure to be conservative as it was based only on copper assays. If a copper equivalent cut-off had been used we are confident that the tonnage would have been higher as it would have included all the gold, silver and zinc. It is probably fair not to include the lead as no payable lead is currently produced at Manaila.

There are several key points to take away from the new resource figures. Firstly, the figures allow for dilution and the quoted copper grade is higher than that currently being treated. This suggests increased copper production, and higher grades are normally associated with higher recoveries.

Secondly, the new resources include lead assays, yet Manaila does not currently produce a lead concentrate. BHC understands that the proposed

new mill includes a lead circuit which would add another revenue stream and we believe it would also improve silver recoveries.

In addition, an exploration target has been defined over the remainder of the exploration perimeter. There is sufficient information available, from existing surface drill holes to literature regarding the development of sulphide mineralisation in the area surrounding MPM to warrant the development of a staged exploration programme to advance these areas into a mineral resource category in the future. Table 1 provides the exploration target potential for open pit exploration targets and Table 2 for underground exploration targets. All exploration targets are reported with no cut-off grade applied.

Table 1: Open Pit Exploration Target at Manaila Polymetallic Mine, February 2018

OPEN PIT	Tonnes (Kt)		Grade					
	Minimum	Maximum	Cu% Min	Cu% Max	Pb% Min	Pb% Max	Zn% Min	Zn% Max
Exploration Target								
Range	1,063	3,190	0.4	1.1	0.1	0.4	0.2	0.6
Total	1,063	3,190	0.4	1.1	0.1	0.4	0.2	0.6

Source: Vast Resources

Table 2: Underground Exploration Target at the Manaila Polymetallic Mine, February 2018

UNDERGROUND	Tonnes (Kt)		Grade					
	Minimum	Maximum	Cu% Min	Cu% Max	Pb% Min	Pb% Max	Zn% Min	Zn% Max
Exploration Target								
Range	7,861	23,583	0.4	1.3	0.2	0.7	0.3	1.1
Total	7,861	23,583	0.4	1.3	0.2	0.7	0.3	1.1

Source: Vast Resources

Research Disclosures

Peter Rose

Peter has 31 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 10 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 26 March 2018

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

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