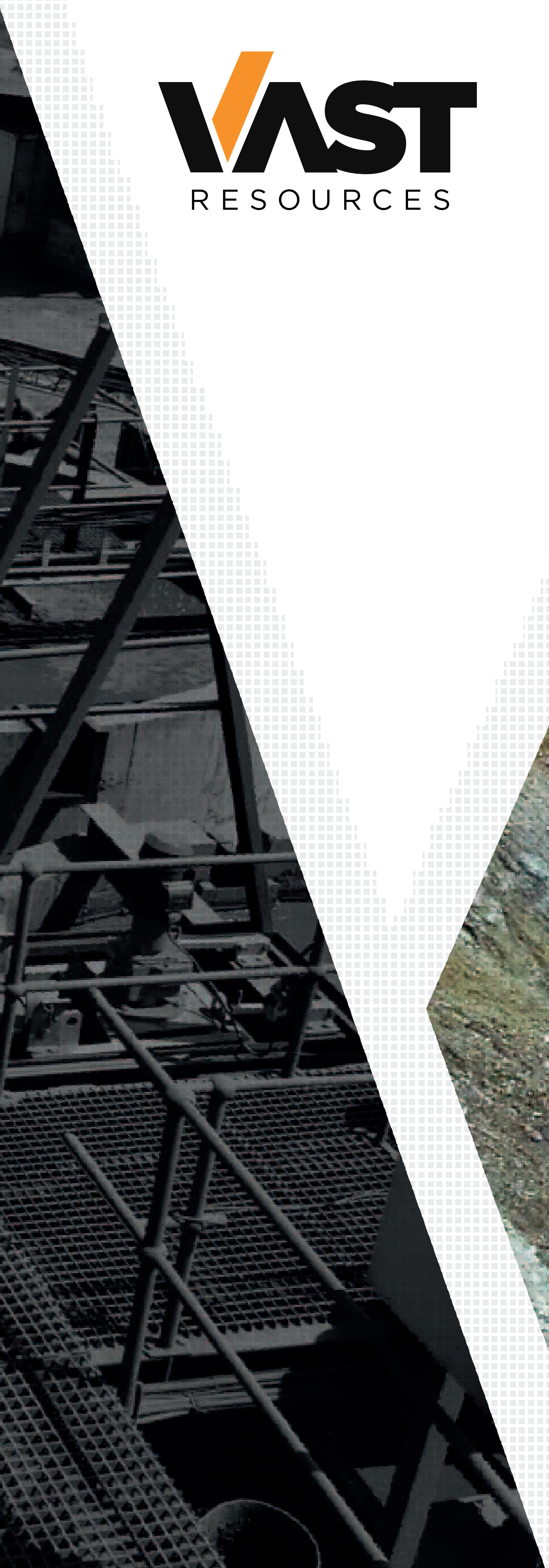
VAST RESOURCES

REPORT / ACCOUNTS

2016 / 2017



* Area of interest following memorandum of understanding with state owned Remin SA

PRODUCTION

EXPANSION

OPTIMISATION

PIPELINE DEVELOPMENT

Overview of the year

Vast Resources plc ('Vast' or the 'Company') has focussed its portfolio of mining assets towards a Romania centric polymetallic mining base with the partial divestiture of its gold mining holding in Zimbabwe agreed during the year under review, and completed post period end. Production at Vast's initial two mines, the Manaila Polymetallic Mine in Romania ('MPM') and the Pickstone-Peerless Gold Mine in Zimbabwe ('PPGM') increased considerably over prior year levels. The Company's mineralised footprint in Romania was materially expanded with the award of several exploration licences culminating post period end in a landmark step towards achieving the Baita Plai Polymetallic Mine ('BPPM') right to mine, following success in a formal selection process.

Financial

- 230% increase in revenue to $23.8 million (2016: $7.2 million)
- 72% decrease in loss from continuing operations to $2.4 million (2016: $8.5 million) – mining and production operations in Zimbabwe performed strongly. However delays in improvements to operational performance in Romania and the corporate overhead continued to weigh heavily on profitability
- There were no discontinued operations in the year under review whereas a loss of $8.7 million from discontinued operations was incurred in 2016
- Cash balance at period end of $1.326 million (2016: $0.831 million)

Post period end:

- Cash balance of $0.425 million in the Group, plus a further $128,700 held in Breckridge Investments (Private) Limited ('Breckridge') in Zimbabwe as at 31 August 2017

Operational Development

- Prospecting licence granted over Faneata tailings dam adjacent to BPPM
- Maiden JORC Resource estimate published at MPM which increased the previously estimated open-pit resources under the Russian classification by approximately 8 times
- Zinc production commenced with the installation of a new flotation line in MPM
- Construction of a sulphide processing plant at PPGM commenced in the first quarter of calendar 2017 – construction was funded by an overdraft facility with a local bank, supplemented by internally generated cash flows
- Agreement to dispose of an effective 25% interest in PPGM and Giant Gold Mine for $4 million in conjunction with a loan of $4 million from Sub-Sahara Goldia Investments (completed post period end)
- Agreement to acquire the remaining 49.9% interest in Sinarom Mining Group, the operating company of MPM, providing the Company with a 100% interest in MPM (completed post period end)

Post period end:

- Much delayed remedial capital expenditure undertaken to streamline mining and processing operations at MPM
- 4,037 Troy Ounces of gold produced at PPGM in quarter ended June 2017
- 828 and 157 tonnes of copper and zinc concentrate respectively produced at MPM in quarter ended June 2017
- Success in formal selection process concerning the award of an association licence at BPPM

Funding

- Fundraising share issues during the year:

Issue proceeds US$	Sterling	Shares issued	Issued to
476,314	324,425	324,424,770	Crede capital – conversion of warrants
497,829	500,000	140,211,632	Existing investor group
198,761	203,660	203,660,040	Exercise of warrants by existing investor group
2,054,720	1,663,579	583,711,881	Open offer and supplementary placing
4,354	3,922	784,409	Exercise of open offer warrants
144,294	117,000	42,469,635	To settle liabilities
2,251,256	1,809,561	999,032,113	Conversion of Bracknor Fund loan notes
368,009	300,000	75,000,000	Exercise of Bracknor fund warrants
328,124	263,158	52,631,578	Exercise of warrants by brokers
199,010	161,570	161,569,805	Exercise of warrants by Management
6,522,671	5,346,876	2,583,495,863	

Management

- 3 October 2016 – resignation of Graham Briggs as Non-Executive Director and appointment of Brian Moritz
- 16 November 2016 – at the Annual General Meeting of the Company William Battershill retired as director by rotation and did not offer himself for re-election. Brian Moritz was appointed Chairman of the Company in his place.
- 13 March 2017 – Appointment of Craig Harvey as Chief Operations Officer

Post period end:

- 30 June 2017 – Appointment of Brian Basham as Non-Executive Director

Chairman’s Report

It gives me great pleasure to present this my first chairman’s report since taking up the role on the 3rd October 2016. I would like to thank William Battershill for his service to the company as chairman and a director during its transition from an exploration company to a mining company. His enthusiasm, commitment and support played an important part in this transition of the company’s objectives.

Strategic Highlights

This financial year has seen a significant increase in turnover from US$7.2 million in 2016 to US$23.8 million. The operating loss has reduced from US$8.0 million in 2016 to US$1.6 million, and the comprehensive loss attributable to shareholders from US$16.2 million in 2016 to US$3.7 million.

The retention of free cash flow in Zimbabwe to finance the development of the phase two sulphide processing facilities at the Pickstone-Peerless Gold Mine; the funding of the Romanian overhead costs; the funding of maintaining the listing in the United Kingdom and the associated overheads; and the financial support for operations at the Manaila Polymetallic Mine along with the care and maintenance of the Baita Plai Polymetallic mine in Romania; have required further injection of capital via equity raisings and additional borrowings.

During the year, there were also changes agreed in the ownership of certain subsidiary companies. Following period end part of our interest in the Pickstone-Peerless Gold Mine was sold, although we retain voting control over Pickstone-Peerless. The cash generated from that sale was used, in part, to purchase the minority interest in the Manaila Polymetallic Mine, where we now own a 100% interest. While both of these transactions were negotiated during the year, they only reached completion following the reporting date.

Zimbabwe

Higher than normal rainfall affected operations at Pickstone-Peerless Gold Mine; nevertheless 239,199 tons of ore were milled compared to a target of 240,000 tons. Access to the higher-grade areas was restricted and low grade areas and stockpiles had to be utilised resulting in the production of 16,500 ounces of gold compared to the target of 18,000 ounces.

Post year end, milling rates and gold production have reverted to expected levels and work on the sulphide phase two expansion has commenced.

Romania

The improving trend experienced at Manaila Polymetallic Mine in the first three quarters of the financial year was severely hampered by unexpected extremely cold weather conditions experienced in the fourth quarter. The cold weather stopped mining and processing operations and therefore the volume of copper and zinc concentrate production. Post year end, the weather conditions returned to normal and the improvement in production has resumed.

Significant achievements during the year included: the removal of the high levels of zinc in the copper concentrate thereby eliminating the zinc penalty; achieving the optimum copper concentrate grade; the production of a separate zinc concentrate and a second income stream; increased copper and zinc concentrate quantities; and commencement of the installation of a gravity gold circuit to recover free gold that was not being recovered in the copper and zinc concentrate production.

The Baita Plai Polymetallic Mine association exploitation licence has remained a key focus of activity in Romania as the quality of the ore body and the potential profit and cash generation of this mine has persuaded the board to persevere with the licence application. It is very pleasing to note that this effort has now been rewarded by the selection announced on 30 August 2017 of our subsidiary company for the award of the licence. We now anticipate the grant of the right to mine very shortly.

Management

Craig Harvey has been appointed Chief Operating Officer. He is mainly focussed on Romania and improving the mine planning and mining at Manaila Polymetallic Mine along with the various processing improvements earmarked for the metallurgical complex at Iacobeni. The granting of the Baita Plai licence will require further involvement in Romania as this mine is brought back into production.

Craig also continues to provide support for the mining operations at Pickstone-Peerless, the evaluation of the Giant Gold Mine and other potential gold opportunities in Zimbabwe.

Carl Kindinger has assumed the full functions of the CFO role and the corporate secretarial role has been transferred to corporate secretaries Shakespeare Martineau. As stated previously, Roy Tucker indicated his desire to wind down his involvement in the company and these changes in the CFO role and the transfer of the corporate secretarial role are designed to facilitate this objective.

Funding

US$4.2 million was secured during the year via share issues by way of the conversion of warrants issued in association with capital raisings; an open offer to shareholders; the settlement of liabilities; and the Bracknor equity facility for US$5 million that was terminated after its initial tranche of US$2 million. In addition, an additional US$5.3 million was secured during the year through debt financing, with $3.4 million of debt being repaid.

The ongoing funding of the U.K. and Romania overheads, and the further support required to bring the Romanian operations to a cash generative position requires additional capital. The company is in discussions with potential strategic partners and expects finalisation of the strategic funding options shortly.

Corporate structure and strategy

The geographical and cultural diversity between Romania and Zimbabwe involves the board in reviewing on an ongoing basis the corporate structure and the strategy going forward. In addition, within the shareholder base there are differing perceptions and expectations with regards to the countries and metals produced by the company.

In the event of a separation between the Romanian and Zimbabwe operations there would be individual listed entities with shareholders initially equally represented in both companies. This would enable shareholders to focus investment in either, or both companies, as they wished.

The potential strategic investment referred to earlier could be the catalyst to achieving the objective of establishing separate listed companies to focus on Zimbabwe and Romania.

Appreciation

The continued support of shareholders is appreciated; it is planned that during the current financial year operations in Romania will become cash generative and that developments in Zimbabwe will enable access to cash, because of the anticipated strategic investment in the group.

To fellow directors, past and present, thank you for your advice and support, and to management and staff in both Romania and Zimbabwe for their continued efforts on behalf of the company.

Brian Moritz
Chairman

Principal activities, review of business and future developments

Vision

The vision of the Company is to become one of the largest copper producers in Eastern Europe whilst retaining a significant interest in the potential increasing gold production in Zimbabwe.

Principal activities

Vast is a diversified mining company with open pit polymetallic operations and a planned underground polymetallic mine in Romania, and an open pit gold mine in Zimbabwe. We hold gold and diamond related mining claims in Zimbabwe and have a presence in Zambia with interests in a rare earth and phosphate project. We mine and produce copper and zinc concentrate and gold bullion. We operate a regional model, with our registered office in London, United Kingdom and offices in Bucharest, Romania and Harare, Zimbabwe.

Review of business

Zimbabwe

Pickstone-Peerless Gold Mine – PPGM

PPGM continued to generate free cash flow. This was occasioned by a substantial increase, over prior year levels, in tonnage milled and gold production despite some weather-related disruptions. Cash costs per ounce of gold produced declined to $819 /oz on the higher volumes of production. Profitability has exceeded expectations. Prior to the commencement of the construction of the new sulphide plant cash levels reached $2.5 million. The sulphide plant will expand milling capacity by 75% to 35,000 tonnes per month and will come on stream in the third quarter of 2017. The plant is and will be part funded by a bank loan which is expected to be repaid out of internally generated cash flow within 12 to 18 months of the start of production.

In line with the company's policy of support for the local community and strengthening relations with government a joint venture agreement for a toll treatment plant to recover gold from nearby artisanal mining activities was been concluded and construction was completed during early 2017.

Giant Gold Mine – GGM

Evaluation of GGM, located 28km from PPGM, which has a current JORC-compliant inferred resource of 500,000oz of gold, commenced in the year under review.

Romania

Manaila Polymetallic Mine ("MPM") together with extensions and proximal licences

Insufficient funding for both pre-stripping activity and remedial capital expenditure, together with unusually adverse winter weather conditions, took a heavy toll in reduced production levels, which fell well below the targeted 15,000 tons per month of mill feed. Plant overheads were not fully recovered as a result. Cash costs of concentrate exceeded realisable sales values per tonne by a wide margin. Nevertheless, noteworthy achievements during the year include the reduction of zinc contained in copper concentrate to commercially acceptable levels, a steady improvement in quantity and quality of copper concentrate produced, and the introduction of a separate zinc concentrate. As a result, a reduction in refining charges and penalties have secured higher metal concentrate prices.

In March 2017, a gravity concentrator was commissioned in order to recover a pyrite concentrate with gold and silver credits. Test throughput has proved to be inconsistent in terms of quantity and quality of the concentrate. Independent process consultants have been brought to site to assist in resolving these issues. We are now focused on the development required to increase quantity to a level commensurate with our mining rate.

Recent funding made available to the Company has enabled commencement of the necessary remedial capital expenditure on the plant. Furthermore, a crusher has been ordered which will allow for the crushing circuit to deliver smaller sized feed in order to decrease milling time. Although the cost of transporting ore 34Km from the open pit to the plant continues to erode profitability, trucking capacity has been expanded after year end, thus ensuring this is no longer a limiting factor in production. Together these measures should enable the full production target of 15,000tpm to be achieved in September 2017. A significant improvement in performance has already been achieved since the reporting date.

We are undertaking a drilling programme that is nearing completion at the Carlibaba extension to the current Manaila licence area. Initial drilling results are promising. The objective is to prove the potential of a second open pit mining operation at Manaila. Full results from the Carlibaba drill programme are anticipated for release in September 2017 together with an outline of Carlibaba's development path.

A new metallurgical processing facility is proposed which will deal with ore from Manaila and Carlibaba. This is intended to reduce significantly the cost of transportation and processing of ore thereby driving down the cash cost per tonne milled. It will also enable the plant to be contained in a controlled environment, thus materially reducing the adverse effect of severe winter weather.

In December 2016, the Company expanded its potential resource base through the granting of two prospecting licences proximal to MPM – Piciorul Zimbrului and Magura Neagra – over which, from previous exploration, there are initial estimates of substantial polymetallic resources. Exploration licences will be applied for once prospecting work is complete.

Baita Plai Polymetallic Mine ("BPPM") and Faneata Tailings Dam

We are aware of shareholders' frustrations regarding the timescales for the grant of the BPPM mining association licence (sub-licence), but following the Company's success in a formal selection process, we are now very confident that the right to mine will be granted shortly. It needs to be emphasized that the past delays have arisen from the unusual legal background to the situation for which there is no precedent in Romanian mining history. Since 2014, Vast, through its subsidiary companies, has been granted five licences all promptly and without any difficulties.

Once the association licence is granted, the Company anticipates that production could begin within six months and has forecast a start-up capital expenditure budget of $1.2 million to make the mine operational.

Meanwhile expenditure at BPPM has been limited to the required care and maintenance requirements and some capital expenditure to comply with health and safety regulations that permit continued access to the important areas of the mine such as the pumping stations.

A prospecting licence was granted in May 2016 over the Faneata tailings dam located 7km from the BPPM. Subject to the outcome of the feasibility study the intention is to use the BPPM processing facility.

An internally generated Maiden Faneata JORC Compliant Resource Estimate in March 2017 defined a total Mineral Resource of 3.0Mt (Gross, 2.4Mt being net to Vast). Metallurgical test work has commenced to determine an optimal processing method. A feasibility study to recover the contained metals is underway. An application has been made for an exploitation permit over the tailings dam in anticipation of positive feasibility results. Preliminary economic assessment indicated a break even total processing recovery of 25%.

Corporate

In January 2017 the Company contracted with Sub-Sahara Goldia Investments ("Sub-Sahara") firstly to raise US$4 million through a divestment of an effective 25% interest in PPGM and GGM, and secondly US$4 million by way of a loan, both subject to certain conditions precedent. Draw down of a significant part of the monies was not completed until June 2017 due to delays in complying with the conditions precedent, principally obtaining consent of the Reserve Bank of Zimbabwe.

In March 2017 the Company announced the acquisition of the remaining 49.9% equity stake in SC Sinarom Mining Group SRL ("Sinarom") (the operator of MPM) and also announced that discussions were continuing concerning further transactions in relation to Sinarom which could include the introduction of a joint venture partner or securing debt at the subsidiary level in order to increase production at both MPM and the newly acquired Piciorul Zimbrului and Magura Neagra licences.

In July 2017, it was announced that conditional heads of terms had been signed with a corporate finance and investment firm with significant experience in, and investment in, Romania (the "Investor"). This provided for a two-stage investment totalling US$10 million for the purpose of the Company's capital expenditure and working capital requirement, mostly for the expansion of Romanian operations. The investment was subject to the rights of Sub-Sahara under the terms of its loan agreement, which gave Sub-Sahara a right to provide equivalent finance if the terms and conditions were the same, which right has been exercised by Sub-Sahara in August 2017. Sub-Sahara has indicated it wishes to work with the Investor and the two parties are in discussion with each other and with Vast to deliver a mutually acceptable investment and corporate strategy. Meanwhile, in order to prevent any further delay in the grant of the BPPM mining association licence, it was announced on 13 September 2017 that Sub-Sahara had provided an additional loan of $1.68 million for payments in connection with the BPPM association licence.

Strategy and Key Performance Indicators

Our strategy is to:

- develop an appropriate geographic and product profile consistent with our strengths, available opportunities and risks;
- focus on optimising our operations to produce positive cash flow;
- add value to operations by increasing our resources and reserves;
- attract appropriate joint venture partners and public institutions to invest in the Company;
- maintain optionality on Zimbabwe gold production without significant increase in investment risk in Zimbabwe.

A key issue for the Company has been a lack of, or delay in obtaining, adequate funding for Romania. This has caused utilisation of plant in need of refurbishment and without adequate back-up. As a result the necessary production volume to yield the targeted cash flow has not been achieved. This was partly remedied by the delayed finance obtained from the January 2017 Sub-Sahara transaction, but would be fully addressed by the consummation of the funding represented by the heads of terms announced in July 2017 or equivalent finance from Sub-Sahara or elsewhere.

PPGM in Zimbabwe, which was adequately capitalised for the first phase oxide mining and processing and had the benefit of new plant, has produced cash flow in excess of targets. The cash generated has been applied in funding the second phase new sulphide plant at PPGM and subsequently is planned to finance the development of GGM. The cash generated currently is therefore not available to fund the Company's overheads or Romanian development.

Excluding Zimbabwe, the Company was a net cash absorber. Inter alia, a corporate overhead in excess of $2 million p.a. had to be funded by debt and dilutive equity raises in the absence of a dividend flow from Zimbabwe.

Management believes that delivering in the next two years on a second open pit at MPM and a new processing facility at MPM will increase production volumes appreciably and favourably transform the financial metrics of the Company.

In the light of the explanation of the financial constraints affecting Romania, we should also highlight the fact that it has been impossible to raise funding for investment in Zimbabwe. This resulted in bringing in a 50% investor to get the first phase at PPGM into production. Furthermore, cash generated from the first phase is therefore needed for the second phase development and the development of GGM. Consequently, funding for head office and Romania was raised through the disposal of 25% of PPGM and a loan from Sub-Sahara.

Key performance indicators

In executing its strategy, the Board considers the Company's key performance indicators to be:

- Cash cost per tonne milled
  - Cash cost per tonne is derived from aggregate cash costs divided by tonnes milled and measures productivity.
  - For PPGM the cash cost for the year was $57/t, 10% higher than the 2016 result.
  - For MPM the cash cost for the year was $47/t, 30% higher than the 2016 result.
- Cash costs or per ounce sold for gold and per tonne sold for copper concentrate
  - Cash cost per ounce sold is calculated by dividing aggregate cash cost by gold ounces produced or concentrate tonnes produced;
  - For PPGM the cash cost was $819/oz Au, 39% lower than the 2016 result;
  - For MPM the cash cost was $1,653/t, 36% higher than the 2016 result.
- Plant utilisation as in targeted production volumes processed
  - PPGM processed a mill feed of 239,608 tonnes for the year, 103% higher than the 2016 level. The targeted plant capacity in 2017 was 240,000 tonnes per annum;
  - MPM processed a mill feed of 97,285 tonnes for the year, 66% higher than the 2016 level, but 46% below the target of 180,000 tonnes per annum.
- Total resources and reserves
  - These measure our ability to discover and develop new ore bodies and to replace and extend the life of our operating mines.
  - In Zimbabwe, continual evaluation of dormant operations takes place with a view to supplementing the mineral resource base in that country.
  - In Romania, the focus is on converting the significant inferred mineral resources, defined exploration targets and prospecting licences into measured and indicated mineral resources which would support a feasibility study.
  - At MPM, the current drilling programme is expected to outline a second open pit by upgrading inferred mineral resources to a minimum of indicated mineral resources.
- The rate of utilisation of the Group's cash resources. This is discussed further below.

Strategic Report

continued

Cash resources

- As can be seen from the statement of financial position, cash resources for the Group at 31 March 2017 were approximately $1.3 million (2016: $0.8 million). During the year, the cash inflows from operations were $2.9 million (2016: $1.7 million outflow) and the inflows from financing activities were a net $6.1 million (2016: $7.6 million), after the repayment of borrowings of $3.4 million (2016: $1.2 million). Against this, the outflows from investing activities were $8.5 million (2016: $8.1 million). The Directors monitor the cash position of the Company closely and seek to ensure that there are sufficient funds within the business to allow the Company to meet its commitments and continue the development of the assets. During the year to 31 March 2017, of the $9.4 million of financing raised from share issues and loan drawdowns, $8.8 million, or 93%, was spent on directly developing the three mining properties in Romania and Zimbabwe.
- The Directors closely monitor the development of the Company's assets and focus on ensuring that the regulatory requirements of the licences are in good standing always and that any capital expenditure on the assets is closely controlled and monitored. Details of the Company's spend on capital items in the year are set out in note 10 of the financial statements.
- The loss after tax arising from continuing operations during the year was $3.6 million (2016: $6.9 million) However, over the year there was net cash generated by operations of $2.9 million as a result of $6.5 million of non-cash items, principally, depreciation, share option and other share based payment charges, together with movement of a deferred tax credit. The Company raised fresh share capital of $4.2 million (2016: $5.2 million), raised new loan finance of $5.3 million (2016: $3.6 million) and retired debt of $3.4 million (2016: $1.2 million). The net capital expenditure on the development on mine properties was $8.8 million (2016: $8.7 million). The overall increase in cash available to the Group was therefore $0.5 million (2016: $2.3 million reduction).

Principal risks and Uncertainties

The Board has identified the following as being the principal strategic and operational risks (in no order of priority)

- **Risk – Going concern**
  The Group will require more cash for its near term investment purposes – particularly for the development of the BPPM association licence once it is received and for the expansion of Manaila operations to achieve planned increases in mining and production capacity – but is confident that it will be able to raise $10 million in cash from investors with whom the Board is currently in negotiation, or otherwise.

  However, this position could be undermined by a failure to secure the $10 million investment. Further lengthy delays or the failure to be awarded, despite the Company's selection, the BPPM association licence could have a material adverse impact on the Company's cash flow. The inability to have funds externalised from Zimbabwe to the Company's treasury in the United Kingdom exacerbates the Company's dependence on equity and debt raises to fund corporate overheads. These factors together with unseasonal severe climatic conditions, unforeseen delays in permitting for new mining or plant capacity, cost overruns or adverse commodity price movements are indicative of the material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern.

  Mitigation/Comments
  The Board will continue to engage potential investors to aid understanding of the fundamental strength of the Company's business to be able to attract additional funding when required. The Board will also whenever possible retain sufficient cash margin to offset contingencies.

- **Risk – Mining**
  Mining of natural resources involves significant risk. Drilling and operating risks include geological, geotechnical, seismic factors, industrial and mechanical incidents, technical failures, labour disputes and environmental hazards.

Mitigation/Comments
Use of strong technical management together with modern technology and electronic tools assist in reducing risk in this area. Good employee relations are also key in reducing the exposure to labour disputes. The Company is committed to following sound environmental guidelines and is keenly aware of the issues surrounding each individual project.

- **Risk – Commodity prices**
Commodity prices are subject to fluctuation in world markets and are dependent on such factors as mineral output and demand, global economic trends and geo-political stability.

Mitigation/Comments
The Company's management constantly monitors mineral grades mined and cost of production to ensure that mining output becomes or remains economic always. Mining and production shortcomings mentioned above have been addressed in Romania and once output has stabilised at satisfactory levels, it will be possible to hedge future price fluctuations by entering forward selling contracts. Beyond that, the Company aims to become a low-cost producer of copper and zinc concentrate in Romania by adopting the expansion strategy for Romania.

- **Risk – Management and Retention of Key Personnel**
The successful achievement of the Company's strategies, business plans and objectives depends upon its ability to attract and retain certain key personnel.

Mitigation/Comments
The Company's policy is to the foster a management culture where management is empowered and where innovation and creativity in the workplace are encouraged. To retain key personnel, the Company has introduced a "Share Appreciation Rights Scheme" for directors and senior executives which it will shortly be reviewing to take account of all current circumstances.

- **Risk – Country and Political**
The Company's operations are based in Zimbabwe and Romania. Emerging market economies could be subject to greater risks, including legal, regulatory, economic and political risks, and are potentially subject to rapid change. In Zimbabwe, the principal risks remain a scarcity of foreign exchange, difficulty with externalisation of funds, and the risk of indigenisation. The country's Indigenisation Regulations are subject to change and are of uncertain effect. Further information on the Indigenisation Regulations is given in Note 26. With respect to the Giant Gold Mine, where artisanal miners are present, any delay in resolving this issue could impact development of the mine.

Mitigation/Comments
The Company's management team is experienced in its areas of operation and skilled at operating within the framework of the local culture in Romania and Zimbabwe to progress its objectives. In addition, in Zimbabwe our co-investors, Grayfox and Sub-Sahara are well established locally and also experienced and skilled in dealing with the authorities and local communities. The Company routinely monitors political and regulatory developments in each of its countries of operation. In addition, the Company actively engages in dialogue with relevant Government representatives to keep abreast of all key legal and regulatory developments applicable to its operations. The Company has several internal processes and checks in place to ensure that it is wholly compliant with all relevant regulations to maintain its mining or exploration licences within each country of operation. The Company's strategy as announced in January 2017 was to reduce exposure to Zimbabwe and focus on developing its interests in Romania.

- **Risk – Social, Safety and Environmental**
The Group's success may depend upon its social, safety and environmental performance, as failures can lead to delays or suspension of its mining activities.

Mitigation/Comments
The Group takes its responsibilities in these areas seriously and monitors its performance across these areas on a regular basis.

Strategic Report

continued

Outlook

The current period under review, as with last year, has seen further progress in the development of the Company's operational status post its exploration focus which had continued until early 2014.

Once again there have been significant challenges that have been overcome by management's dedication and hard work; unusually high rainfall levels in Zimbabwe, and extreme cold coupled with lack of necessary capital through funding delays in Romania.

Pickstone-Peerless Gold Mine has performed very well and the phase two sulphide processing facility development is making good progress. The planned increase in annual milling tonnage from circa twenty thousand tonnes per annum to thirty-five thousand tonnes per annum with an expected grade increase to 3.5 grammes per tonne is expected shortly.

Work on the evaluation of Giant Gold Mine has commenced with a view to increasing the defined resources and completion of a scoping study as preludes to pre-feasibility and bankable feasibility studies. In addition, further gold mining opportunities continue to be examined.

In Romania, several significant objectives have been achieved, the most notable being the selection of African Consolidated Resources SRL as the recipient of the Baita Plai association licence, the funding of the licence requirements, and the commencement of the final procedures to issue the licence. Additionally, two strategic investors have indicated interest in funding the reopening and redevelopment of the two existing mining operations.

The expectation is that phase one of the reopening of the Baita Plai Polymetallic Mine at ten thousand tonnes ore mined and processed per month will be achieved in mid-2018.

The minority interest of 49.9% in Sinarom Mining Group SRL, the operating company of the Manaila Polymetallic Mine, has been acquired giving the Vast Group total ownership of the mine. Improvements to the open cut mining operation at Manaila and to the metallurgical complex at Iacobeni have resulted in high grade copper and zinc concentrate production and the commencement of a gravity gold concentrate that will provide a third income stream when optimised.

To complement the expected production from Baita Plai Polymetallic Mine and the improved production at the Manaila Polymetallic Mine, Vast will, with the benefit of the planned additional funding, be progressing the construction of a new metallurgical complex adjacent to the Manaila open cut mine. In addition to improved capacity and the benefit of modern technology in terms of lower costs and improved recoveries, the new complex will save transport costs of ore and tailings between the mine and the current complex. These transport costs currently represent up to 33% of the total operating cost of the mine.

The short to medium term objective of Vast is to have two cash generating mines in both Romania and Zimbabwe, whilst seeking additional and potentially larger mining operations in both countries.

As always, my thanks to fellow board members and management for the commitment and hard work that has been put into the company.

On behalf of the Board

Roy A. Pitchford
Group Chief Executive Officer

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 March 2017.

Results and dividends

The Group statement of comprehensive income is set out on page 19 and shows the loss for the year.

The Directors do not recommend the payment of a dividend (2016: nil).

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 20 of the financial statements.

Directors

The Directors who served during the year and up to the date hereof were as follows:

	Date of Appointment	Date of resignation
Roy Tucker	5 April 2005	
Roy Pitchford	7 April 2014	
William Battershill	30 May 2014	16 November 2016
Eric Diack	30 May 2014	
Graham Briggs	22 December 2015	3 October 2016
Brian Moritz	3 October 2016	
Brian Basham	30 June 2017	

Directors' interests

The interests in the shares of the Company of the Directors who served during the year were as follows:

	31 March 2017		31 March 2016	
	Ordinary shares	**Share options & warrants**	**Ordinary shares**	**Share options & warrants**
William Battershill *	–	–	28,750,659	–
Graham Briggs *	–	–	4,166,625	4,166,625
Eric Diack	–	–	–	–
Brian Moritz	–	–	–	–
Roy Pitchford	–	–	–	–
Roy Tucker	31,607,029	5,208,313	31,607,029	5,208,313
Total	31,607,029	5,208,313	64,524,313	9,374,938

* Former director

Employee Benefit Trust

The following shares are held in an unapproved Employee Benefit Trust. The Directors' beneficial interest in these shares is as follows:

	Subscription price	Outstanding at 31 March 2016	Exercised during last 12 months	Granted during last 12 months	Outstanding at 31 March 2017	Exercise date
Roy Tucker	8.75p	1,500,000	–	–	1,500,000	50% Jul 2010 50% Jul 2011
	9.00p	750,000	–	–	750,000	50% Aug 2011 50% Aug 2012
	6.00p	2,750,000	–	–	2,750,000	50% Aug 2012 50% Aug 2013
Total		5,000,000	–	–	5,000,000	

See note 22 for further details of the EBT

Share Appreciation Rights Scheme

The following Directors have been granted rights under the Company's Share Appreciation Rights Scheme:

			Vesting period	
	Grant date	SARs awarded	Start	Finish
Eric Diack	1 Jun 2015	12,000,000	31 Mar 2016	31 Mar 2019
Roy Pitchford	1 Jun 2015	20,000,000	31 Mar 2016	31 Mar 2019
	1 Jun 2015	12,000,000	31 Mar 2017	31 Mar 2020
Roy Tucker	1 Jun 2015	10,000,000	31 Mar 2016	31 Mar 2019
	1 Jun 2015	8,000,000	31 Mar 2017	31 Mar 2020

See note 22 for further details of the SARS

Directors' remuneration

2017	Salary/Fees $'000	Other $'000	Total $'000
William Battershill *	35	–	35
Graham Briggs *	15	–	15
Eric Diack	15	–	15
Brian Moritz	14	1	15
Roy Pitchford	210	5	215
Roy Tucker	169	6	175
Total	458	12	470

* resigned during year

2016			
William Battershill *	75	–	75
Graham Briggs *	8	–	8
Eric Diack	60	–	60
Roy Pitchford	210	-	210
Roy Tucker	187	–	187
Total	540	–	540

* Former Director

Part of the remuneration of Roy Tucker represents payment for UK office services that are provided by Roy Tucker under his consultancy contract at his expense. His remuneration also includes irrecoverable VAT. No part of the remuneration paid, (2016: nil) has been settled by issuing shares.

The Company has qualifying third party indemnity provisions for the benefit of the Directors.

Future developments

The Company's plans for future developments are more fully set down in the Strategic Report, on pages 6 to 12.

Research and development

During the period at MPM, SGS laboratories in the UK conducted metallurgical test work and ore type characterisation. Out of this test work regime, independent consultants Minxcon derived the chemical reagent recipe that has been used to successfully separate the copper and zinc from a single concentrate, and to produce a saleable copper concentrate and zinc concentrate. Further research into the recovery of a gold rich pyrite concentrate was implemented in the latter portion of the year.

Further research has been conducted on utilising a thermal process to separate the copper and zinc, which if successful, may have a material impact on operating costs by reducing the quantity of chemical reagents used in the current flotation process.

Core drilling at the existing open pit at MPM was undertaken to confirm the polymetallic grades in the immediate vicinity of the open pit as derived from historic information. This information was then incorporated into the database used to derive the current mineral resource estimate for MPM.

The Faneata tailings storage facility was drilled during the year with a mineral resource estimation undertaken. Metallurgical test work at the ALS laboratories in Perth, Western Australia, commenced at year end with a view to defining a possible process to be utilised to recover the minerals from the tailings storage facility.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware. The Company's auditor, Crowe Clark Whitehill LLP, was initially appointed on 25 April 2016 and it is proposed by the Board that they be reappointed as auditors at the forthcoming AGM.

Events after the reporting date

These are more fully disclosed in Note 28.

By order of the Board

Ben Harber
Secretary

21 September 2017

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs') as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Company's website is the responsibility of the Directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Vast Resources Plc

We have audited the financial statements of Vast Resources Plc for the year ended 31 March 2017 which comprise Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Company Statements of Cash Flow, the Group and Parent Company Statement of Changes in Equity and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 .

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and Strategic report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Vast Resources Plc

continued

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the statement of accounting policies in the financial statements concerning the Group's and Company's ability to continue as a going concern. Further funds will be required to finance the Group's and Company's working capital requirements and the development of the Group's Romanian assets. If cash flow from existing sources was not sufficient to meet the Group's commitments the Directors are confident that additional funds could be successfully raised from other sources. However, there are no binding agreements in place to date. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or;
- the parent company financial statements are not in agreement with the accounting records and returns, or;
- certain disclosures of directors' remuneration specified by law are not made, or;
- we have not received all the information and explanations we require for our audit.

Stephen Bullock
Senior Statutory Auditor
For and on behalf of Crowe Clark Whitehill LLP

Statutory Auditor
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Dated: 21 September 2017

Group statement of comprehensive income

for the year ended 31 March 2017

	Note	31 Mar 2017 Group $'000	31 Mar 2016 Group $'000
Revenue		23,767	7,200
Cost of sales		(17,381)	(5,608)
Gross profit		6,386	1,592
Overhead expenses		(8,047)	(9,615)
Depreciation and impairment of property, plant and equipment		(2,593)	(2,151)
Profit (loss) on sale of property, plant and equipment		81	(57)
Share option and warrant expense	22	(1,648)	(3,368)
Other administrative and overhead expenses		(3,887)	(4,039)
Loss from operations		(1,661)	(8,023)
Finance income	4	105	1
Finance expense	4	(812)	(509)
Loss before taxation from continuing operations		(2,368)	(8,531)
Taxation (charge) credit	5	(1,193)	1,658
Loss after taxation from continuing operations		(3,561)	(6,873)
Gain on business combination	13	–	41
Loss on discontinued operations, net of tax		–	(8,739)
Total profit (loss) for the year		(3,561)	(15,571)
Other comprehensive income			
– items that may subsequently be reclassified to either profit or loss			
Gain on available for sale financial assets		3	10
Exchange gain (loss) on translation of foreign operations		750	(135)
Total comprehensive profit (loss) for the year		(2,808)	(15,696)
Total profit (loss) attributable to:			
– the equity holders of the parent company		(4,437)	(16,100)
– non-controlling interests		876	529
		(3,561)	(15,571)
Total comprehensive profit (loss) attributable to:			
– the equity holders of the parent company		(3,684)	(16,225)
– non-controlling interests		876	529
		(2,808)	(15,696)
Loss per share – basic and diluted	8	(0.13)	(1.02)
Profit (loss) per share from continuing operations – basic and diluted	8	(0.13)	(0.44)

The accompanying accounting policies and notes on pages 32 to 60 form an integral part of these financial statements.

Group Statement of Changes in Equity

for the year ended 31 March 2017

	Share capital $'000	Share premium $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Available for sale reserve $'000	Employee Benefit Trust ("EBT") reserve $'000	Retained deficit $'000	Total $'000	Non-controlling interests $'000	Total $'000
At 31 March 2015	15,035	66,105	479	(1,843)	(13)	(3,942)	(53,099)	22,722	10,969	33,691
Total comprehensive loss for the year	–	–	–	(135)	10	–	(16,100)	(16,225)	529	(15,696)
Share option and warrant charges	–	–	3,368	–	–	–	–	3,368	–	3,368
Share options and warrants lapsed	–	–	(1,748)	–	–	–	1,748	–	–	–
Acquired through business combination:										
– Sinarom Mining Group SA	–	–	–	–	–	–	(20)	(20)	20	–
Shares issued:										
– for cash consideration	796	4,364	–	–	–	–	–	5,160	–	5,160
– to settle liabilities (including Directors)	274	1,183	–	–	–	–	–	1,457	–	1,457
At 31 March 2016	16,105	71,652	2,099	(1,978)	(3)	(3,942)	(67,471)	16,462	11,518	27,980
Total comprehensive loss for the period	–	–	–	750	3	–	(4,437)	(3,684)	876	(2,808)
Share option and warrant charges	–	–	1,648	–	–	–	–	1,648	–	1,648
Share options and warrants lapsed	–	–	(1,857)	–	–	–	1,857	–	–	–
Convertible loan fair value adjustment	–	–	–	–	–	–	223	223	–	223
Shares issued:										
– for cash consideration	2,064	2,112	–	–	–	–	–	4,176	–	4,176
– to settle liabilities	1,251	1,038	–	–	–	–	–	2,289	–	2,289
At 31 March 2017	19,420	74,802	1,890	(1,228)	–	(3,942)	(69,828)	21,114	12,394	33,508

The accompanying accounting policies and notes on pages 32 to 60 form an integral part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 March 2017

	Share capital $'000	Share premium $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Available for sale reserve $'000	EBT reserve $'000	Retained deficit $'000	Total $'000
At 31 March 2015	15,035	66,105	479	(4,954)	5	(3,942)	(42,039)	30,689
Total comprehensive loss for the year	–	–	–	–	(5)	–	(5,807)	(5,812)
Share option and warrant charges	–	–	3,368	–	–	–	–	3,368
Share options and warrants lapsed			(1,748)				1,748	–
Shares issued:								
– for cash consideration	796	4,364	–	–	–	–	–	5,160
– to settle liabilities								
(including Directors)	274	1,183	–	–	–	–	–	1,457
At 31 March 2016	16,105	71,652	2,099	(4,954)	–	(3,942)	(46,098)	34,862
Total comprehensive loss for the year	–	–	–	–	–	–	(4,615)	(4,615)
Share option and warrant charges	–	–	1,648	–		–	–	1,648
Share options and warrants lapsed	–	–	(1,857)	–	–	–	1,857	–
Convertible loan fair value adjustment	–	–	–	–	–	–	223	223
Shares issued:								
– for cash consideration	2,064	2,112	–	–	–	–	–	4,176
– to settle liabilities	1,251	1,038	–	–	–	–	–	2,289
At 31 March 2017	19,420	74,802	1,890	(4,954)	–	(3,942)	(48,633)	38,583

The accompanying accounting policies and notes on pages 32 to 60 form an integral part of these financial statements.

Group and Company statements of financial position

As at 31 March 2017

	Note	31 Mar 2017 Group $'000	31 Mar 2016 Group $'000	31 Mar 2017 Company $'000	31 Mar 2016 Company $'000
Assets					
Non-current assets					
Property, plant and equipment	10	38,563	32,539	–	–
Investment in subsidiaries	11	–	–	218	218
Loans to group companies	12	–	–	35,962	33,963
Deferred tax asset	5	465	1,658	–	–
		39,028	34,197	36,180	34,181
Current assets					
Inventory	14	2,811	1,912	–	–
Receivables	15	5,960	3,896	1,606	412
Available for sale investments	16	10	8	5	5
Cash and cash equivalents		1,326	831	1,239	615
Total current assets		10,107	6,647	2,850	1,032
Total Assets		49,135	40,844	39,030	35,213
Equity and Liabilities					
Capital and reserves attributable to equity holders of the Parent					
Share capital		19,420	16,105	19,420	16,105
Share premium		74,802	71,652	74,802	71,652
Share option reserve		1,890	2,099	1,890	2,099
Foreign currency translation reserve		(1,228)	(1,978)	(4,954)	(4,954)
Available for sale reserve		–	(3)	–	–
EBT reserve		(3,942)	(3,942)	(3,942)	(3,942)
Retained deficit		(69,828)	(67,471)	(48,633)	(46,098)
		21,114	16,462	38,583	34,862
Non-controlling interests		12,394	11,518	–	–
Total equity		33,508	27,980	38,583	34,862
Non-current liabilities					
Loans and borrowings	17	3,166	911	–	–
Provisions	19	1,095	954	–	–
		4,261	1,865	–	–
Current liabilities					
Loans and borrowings	17	3,076	2,504	–	–
Trade and other payables	18	7,431	6,729	447	351
Bank overdraft	17	859	1,766	–	–
Total current liabilities		11,366	10,999	447	351
Total liabilities		15,627	12,864	447	351
Total Equity and Liabilities		49,135	40,844	39,030	35,213

The accompanying accounting policies and notes on pages 32 to 60 form an integral part of these financial statements.

The parent Company reported a loss after taxation for the year of $4.615 million (2016: $5.807 million).

The financial statements on pages 19 to 60 were approved and authorised for issue by the Board of Directors on 21 September 2017 and were signed on its behalf by:

Roy C. Tucker
Director

Registered number 05414325

21 September 2017

Group and Company statements of cash flow

for the year ended 31 March 2017

	31 Mar 2017 Group $'000	31 Mar 2016 Group $'000	31 Mar 2017 Company $'000	31 Mar 2016 Company $'000
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (loss) before taxation for the year	(2,369)	(8,531)	(4,615)	(5,812)
Adjustments for:				
Depreciation & impairment charges	2,593	2,151	–	10
(Profit) loss on sale of property, plant and equipment	(81)	57	–	65
Convertible loan fair value adjustment	223	–	223	–
Liabilities settled in shares	2,289	1,457	2,289	1,457
Warrant and share option expense	1,648	3,368	1,648	3,368
	4,303	(1,498)	(455)	(912)
Changes in working capital:				
Decrease (increase) in receivables	(1,657)	670	(1,194)	(67)
Increase in inventories	(722)	(1,779)	–	–
Increase (decrease) in payables	1,010	867	96	(145)
	(1,369)	(242)	(1,098)	(212)
Cash generated (used) in operations	2,934	(1,740)	(1,553)	(1,124)
Investing activities:				
Payments to acquire property, plant and equipment	(8,769)	(8,718)	–	–
Proceeds on disposal of property, plant and equipment	234	5	–	–
Restricted cash movement	–	637	–	–
(Increase) decrease in loans to group companies	–	–	(1,999)	(4,522)
Total cash used in investing activities	(8,535)	(8,076)	(1,999)	(4,522)
Financing Activities:				
Proceeds from the issue of ordinary shares, net of issue costs	4,176	5,160	4,176	5,160
Proceeds from loans and borrowings granted	5,272	3,626	–	–
Repayment of loans and borrowings	(3,352)	(1,229)	–	(1,229)
Total proceeds from financing activities	6,096	7,557	4,176	3,931
Increase (decrease) in cash and cash equivalents	495	(2,259)	624	(1,715)
Cash and cash equivalents at beginning of period	831	3,090	615	2,330
Cash and cash equivalents at end of period	1,326	831	1,239	615

The accompanying accounting policies and notes on pages 32 to 60 form an integral part of these financial statements.

Statement of Accounting Policies

General information

Vast Resources plc and its subsidiaries (together "the Group") are engaged principally in the exploration for and development of mineral projects in Sub-Saharan Africa and Eastern Europe. Since incorporation the Group has built an extensive and interesting portfolio of projects in Zimbabwe and more recently in Romania. The Company's ordinary shares are listed on the AIM market of the London Stock Exchange.

Vast Resources plc was incorporated on 5 April 2005 as a public limited company under UK Company Law with registered number 05414325. It is domiciled and registered at 60 Gracechurch Street, London EC3V 0HR.

Basis of preparation and going concern assessment

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied throughout the current year and prior year, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The consolidated financial statements incorporate the results of Vast Resources plc and its subsidiary undertakings as at 31 March 2017.

The financial statements are prepared under the historical cost convention on a going concern basis.

At the date of these financial statements the Directors expect that the Group's Zimbabwean operations, together with a locally agreed overdraft facility, will provide it with sufficient cash flow to support its capital requirements in Zimbabwe. However, the Group will require further funding to finance the Group's and Company's working capital requirements and the development of the Group's Romanian assets. The Directors are confident that the Company will be able to raise funds for such requirements from investors as required although no binding funding agreement is in place at the date of this Report. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustment that would result if the Group and Company were unable to continue as a going concern.

Changes in Accounting Policies

At the date of authorisation of these financial statements, a number of Standards and Interpretations were in issue but were not yet effective. The Directors do not anticipate that the adoption of these standards and interpretations, or any of the amendments made to existing standards as a result of the annual improvements cycle, will have a material effect on the financial statements in the year of initial application.

Areas of estimates and judgement

The preparation of the Group financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below:

a) Useful lives of property, plant & equipment

Property, plant and equipment are depreciated over their useful economic lives. Useful economic lives are based on management's estimates of the period that the assets will be in operational use, which are periodically reviewed for continued appropriateness. Due to the long life of certain assets, changes to estimates used can result in significant variations in the carrying value. More details, including carrying values, are included in note 10 to the financial statements.

b) Impairment of intangibles and mining assets
The Group reviews, on an annual basis, whether deferred exploration costs, acquired as intangible assets or property, plant & equipment ("PP&E"), mining options and licence acquisition costs have suffered any impairment. The recoverable amounts are determined based on an assessment of the economically recoverable mineral reserves, the ability of the Group to obtain the necessary financing to complete the development of the reserves and future profitable production or proceeds from the disposition of recoverable reserves. Actual outcomes may vary.

c) Share based payments
The Group operates an equity settled and cash settled share based remuneration scheme for key employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of equity instruments at the date of grant.

In addition, the Group may frequently enter into financial arrangements that involve the convertibility of part or all of the liabilities assumed under these arrangements into shares in the parent Company, under an option arrangement.

The fair value of these share options is estimated by using the Black Scholes model on the date of grant based on certain assumptions. Those assumptions are described in note 22 and include, among others, the expected volatility and expected life of the options.

d) Going concern and Inter-company loan recoverability.
The Group's cash flow projections, which have used conservative assumptions on forward commodity prices, indicate that the Group should have sufficient resources to continue as a going concern, although, as stated in the Principal risks section of the strategic report, the Group will require additional funding for its near-term investment plans. While the Group is confident of its capacity to raise this funding, should it not materialise, or if the projections not be realised, the Group's going concern would depend on the success of future fund-raising initiatives. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern.

The recoverability of inter-Company loans advanced by the Company to subsidiaries depends also on the subsidiaries realising their cash flow projections.

e) Provisions
The Group is required to estimate the cost of its obligations to realise and rehabilitate its mining properties.

The estimation of the cost of complying with the Group's obligations at future dates and in economically unpredictable regions, and the application of appropriate discount rates thereto, gives rise to significant estimation uncertainties.

f) VAT recoverable
In countries where the Group has productive mining operations carried out by its subsidiaries, those subsidiaries are registered for Value Added Tax (VAT) with their respective local taxation authorities and, as their outputs are predominantly zero-rated for VAT, receive net refunds of VAT in respect of input tax borne on their inputs. This amount is carried as a receivable until refunded by the State, which can take some considerable time, both in Zimbabwe and Romania.

The amount carried as a receivable is determined in accordance with the returns submitted to the taxation authorities. While every effort is made by Management to ensure these returns are correct, the aggressive taxation regime in Zimbabwe, coupled with that nation's Government's ongoing and critical fiscal crisis, may give rise to circumstances where part of these amounts may subsequently prove to be irrecoverable, or only recoverable after a prolonged period.

Further details of the specific amounts concerned are given in note 15.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who also hold voting rights.
- Substantive potential voting rights held by the Company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Business combinations

The financial information incorporates the results of business combinations using the purchase method. In the statement of changes in equity, the acquirer's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Group statement of comprehensive income from the date on which control is obtained. The assets acquired have been valued at their fair value. Any excess of consideration paid over the fair value of the net assets acquired is allocated to the mining asset. Any excess fair value over the consideration paid is considered to be negative goodwill and is immediately recorded within the income statement.

Where business combinations are discontinued, whether by closure or disposal to third parties, any resultant gain or loss on the discontinued operation is identified separately and dealt with in the Group's consolidated income statement as a separate item.

Employee Benefit Trust ("EBT")

The Company has established an Employee Benefit Trust. The assets and liabilities of this trust comprise shares in the Company and loan balances due to the Company. The Company includes the EBT within its accounts and therefore recognises an EBT reserve in respect of the amounts loaned to the EBT and used to purchase shares in the Company. Any cash received by the EBT on disposal of the shares it holds will be recognised directly in equity. Any shares held by the EBT are treated as cancelled for the purposes of calculating earnings per share.

Financial assets

The Group's financial assets consist of cash and cash equivalents, other receivables and available for sale investments. The Group's accounting policy for each category of financial asset is as follows:

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents
These amounts comprise cash on hand and balances with banks. Cash equivalents are short term, highly liquid accounts that are readily converted to known amounts of cash. They include short-term bank deposits and short-term investments.

Any cash or bank balances that are subject to any restrictive conditions, such as cash held in escrow pending the conclusion of conditions precedent to completion of a contract, are disclosed separately as "Restricted cash".

There is no significant difference between the carrying value and fair value of receivables.

Available for sale
Non-derivative financial assets not included in the categories above are classified as available-for-sale and comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes evidence of impairment, for example if the decline is significant or prolonged, the amount of the loss is removed from equity and recognised in the profit or loss for the year.

Financial liabilities
The Group's financial liabilities consist of trade and other payables (including short terms loans) and long term secured borrowings. These are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method. Where any liability carries a right to convertibility into shares in the Group, the fair value of the equity and liability portions of the liability is determined at the date that the convertible instrument is issued, by use of appropriate discount factors.

Foreign currency
The functional currency of the Company and all of its subsidiaries outside Romania is the United States Dollar, while the functional currency of the Company's Romanian subsidiaries is the Romanian Lei (RON); these are the currencies of the primary economic environment in which the Company and its subsidiaries operate.

Transactions entered into by the Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the date of the statement of financial position. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

The exchange rates applied at each reporting date were as follows:

- 31 March 2017 $1.2253: £1 and $1: RON 4.2615
- 31 March 2016 $1.4367: £1 and $1: RON 3.9349
- 31 March 2015 $1.4836: £1 and $1: RON 4.1115

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, re-measured subsequently through profit or loss. Any direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Intangible assets

Mining rights

Mineral rights are recorded at cost less amortisation and provision for diminution in value. Amortisation will be over the estimated life of the commercial ore reserves on a unit of production basis.

Licences for the exploration of natural resources will be amortised over the lower of the life of the licence and the estimated life of the commercial ore reserves on a unit of production basis.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily inter-changeable items.

Mining inventory includes run of mine stockpiles, minerals in circuit, finished goods and consumables. Stockpiles, minerals in circuit and finished goods are valued at their cost of production to their point in process using a weighted average cost of production, or net realisable value, whichever is the lower. Low grade stockpiles are only recognised as an asset when there is evidence to support the fact that some economic benefit will flow to the Company on the sale of such inventory. Consumables are valued at their cost of acquisition, or net realisable value, whichever is the lower.

Investment in subsidiaries

The Company's investment in its subsidiaries is recorded at cost less any impairment.

Leased assets

Where assets are financed by leasing agreements that do not give rights approximating ownership, these are treated as operating leases. The annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Non-controlling interests

For business combinations completed on or after 1 January 2010 the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Pension costs

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate.

Production expenses

Production expenses include all direct costs of production, including depreciation of property plant and equipment involved in the mining process, but excluding mine and Company overhead.

Property, plant and equipment

Land is not depreciated. Items of property, plant and equipment are initially recognised at cost and are subsequently carried at depreciated cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all other items of property and equipment so as to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Buildings	–	2.5% per annum, straight line
Plant and machinery	–	15% per annum, reducing balance
Fixtures, fittings & equipment	–	20% per annum, reducing balance
Computer assets	–	33.33% per annum, straight line
Motor vehicles	–	15% per annum, reducing balance

Proved mining properties

Depletion and amortisation of the full-cost pools is computed using the units-of-production method based on proved reserves as determined annually by management.

Capital works in progress

Property, plant and equipment under construction are carried at its accumulated cost of construction and not depreciated until such time as construction is completed or the asset put into use, whichever is the earlier.

Provision for rehabilitation of mining assets

Provision for the rehabilitation of a mining property on the cessation of mining is recognised from the commencement of mining activities. This provision accounts for the full cost to rehabilitate the mine according to good practice guidelines in the country where the mine is located, which may involve more than the stipulated minimum legal commitment.

When accounting for the provision the Company recognises a provision for the full cost to rehabilitate the mine and a matching asset accounted for within the non-current mining asset. The rehabilitation provision is discounted using a risk-free rate, which is linked to the currency in which the costs are expected to be incurred, and the applicable inflation rate applied to the cash flows. The unwinding of the discounting effect is recognised within finance expenses in the income statement.

Revenue

Revenue from the sales of goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the Group defers recognition of revenue until the right to return has lapsed. However, where high volumes of sales are made to established wholesale customers, revenue is recognised in the period where the goods are delivered less an appropriate provision for returns based on past experience. The same policy applies to warranties.

Provided the amount of revenue can be measured reliably and it is probable that the Group will receive any consideration, revenue for services is recognised in the period in which they are rendered.

Share based payments

Equity-settled share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the fair value of goods and services received is charged to profit or loss, except where it is in respect to costs associated with the issue of shares, in which case, it is charged to the share premium account.

Cash-settled share based payments

The Company also has cash-settled share based payments arising in respect of the EBT (see below and Note 22). A liability is recognised in respect of the fair-value of the benefit received under the EBT and charged to profit or loss over the vesting period. The fair-value is re-measured at each reporting date with any changes taken to profit or loss.

Remuneration shares

Where remuneration shares are issued to settle liabilities to employees and consultants, any difference between the fair value of the shares on the date of issue and the carrying amount of the liability is charged to profit or loss.

Stripping costs

Costs incurred in stripping the overburden to gain access to mineral ore deposits are accounted for as follows:

Stripping costs incurred during the development phase of the mine (before production begins) are capitalised as part of the depreciable cost of building, developing and constructing the mine. Capitalised costs are amortised using the units of production method, once production begins.

Stripping costs incurred during the production phase of the mine which give rise to the production of usable inventory are accounted for in accordance with the principles contained in the group's policy on Inventories. Stripping costs incurred in the production phase of the mine which result in improved access to ore are capitalized and recognized as additions to non-current assets provided that it is probable that the future economic benefit from improved access to the ore body associated with the stripping activity will flow to the Company, that it is possible to identify the component of the ore body to which access has been improved and that the costs relating to the stripping activity associated with that component of the ore body can be measured reliably.

Tax

The major components of income tax on the profit or loss include current and deferred tax.

Current tax
Current tax is based on the profit or loss adjusted for items that are non-assessable or disallowed and is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Tax is charged or credited to the statement of comprehensive income, except when the tax relates to items credited or charged directly to equity, in which case the tax is also dealt with in equity.

Deferred tax
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the differences will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

1. Segmental analysis

The Group operates in one business segment, the development and mining of mineral assets. The Group has interests in two geographical segments being Southern Africa (primarily Zimbabwe) and Europe (primarily Romania).

The Group's operations are reviewed by the Board (which is considered to be the Chief Operating Decision Maker ('CODM')) and split between mining exploration and development and administration and corporate costs.

Exploration and development is reported to the CODM only on the basis of those costs incurred directly on projects. All costs incurred on the projects are capitalised in accordance with IFRS 6, including depreciation charges in respect of tangible assets used on the projects.

Administration and corporate costs are further reviewed on the basis of spend across the Group.

Decisions are made about where to allocate cash resources based on the status of each project and according to the Group's strategy to develop the projects. Each project, if taken into commercial development, has the potential to be a separate operating segment. Operating segments are disclosed below on the basis of the split between exploration and development and administration and corporate.

	Mining, exploration and development			
	Europe $'000	**Africa $'000**	**Administration and corporate $'000**	**Total $'000**
2017				
Revenue	2,629	21,138	–	23,767
Production costs	(3,746)	(13,635)	–	(17,381)
Gross profit (loss)	(1,117)	7,503	–	6,386
Depreciation & impairment	(1,338)	(1,251)	(4)	(2,593)
Profit (loss) on sale of property plant & equipment	81	–	–	81
Share option & warrant charge	–	–	(1,648)	(1,648)
Other administrative and overhead expenses	(769)	(457)	(2,661)	(3,887)
Finance income	1	104	–	105
Finance expense	–	(89)	(724)	(812)
Taxation (charge)	–	(1,193)	–	(1,193)
Profit (loss) for the year from continuing operations	(3,141)	4,617	(5,037)	(3,561)
Loss for the year from discontinued operations	–	–	–	–
Total assets	10,878	34,860	3,397	49,135
Total non-current assets	9,001	29,720	307	39,028
Additions to non-current assets	2,681	6,386	–	9,067
Total current assets	1,876	5,141	3,090	10,107
Total liabilities	7,362	6,213	2,052	15,627

	Mining, exploration and development Europe $'000	Africa $'000	Administration and corporate $'000	Total $'000
2016				
Revenue	1,812	5,388	–	7,200
Production costs	(1,436)	(4,172)	–	(5,608)
Gross profit (loss)	376	1,216	–	1,592
Depreciation	(1,554)	(582)	(15)	(2,151)
Profit (loss) on sale of property plant & equipment	–	–	(56)	(56)
Share option & warrant charge	–	–	(3,368)	(3,368)
Other administrative and overhead expenses	(197)	(1,213)	(2,269)	(4,079)
Finance income	–	–	1	1
Finance expense	–	(130)	(340)	(470)
Taxation credit	–	1,658	–	1,658
Profit (loss) for the year from continuing operations	(1,375)	949	(6,447)	(6,873)
Loss for the year from discontinued operations	–	(8,739)	–	(8,739)
Total assets	10,922	29,198	724	40,844
Total non-current assets	8,394	26,495	(692)	34,197
Additions to non-current assets	4,801	4,796	8	9,605
Total current assets	2,529	2,703	1,415	6,647
Total liabilities	6,086	4,449	2,329	12,864

Revenue analysis by geographical location, product and customer

	2017		2016	
	Romania	**Zimbabwe**	**Romania**	**Zimbabwe**
Gold bullion	–	21,138	–	5,388
Mineral concentrates	2,629	–	1,812	–
	2,629	21,138	1,812	5,388

100% of sales (2016: 100%) in both Romania and Zimbabwe were made to a single customer in each respective country.

There are no non-current assets held in the Company's country of domicile, being the United Kingdom (2016: $nil).

continued

2. Group loss from operations

	2017 Group $'000	2016 Group $'000
Operating loss is stated after charging/(crediting):		
Auditors' remuneration (note 3)	114	110
Depreciation and impairment	2,550	2,151
Employee pension costs	139	16
Share option and warrant expense	1,648	3,368
Foreign exchange (gain)	(285)	(53)
Loss on disposal of property, plant and equipment	103	56

3. Auditor's remuneration

	2017 Group $'000	2016 Group $'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	40	40
Fees payable to the Company's auditor for other services:		
– Audit of the accounts of subsidiaries	73	70
– Other services	1	–
	114	110

4. Finance income and expense

	2017 Group $'000	2016 Group $'000
Finance income		
Interest received on bank deposits	1	1
Other interest received	104	–
	105	1
Finance expense		
Interest paid on secured borrowings	246	223
Interest paid on unsecured borrowings	58	160
Convertible loan raising costs	473	0
Bank overdraft interest	35	126
	812	509

5. Taxation

	2017 Group $'000	2016 Group $'000
Income tax on profits	–	–
Deferred tax charge (credit)	1,193	(1,658)
Tax charge (credit)	1,193	(1,658)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained as follows:

	2017 Group $'000	2016 Group $'000
Loss before taxation	2,368	8,531
Loss before taxation at the standard rate of corporation tax in the UK of 20% (2016: 20%)	474	3,139
Expenses disallowed for tax	(102)	(1,902)
Difference in tax rates in local jurisdiction	(525)	(1,900)
Loss carried forward	(153)	663
Tax charge on losses	–	–

Deferred tax assets are only recognised in the Group where the company concerned has a reasonable expectation of future profits against which the deferred tax asset may be recovered.

The asset arises in a subsidiary company which has allowable tax losses of $1.8 million (2016: $6.4 million), which are expected to be utilised in the immediate forthcoming periods.

Factors that may affect future tax charges:

Tax losses	2017 Group $'000	2016 Group $'000	2017 Company $'000	2016 Company $'000
Accumulated tax losses	22,158	22,005	13,833	13,038

However, of this total, only $1.8 million is anticipated to be offsettable against profits in the immediate future. The balance will only be recoverable against future profits, the timing of which is uncertain, and a deferred tax asset has not been recognised in respect of these losses. A deferred tax asset has not been recognised in respect of accumulated tax losses for the Company.

6. Employees

	2017 Group $'000	2016 Group $'000
Staff costs (including directors) consist of:		
Wages and salaries – management	1,129	1,531
Wages and salaries – other	3,905	746
	5,034	2,277
Consultancy fees	1,456	1,056
Social Security costs	489	160
Healthcare costs	108	131
Pension costs	139	67
	7,226	3,691

The average number of employees (including directors) during the year was as follows:

Management	17	13
Other operations	365	312
	382	325

7. Directors' remuneration

	2017 Group $'000	2016 Group $'000
Directors' emoluments	458	540
Company contributions to pension schemes	12	–
Healthcare costs	–	–
Termination payments	–	–
Directors and key management remuneration	470	540
Gain on share options exercised by directors (not charged to profit or loss as explained below)	–	–

The Directors are considered to be the key management of the Group and Company.

Four of the Directors at the end of the period have share options receivable under long term incentive schemes. The highest paid Director received an amount of $210,000 (2016: $210,000).

Included within the above remuneration are amounts accrued at 31 March 2017; please refer to the Directors' Report for full detail.

8. Loss per share

Loss per ordinary share has been calculated using the weighted average number of ordinary shares in issue during the relevant financial year.

	31 Mar 2017 Group	31 Mar 2016 Group
The weighted average number of ordinary shares in issue for the period is:	3,457,555,538	1,579,576,275
Losses for the period: ($'000)	(4,437)	(16,100)
Loss per share basic and diluted (cents)	(0.13)	(1.02)
Loss per share from continuing operations – basic and diluted	(0.13)	(0.44)

The effect of all potentially dilutive share options is anti-dilutive.

9. Loss for the financial year

The Company has adopted the exemption allowed under Section 408(1b) of the Companies Act 2006 and has not presented its own income statement in these financial statements.

10. Property, plant and equipment

Group

	Plant and machinery $'000	Fixtures, fittings and equipment $'000	Computer assets $'000	Motor vehicles $'000	Buildings and Improve-ments $'000	Mining assets $'000	Capital Work in progress $'000	Total $'000
Cost at 31 March 2015	2,493	105	214	269	2,193	18,807	393	24,474
Additions during the year	3,908	77	62	188	376	3,372	1,622	9,605
Acquired through business combination	1,442	6	–	47	936	–	–	2,432
Reclassification	392	–	–	–	–	–	(392)	–
Disposals during the year	(257)	(23)	(102)	(30)	(17)	–	–	(429)
Foreign exchange movements	18	–	–	13	71	5	–	107
Cost at 31 March 2016	7,996	165	174	487	3,559	22,184	1,623	36,189
Revaluation	23	(6)	–	72	318	–	–	407
Additions during the year	559	46	58	240	47	1,281	6,836	9,067
Reclassification	946	1	–	2	(470)	1,520	(1,999)	–
Disposals during the year	(97)	–	–	(159)	(17)	–	–	(273)
Impairment	(962)	–	–	–	–	–	–	(962)
Foreign exchange movements	(65)	(4)	(5)	(37)	(206)	(39)	(78)	(434)
Cost at 31 March 2017	8,401	202	227	605	3,231	24,946	6,382	43,994
Depreciation at 31 March 2015	1,295	101	200	253	4	–	–	1,853
Charge for the year	1,069	13	17	72	225	151	604	2,151
Disposals during the year	(214)	(22)	(101)	(30)	(1)	–	–	(368)
Foreign exchange movements	7	–	–	1	6	–	–	14
Depreciation at 31 March 2016	2,157	92	116	296	234	151	604	3,650
Charge for the year	902	29	23	76	154	833	–	2,017
Disposals during the year	(55)	–	–	(61)	(3)	–	–	(119)
Foreign exchange movements	(41)	(2)	–	(28)	(40)	(6)	–	(117)
Depreciation at 31 March 2017	2,963	119	139	283	345	978	604	5,432
Net book value at 31 March 2016	5,840	73	58	191	3,325	22,033	1,019	32,539
Net book value at 31 March 2017	5,438	83	88	322	2,886	23,968	5,778	38,563

10. Property, plant and equipment continued

Company

	Plant and machinery $'000	Fixtures, fittings and equipment $'000	Computer assets $'000	Motor vehicles $'000	Buildings and Improve-ments $'000	Total $'000
Cost at 31 March 2015	197	19	89	–	–	305
Additions during the year	–	–	–	–	–	–
Disposals during the year	(167)	(14)	(66)	–	–	(247)
Cost at 31 March 2016	30	5	23	–	–	58
Additions during the year	–	–	–	–	–	–
Disposals during the year	–	–	–	–	–	–
Cost at 31 March 2017	30	5	23	–	–	58
Depreciation at 31 March 2015	132	19	79	–	–	230
Charge for the year		–	10	–	–	10
Disposals during the year	(102)	(14)	(66)	–	–	(182)
Depreciation at 31 March 2016	30	5	23	–	–	58
Charge for the year	–	–	–	–	–	–
Disposals during the year	–	–	–	–	–	–
Depreciation at 31 March 2017	30	5	23	–	–	58
Net book value at 31 March 2016	–	–	–	–	–	–
Net book value at 31 March 2017	–	–	–	–	–	–

11. Investments in subsidiaries

	2017 Company $'000	2016 Company $'000
Cost at the beginning of the year	218	218
Additions during the year	–	–
Cost at the end of the year	218	218

The principal subsidiaries of Vast Resources plc, all of which are included in these consolidated Annual Financial Statements, are as follows:

Company	Country of registration	Class	Proportion held by group 2017	Proportion held by group 2016	Nature of business
African Consolidated Resources PTC Limited (note i)	BVI	Romania	–%	–%	Nominee company
African Consolidated Resources SRL		Ordinary	80%	80%	Mining exploration and development
Canape Investments (Private) Limited	Zimbabwe	Ordinary	100%	100%	Mining exploration and development
Dallaglio Investments (Private) Limited (note ii)	Zimbabwe	Ordinary	50%	50%	Mining exploration and development
Millwall International Investments Limited	BVI	Ordinary	100%	100%	Holding company
Moorestown Limited	BVI	Ordinary	100%	100%	Mining exploration and development
Sinarom Mining Group SRL (note ii)	Romania	Ordinary	50.1%	50.1%	Mining exploration and development
Vast Resources Romania Ltd	United Kingdom	Ordinary	100%	100%	Holding company

The table above shows the principal subsidiaries of the Company. A full list of all group subsidiaries is given in Note 29, at the end of this report.

Notes

i. The Company has effective control of this entity.

ii. The Company has effective control of this entity by virtue of its casting vote.

iii. See note 28 for details of post reporting date events concerning the Company's holding in this subsidiary.

12. Loans to Group companies

Loans to Group companies are repayable on demand, subject to relevant exchange control approvals being obtained. The treatment of this balance as non-current reflects the Company's expectation of the timing of receipt.

13. Business combinations during the year

Sinarom Mining Group

On 22 July 2015 the Group acquired 50.1% of the voting equity instruments of Sinarom Mining Group SA (SMG), a Romanian company whose principal activity is ownership and operation of the Manaila mine in Romania. The principal reason for this acquisition was to expand the Group's mining operations.

This acquisition was reported in the year to 31 March 2016 and included a restatement of the value of the underlying property, plant and equipment in accordance with the best estimates of management at the time. In the current year a professional valuation of the Company's assets has been undertaken which results in this previous re-statement being reduced. The resultant impairment of $575,254 has been treated as an impairment of value in the current year.

13. Business combinations during the year continued

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and gain arising, as reported in the year to 31 March 2016, are as follows:

	Year to 31 March 2016		
	Book value $'000	**Adjustment $'000**	**Fair value $'000**
Property, plant and equipment	1,448	985	2,433
Mining asset	943	(943)	–
Inventories	68	–	68
Receivables	432	–	432
Cash and cash equivalents	1	–	1
	2,892		2,934
Less: Payables	(2,892)	–	(2,892)
Net assets	–		42
Non-Controlling interest therein (49.9%)			21
Fair value of consideration paid - Cash			–
Gain on business combination			21

14. Inventory

	Mar 2017 Group $'000	Mar 2016 Group $'000	Mar 2017 Company $'000	Mar 2016 Company $'000
Minerals held for sale	1,369	595	–	–
Production stockpiles	606	510	–	–
Consumable stores	836	807	–	–
	2,811	1,912	–	–

There is no material difference between the replacement cost of stocks and the amount stated above.

15. Receivables

	Mar 2017 Group $'000	Mar 2016 Group $'000	Mar 2017 Company $'000	Mar 2016 Company $'000
Trade receivables	101	14	–	–
Other receivables	694	998	181	412
Short term loans	457	–	–	–
Prepayments	1,677	659	1,425	–
VAT	3,031	2,225	–	–
	5,960	3,896	1,606	412

At 31 March 2017:

	Carrying amount before deducting any impairment loss	Related impairment loss	Net carrying amount	Of which: Neither impaired nor past due on 31 March 2017	Of which: not impaired as at 31 March 2017 and past due in the following periods: Not more than three months	More than three months and not more than six months	More than six months
Trade receivables	110	9	101	–	101	–	–
Other receivables	694	–	694	198	3	210	283
	804	9	795	198	104	210	283

At 31 March 2016:

	Carrying amount before deducting any impairment loss	Related impairment loss	Net carrying amount	Of which: Neither impaired nor past due on 31 March 2016	Of which: not impaired as at 31 March 2016 and past due in the following periods: Not more than three months	More than three months and not more than six months	More than six months
Trade receivables	1,151	1,137	14	14	–	–	–
Other receivables	1,198	200	998	998	–	–	–
	2,349	1,337	1,012	1,012	–	–	–

At the reporting date, of the total amount carried as VAT receivable, $2,374,058 relates to subsidiary companies in Zimbabwe where the ongoing fiscal crisis experienced by the State manifests itself in long delays in recovering input tax from the Zimbabwe Revenue Authority (ZIMRA). Of this $2,374,058, $247,582 is due to Canape Investments (Private) Limited (Canape) where it is part of an ongoing dispute with ZIMRA as to the allowability of the input tax. This dispute dates back to 2011 and has thus far resulted in the recovery of over $500,000 of allowable input tax, of which the balance due is subject to gaining final approval from ZIMRA.

While ZIMRA did issue assessments for VAT totalling $2,998,363 in January 2017, Canape did lodge objections to these assessments and Canape and its professional advisors in Zimbabwe are of the opinion that this objection has de facto been allowed, and that the likelihood of eventually recovering this amount is good, although there does remain some uncertainty as to the date by which the amount will ultimately be refunded.

Of the amount of $2,126,476 due to Breckridge Investments (Private) Limited, $1,430,483 is past due for repayment, with $324,481 being overdue for more than 12 months. The overdue amount was received in full in July 2017.

At the reporting date, of the total amount carried as VAT receivable, $484,101 relates to the Romanian subsidiary, African Consolidated Resources SRL ('AFCR'), which company expects to receive the association mining licence at Baita Plai. The Romanian Revenue Authority has confirmed that this will be repaid subject to their normal audit procedures, when the association mining licence is in hand. Legal advice received by AFCR is that the VAT is repayable in any event.

16. Available for sale investments

Available for sale investments comprise shares in quoted companies

17. Loans and borrowings

	Mar 2017 Group $'000	Mar 2016 Group $'000	Mar 2017 Company $'000	Mar 2016 Company $'000
Non-current				
Secured borrowings	4,839	1,978	–	–
Unsecured borrowings	–	127	–	–
less amounts payable in less than 12 months	(1,673)	(1,194)	–	–
	3,166	911	–	–
Current				
Bank overdrafts	859	1,766	–	–
Unsecured borrowings	1,403	1,310	–	–
Current portion of long term borrowings	1,673	1,194	–	–
	3,935	4,270	–	–
Total loans and borrowings	7,101	5,181	-	-

Non-current secured borrowings consist of:

(i) $1,656,042 loan from a third party secured by a pledge of the Group's shareholding in its subsidiary company, Canape Investments (Private) Limited. The loan bears interest at a rate of 12% per annum. The loan is repayable in four equal six-monthly amounts commencing in April 2016. The loan was repaid in full on 6 July 2017.

(ii) $3,106,182 loan from a third party secured by a pledge over the Company's shareholding in all its operating subsidiaries in Zimbabwe and Romania. The loan bears interest at 12% per annum and is repayable by March 2021. A further $1,000,000 of this facility was drawn down after the reporting date.

(iii) $76,642 asset financing loans secured on the underlying movable assets belonging to ACR SRL.

Current unsecured borrowing consists of:

(i) $1,150,000 loan from the non-controlling interest in Dallaglio Investments (Private) Limited, the operating company for the Pickstone Peerless Gold Mine.

(ii) $172,557 loans from the non-controlling interests in African Consolidated Resources SRL, the holder of the rights to the Baita Plai Mine.

(iii) $79,772 short term bank loan to Sinarom Mining Group SRL, which is under dispute.

The loans from the non-controlling interests are interest free and have no fixed terms of repayment.

The overdraft is held in Breckridge Investments (Private) Limited. It bears interest at 12% per annum and is secured by a Special Notarial General Covering Bond over the plant and equipment of the Company, and guarantees given by the shareholders, which includes Canape Investments (Private) Limited.

18. Trade and other payables

	Mar 2017 Group $'000	Mar 2016 Group $'000	Mar 2017 Company $'000	Mar 2016 Company $'000
Trade payables	5,784	3,491	–	–
Other payables	1,325	2,259	447	351
Other taxes and social security taxes	237	681	–	–
Accrued expenses	85	298	–	–
	7,431	6,729	447	351

At 31 March 2017:

		Ageing of amounts payable: amounts due for:				
	Amount	**30 days**	**60 days**	**90 days**	**120 days**	**150 days or more**
Trade payables	5,784	4,145	217	44	17	1,361
Other payables	1,325	1,010	14	18	14	269

At 31 March 2016:

		Ageing of amounts payable: amounts due for:				
	Amount	**30 days**	**60 days**	**90 days**	**120 days**	**150 days or more**
Trade payables	3,491	1,988	237	30	146	1,090
Other payables	2,259	548	11	11	34	1,655

19. Provisions

	Mar 2017 Group $'000	**Mar 2016 Group $'000**	**Mar 2017 Company $'000**	**Mar 2016 Company $'000**
Provision for rehabilitation of mining properties				
– Provision brought forward from previous years	954	–	–	–
– Liability recognised during year	141	954	–	–
	1,095	954	–	–

As more fully set out in the Statement of Accounting Policies on page 29, the Group provides for the cost of the rehabilitation of a mining property on the cessation of mining. Provision for this cost is recognised from the commencement of mining activities.

This provision accounts for the estimated full cost to rehabilitate the mines at both Manaila and Pickstone Peerless according to good practice guidelines in the country where the mine is located, which may involve more than the stipulated minimum legal commitment. When accounting for the provision the Group recognises a provision for the full cost to rehabilitate the mine and a matching asset accounted for within the non-current mining asset.

20. Financial instruments – risk management

Significant accounting policies
Details of the significant accounting policies in respect of financial instruments are disclosed on pages 24-29. The Group's financial instruments comprise available for sale investments (note 16), cash and items arising directly from its operations such as other receivables, trade payables and loans.

Financial risk management
The Board seeks to minimise its exposure to financial risk by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis. No formal policies have been put in place in order to hedge the Group and Company's activities to the exposure to currency risk or interest risk; however the Board will consider this periodically. No derivatives or hedges were entered into during the year.

The Group and Company is exposed through its operations to the following financial risks:

- Credit risk
- Market risk (includes cash flow interest rate risk and foreign currency risk)
- Liquidity risk

20. Financial instruments – risk management continued

The policy for each of the above risks is described in more detail below.

The principal financial instruments used by the Group, from which financial instruments risk arises are as follow:

- Receivables
- Cash and cash equivalents
- Trade and other payables (excluding other taxes and social security) and loans
- Available for sale investments

The table below sets out the carrying value of all financial instruments by category and where applicable shows the valuation level used to determine the fair value at each reporting date. The fair value of all financial assets and financial liabilities is not materially different to the book value.

	2017 Group $'000	2016 Group $'000	2017 Company $'000	2016 Company $'000
Loans and receivables				
Cash and cash equivalents	1,326	831	1,239	615
Receivables	5,960	3,896	1,606	412
Loans to Group Companies	–	–	35,962	33,963
Available for sale financial assets				
Available for sale investments (valuation level 1)	10	8	5	5
Other liabilities				
Trade and other payables (excl short term loans)	7,431	6,728	447	351
Loans and borrowings	7,101	5,181	–	–

Credit risk

Financial assets, which potentially subject the Group and the Company to concentrations of credit risk, consist principally of cash, short-term deposits and other receivables. Cash balances are all held at recognised financial institutions. Other receivables are presented net of allowances for doubtful receivables. Other receivables currently form an insignificant part of the Group's and the Company's business and therefore the credit risks associated with them are also insignificant to the Group and the Company as a whole.

The Company has a credit risk in respect of inter-company loans to subsidiaries. The recoverability of these balances is dependent on the commercial viability of the exploration activities undertaken by the respective subsidiary companies. The credit risk of these loans is managed as the directors constantly monitor and assess the viability and quality of the respective subsidiary's investments in intangible mining assets.

Inter-company loan amounts between the holding company and its Zimbabwean subsidiary, Canape Investments, are subject to credit risk in so far as the Zimbabwe's exchange control regulations, which change from time to time, may prevent timeous settlement.

Maximum exposure to credit risk

The Group's maximum exposure to credit risk by category of financial instrument is shown in the table below:

	2017 Carrying value $'000	2017 Maximum exposure $'000	2016 Carrying value $'000	2016 Maximum exposure $'000
Cash and cash equivalents	1,326	1,551	831	831
Receivables	5,960	5,477	3,896	3,896

The Company's maximum exposure to credit risk by class of financial instrument is shown in the table below:

	2017 Carrying value $'000	2017 Maximum exposure $'000	2016 Carrying value $'000	2016 Maximum exposure $'000
Cash and cash equivalents	1,239	1,478	615	615
Receivables	1,606	1,606	412	412
Loans to Group Companies *	35,962	38,135	33,963	33,963

*Net of impairment charges on advances to Group companies of $8.5 million (2016 – $8.5 million)

Market risk

Cash flow interest rate risk

The Group has adopted a non-speculative policy on managing interest rate risk. Only approved financial institutions with sound capital bases are used to borrow funds and for the investments of surplus funds.

The Group and the Company seeks to obtain a favourable interest rate on its cash balances through the use of bank deposits. At the reporting date, the Group had a cash balance of $1.326 million (2016: $0.831 million) which was made up as follows:

	2017 Group $'000	2016 Group $'000
Sterling	692	437
United States Dollar	612	351
Euro	2	1
Lei (Romania)	20	42
	1,326	831

At the reporting date, the Company had a cash balance of $1.239 million (2016: $0.615 million) which was made up as follows:

	2017 Company $'000	2016 Company $'000
Sterling	691	437
United States Dollar	547	177
Euro	1	1
Lei (Romania)	–	–
	1,239	615

The Group had interest bearing debts at the current year end of $5.698 million (2016: $3.744 million). These are made up as follows:

	Interest rate	2017 Group $'000	2016 Group $'000	2017 Company $'000	2016 Company $'000
Secured long term loans	12%	4,839	1,978	–	–
Bank overdraft	12%	859	1,766	–	–
		5,698	3,744	–	–
These loans are repayable as follows:					
– Within 1 year		2,532	2,651	–	–
– Between 1 and 2 years		16	1,093	–	–
– In more than 2 years		3,150	–	–	–

20. Financial instruments – risk management continued

Foreign currency risk

Foreign exchange risk is inherent in the Group's and the Company's activities and is accepted as such. The majority of the Group's expenses are denominated in United States Dollars and therefore foreign currency exchange risk arises where any balance is held or costs are incurred, in currencies other than United States Dollars. At 31 March 2017 and 31 March 2016, the currency exposure of the Group was as follows:

	Sterling $'000	US Dollar $'000	Euro $'000	Other $'000	Total $'000
At 31 March 2017					
Cash and cash equivalents	692	612	2	20	1,326
Trade and other receivables	110	4,776	–	1,074	5,960
Trade and other payables	(240)	(4,028)	(54)	(3,109)	(7,431)
Available for sale investments	–	10	–	–	10
At 31 March 2016					
Cash and cash equivalents	437	351	1	42	831
Trade and other receivables	82	2,182	–	1,632	3,896
Trade and other payables	(249)	(1,108)	–	(6,840)	(8,197)
Available for sale investments	–	8	–	–	8

The effect of a 10% strengthening of Sterling against the US dollar at the reporting date, all other variables held constant, would have resulted in decreasing post tax losses by $56,690 (2016: $27,159 increase). Conversely the effect of a 10% weakening of Sterling against the US dollar at the reporting date, all other variables held constant, would have resulted in increasing post tax losses by $56,690 (2016: $27,159 decrease).

At 31 March 2017 and 31 March 2016, the currency exposure of the Company was as follows:

	Sterling $'000	US Dollar $'000	Euro $'000	Other $'000	Total $'000
At 31 March 2017					
Cash and cash equivalents	692	546	1	–	1,239
Trade and other receivables	85	1,521	–	–	1,606
Loans to Group companies	201	34,717	1,044	–	35,962
Trade and other payables	(240)	(207)	–	–	(447)
Available for sale investments	5	–	–	–	5
At 31 March 2016					
Cash and cash equivalents	437	177	1	–	615
Other receivables	82	330	–	–	412
Loans to Group companies	69	32,779	1,115	–	33,963
Trade and other payables	(250)	(101)	–	–	(351)
Available for sale investments	5	–	–	–	5

Liquidity risk

Any borrowing facilities are negotiated with approved financial institutions at acceptable interest rates. All assets and liabilities are at fixed and floating interest rate. The Group and the Company seeks to manage its financial risk to ensure that sufficient liquidity is available to meet the foreseeable needs both in the short and long term. See also references to Going Concern disclosures in the Strategic Report on page 10.

As set out in Note 18, of the consolidated trade and other payables balance of $7.109 million, $5.386 million is due for payment within 60 days of the reporting date.

Capital
The objective of the directors is to maximise shareholder returns and minimise risks by keeping a reasonable balance between debt and equity. In previous years the Company and Group has minimised risk by being purely equity financed. In the current year, the Group has assumed debt risk but has kept the net debt amount as low as possible.

The Group's debt to equity ratio is 17.2% (2016: 15.5%), calculated as follows:

	2017 $000's	2016 $'000
Loans and borrowings	7,101	5,181
Less: cash and cash equivalents	(1,326)	(831)
Net debt	5,775	4,350
Total equity	33,508	27,980
Debt to capital ratio (%)	17.2%	15.5%

21. Share capital

	Ordinary 0.1p		Deferred 0.9p		
	No of shares	Nominal value	No of shares	Nominal value	Share premium
As at 31 March 2015	1,358,647,327	2,183	863,562,664	12,852	66,105
Issued during the year *	721,261,269	1,072	-	-	5,547
As at 31 March 2016	2,079,908,596	3,255	863,562,664	12,852	71,652
Issued during the year *	2,583,495,863	3,315	-	-	3,150
As at 31 March 2017	4,663,404,459	6,570	863,562,664	12,852	74,802

* Details of the shares issued during the year are as shown in the table below and in the Statement of Changes of Equity on pages 20-21.

There were no shares reserved for issue under share options at 31 March 2017 (2016:13,970,022). The number of shares held by the EBT at 31 March 2017 was 32,500,000 (2016: 32,500,000), see note 22 for additional details about the EBT.

The deferred shares carry no rights to dividends or to participate in any way in the income or profits of the Company. They may receive a return of capital equal to the amount paid up on each deferred share after the ordinary shares have received a return of capital equal to the amount paid up on each ordinary share plus £10,000,000 on each ordinary share, but no further right to participate in the assets of the Company. The Company may, subject to the Statutes, acquire all or any of the deferred shares at any time for no consideration. The deferred shares carry no votes.

The ordinary shares carry all the rights normally attributed to ordinary shares in a company subject to the rights of the deferred shares.

See also Note 28 on page 57-58 for details of share issues after the reporting date.

Date of issue	Number of shares	Issue price (pence)	Purpose of issue
2016			
10 Aug 2015	107,701,662	1.2	Issued for cash – general placing .
20 Aug 2015	7,000,000	0.5	Exercise of warrants
12 Oct 2015	3,000,000	0.5	Exercise of warrants
12 Oct 2015	4,500,000	0.6	Exercise of warrants
16 Oct 2015	154,649,140	0.5	Settle loan repayment
16 Oct 2015	23,097,237	0.5	Settle liabilities
8 Jan 2016	156,250,000	0.8	Issued for cash – Crede Capital.
11 Jan 2016	62,500,000	0.8	Issued for cash – Managers' placing.
11 Mar 2016	50,000,000	0.8	Issued for cash – general placing

21. Share capital continued

Date of issue	Number of shares	Issue price (pence)	Purpose of issue
24 Mar 2016	52,509,000	0.1	Exercise of warrants - Crede Capital
24 Mar 2016	81,535,714	0.1	Exercise of warrants - Crede Capital
30 Mar 2016	18,518,516	0.1	Exercise of warrants - Crede Capital
	721,261,269		
7 Apr 2016	120,000,000	0.1	Exercise of warrants - Crede Capital
12 Apr 2016	55,555,550	0.24	Issued for cash to investors
14 Apr 2016	60,140,493	0.1	Exercise of warrants - Crede Capital
25 Apr 2016	60,000,000	0.1	Exercise of warrants - Crede Capital
19 May 2016	84,284,277	0.1	Exercise of warrants - Crede Capital
27 Jun 2016	76,111,100	0.1	Exercise of warrants by investors
8 Jul 2016	37,037,036	0.63	Issued for cash to investors
11 Jul 2016	300,000,001	0.285	Issued for cash – general placing
2 Aug 2016	181,992,582	0.285	Issued for cash - open offer to existing shareholders
17 Aug 2016	101,719,298	0.285	Issued for cash – supplementary placing
17 Aug 2016	16,153,846	0.26	Settle liabilities
17 Aug 2016	26,315,789	0.285	Placing shares issued to broker
29 Sep 2016	120,691	0.5	Exercise of open offer warrants
13 Oct 2016	122,120	0.5	Exercise of open offer warrants
13 Oct 2016	47,619,046	0.28	Issued for cash to investors
26 Oct 2016	31,853,636	0.1	Exercise of management warrants
26 Oct 2016	428,571,428	0.21	Loan Notes converted by Bracknor Fund Ltd
3 Nov 2016	105,263,158	0.19	Loan Notes converted by Bracknor Fund Ltd
15 Nov 2016	58,823,529	0.17	Loan Notes converted by Bracknor Fund Ltd
21 Nov 2016	66,666,666	0.15	Loan Notes converted by Bracknor Fund Ltd
24 Nov 2016	66,666,666	0.15	Loan Notes converted by Bracknor Fund Ltd
25 Nov 2016	77,596	0.5	Exercise of open offer warrants
25 Nov 2016	127,548,940	0.1	Exercise of warrants by investors
28 Nov 2016	139,000,000	0.15	Loan Notes converted by Bracknor Fund Ltd
29 Nov 2016	134,040,666	0.15	Loan Notes converted by Bracknor Fund Ltd
9 Dec 2016	376,409	0.5	Exercise of open offer warrants
30 Dec 2016	129,716,169	0.1	Exercise of management warrants
22 Feb 2017	12,500,000	0.4	Exercise of warrants - Bracknor Fund Ltd
28 Feb 2017	37,500,000	0.4	Exercise of warrants - Bracknor Fund Ltd
6 Mar 2017	25,000,000	0.4	Exercise of warrants - Bracknor Fund Ltd
27 Mar 2017	52,631,578	0.5	Exercise of placing warrants issued to broker
28 Mar 2017	87,593	0.5	Exercise of open offer warrants
	2,583,495,863		
			All issues during the year were for the purpose of provision of additional funds for opportunities in Romania and for general corporate purposes

Crede Capital financing agreement
As reported in the report for the year to 31 March 2016, on 4 January 2016 the entered into a financing agreement with Crede CG III Limited (Crede) by which Crede would subscribe for new ordinary shares of 0.1p each in the Company in order to raise up to £5.0 million. In addition to the new ordinary shares Crede would also receive one warrant for each share issued, which warrant would entitle it either to one share at a price of 130% of the issue price of the shares to which the warrant related or to a number of shares to be determined by a calculation based on a Black Scholes valuation of the shares at the time of exercise.

In January 2016 the first tranche of funding was executed and the initial 156,250,000 new Ordinary Shares had been issued together with 156,250,000 warrants. As at 31 March 2016 Crede had exercised 70,745,774 warrants and held 85,504,226 unexercised warrants. These were all exercised during the current year, as detailed in the table above.

On 5 April 2016, the Company announced that it was withholding its consent to the issue of the second tranche of shares and warrants, as this would result in Crede exceeding the 25% shareholding limit contained in the agreement.

On 1 July 2016, at the General Meeting of the Company held on that date to seek approval from members for authority to issue further shares to Crede in the course of the third tranche of the agreement, the shareholders voted not to consent to the increase of capital required. This gave the Company the right to terminate the agreement which right the Company then exercised.

Directors and Management financing agreement
As previously reported, on 6 January 2016 the Directors of the Company, together with certain senior managers, subscribed an aggregate amount of £0.5 million on the same terms as agreed with Crede; 62,500,000 new Ordinary Shares were issued by the Company together with 62,500,000 warrants.

As at 31 March 2016, 11,356,077 of these warrants had been exercised and 18,518,516 new ordinary Shares issued. At 31 March 2016, the Directors and senior managers held 51,143,923 unexercised warrants; of these, a total of 36,560,673 were exercised during the current year, as detailed in the table above.

At 31 March 2017, the Directors and senior managers held 5,208,313 unexercised warrants.

Existing shareholders financing agreement

As reported in the report for the year to 31 March 2016, on 4 March 2016 the Company entered into an agreement with a number of existing shareholders (the "Investors") for their subscription for up to £0.8 million, on similar terms as agreed with Crede. The investments was to be in four tranches, on 4 March 2016; 3 April 2016; 4 July 2016 and 3 October 2016 respectively.

The first tranche of £400,000 resulted in 50,000,000 new Ordinary Shares and 50,000,000 warrants being issued by the Company. At 31 March 2016 the Investors had exercised the 50,000,000 warrants, exchanging them for 81,535,714 new ordinary Shares; at 31 March 2016 the Investors had no unexercised warrants remaining from the initial subscription.

The second, third and fourth tranches of the arrangement proceeded as agreed. A total of 140,211,632 shares were subscribed for; in addition 140,211,632 warrants were issued. Of these, 133,597,871 were exercised before 31 March 2017. The total funds raised in the three tranches was £603,661

At 31 March 2017 there remained 6,613,756 warrants unexercised by these investors.

Bracknor Fund financing arrangement
On 11 October 2016, the Company announced it had entered into an agreement with Bracknor Fund Limited ("Bracknor") under which Bracknor subscribed for US$2 million convertible Loan Notes in the Company, with a commitment by Bracknor to provide a further US$3.0 million, in tranches of US$1.0 million, if requested.

21. Share capital continued

The Loan Notes were unsecured, interest free and may be capable of conversion into ordinary shares in the Company at any time during a 12-month conversion period immediately following the Subscription, at a price equal to 90% of the lowest average price of the Shares in the five business days immediately preceding the conversion date. In addition, warrants were to be issued to Bracknor exercisable at 130% of the lowest Average Price of Shares in the five business days immediately preceding the issue of the Loan Notes.

The funds realised from the Subscription were to be applied to the ongoing refinement to the zinc production line at Manaila, ongoing drilling to expand the maiden JORC resource at Manaila, the drilling, evaluation and design of the Faneata Tailings Dam reprocessing facility, the initial payments associated with the Baita Plai Mining sub-licence, once granted, and the general corporate overheads of the Company.

The Loan Notes, together with 80,425,000 warrants, were issued on 10 October 2016.

The Loan Notes were converted between 26 October 2016 and 29 November 2016, as more fully detailed in the table above. Bracknor exercised a total of 75,000,000 warrants, being issued a total of 300,000,000 shares, between 22 February 2017 and 6 March 2017. As at 31 March 2017, a total of 5,450,000 warrants are still unexercised.

The charges arising from the issue of warrants in connection with all of the foregoing four financing arrangements have been accounted for and the charge in respect of these warrants has been recognised.

22. Share based payments

Equity – settled share based payments
The Company has granted share options and warrants to directors, staff and consultants.

In June 2015, the Company also established a Share Appreciation Scheme to incentivise directors and senior executives. The basis of the Scheme is to grant a fixed number of 'share appreciation rights' (SARs) to participants. Each SAR is credited rights to receive at the discretion of the Company ordinary shares in the Company or cash to a value of the difference in the value of a share at the date of exercise of rights and the value at date of grant. The SARS are subject to various performance conditions.

The tables below reconcile the opening and closing number of SARs in issue at each reporting date:

Exercise price Options	In issue at 31 March 2016	Issued during year	Lapsed during year	Exercised during year	In issue at 31 March 2017	Final exercise date
0.8p	57,000,000	–	–	–	57,000,000	March 2019
0.8p	40,000,000	–	–	–	40,000,000	March 2020
	97,000,000	–	–	–	97,000,000	

Exercise price Options	In issue at 31 March 2015	Issued during year	Lapsed during year	Exercised during year	In issue at 31 March 2016	Final exercise date
0.8p	–	57,000,000	–	–	57,000,000	March 2019
0.8p	–	40,000,000	–	–	40,000,000	March 2020
	–	97,000,000	–	–	97,000,000	

The tables below reconcile the opening and closing number of share options and warrants in issue at each reporting date:

Exercise price Options	In issue at 31 March 2016	Issued during year	Lapsed during year	Exercised during year	In issue at 31 March 2017	Final exercise date
0.5p	6,809,709	–	6,809,709	–	–	
2.0p	500,000	–	500,000	–	–	
Warrants						
0.4p	–	80,425,000	–	75,000,000	5,425,000	October 2019
0.5p	6,659,903	–	–	–	6,659,903	December 2017
0.5p	–	617,834,687	–	53,415,987	564,418,700	June 2019
0.5p	–	13,340,097	–	–	13,340,097	December 2017
variable	136,648,149	–	–	122,064,899	14,583,250	January 2021
variable		140,211,632	–	133,597,876	6,613,756	March 2021
	150,617,761	851,811,416	7,309,709	384,078,762	611,040,706	

Exercise price Options	In issue at 31 March 2015	Issued during year	Lapsed during year	Exercised during year	In issue at 31 March 2016	Final exercise date
0.5p	8,403,709	-	-	1,593,590	6,809,709	December 2016
0.5p	10,000,000	-	-	10,000,000	-	
0.6p	4,500,000	-	-	4,500,000	-	
2.0p	500,000	-	-	-	500,000	December 2016
4.0p	2,000,000	-	2,000,000	-	-	
5.0p	15,000,000	-	15,000,000	-	-	
5.0p	5,000,000	-	5,000,000	-	-	
5.0p	2,500,000	-	2,500,000	-	-	
5.0p	3,500,000	-	3,500,000	-	-	
5.0p	1,500,000	-	1,500,000	-	-	
10.0p	5,000,000	-	5,000,000	-	-	
Warrants						
0.5p	6,659,903	-	-	-	6,659,903	December 2017
variable	-	268,750,000		132,101,851	136,648,149	January 2021
	64,563,612	268,750,000	34,500,000	148,195,441	150,617,761	

	2017 Weighted average exercise price (pence)	2017 Number	2016 Weighted average exercise price (pence)	2016 Number
Outstanding at the beginning of the year	0.70	247,617,761	3.28	64,563,612
Granted during the year	0.12	851,811,416	0.70	315,750,000
Lapsed during the year	0.55	7,309,709	5.67	34,500,000
Exercised during the year	0.39	384,078,762	0.67	148,195,441
Outstanding at the end of the year	0.44	708,040,706	0.70	247,617,761
Exercisable at the end of the year	0.44	708,040,706	0.70	207,618,171

The weighted average remaining lives of the share options or warrants outstanding at the end of the period is 28 months (2016: 50 months). All of the 708,040,706 options and warrants outstanding at 31 March 2017 are fully vested in the holders and are exercisable at that date; in 2016, of the 247,617,761 options and warrants outstanding, all were fully vested in the holders while 40,000,000 options were not yet exercisable.

22. Share based payments continued

Fair value of share options

The fair values of share options and warrants granted have been calculated using the Black Scholes pricing model which takes into account factors specific-to-share incentive plans such as the vesting periods of the plan, the expected dividend yield of the Company's shares and the estimated volatility of those shares. Based on the above assumptions, the fair values of the options granted are estimated to be:

Grant date	Share Option or Warrant Value	Vesting periods	Share price at date of grant	Volatility	Life (years)	Dividend yield	Risk free interest rate	Fair value
Apr 16	variable	Mar-21	0.240p	135%	5.00	nil	1.5%	0.2055p
Jul-16	variable	Mar-21	0.360p	135%	5.00	nil	1.5%	0.3082p
Jul-16	0.5p	Jun-19	0.315p	76%	4.11	nil	0.63%	0.5670p
Aug-16	0.5p	Jun-19	0.265p	76%	4.01	nil	0.34%	0.0522p
Aug-16	0.5p	Jun-19	0.290p	76%	3.97	nil	0.34%	0.0664p
Oct-16	variable	Mar-21	0.280p	135%	5.00	nil	1.5%	0.2397p
Oct-16	0.5p	Dec-17	0.300p	76%	3.77	nil	0.18%	0.0677p
Oct-16	0.4p	Oct-19	0.320p	76%	3.97	nil	0.18%	0.1012p

Volatility has been based on historical share price information. A higher rate of volatility is used when determining the fair value of certain options in order to reflect the special conditions attached thereto

Based on the above fair values the expense arising from equity-settled share options and warrants made was $1,648,400 (2016: $1,154,347).

Cash-settled share based payments

The directors of the Company have set up an Employee Benefit Trust (EBT) in which a number of employees and directors are participants. The EBT holds shares on behalf of each participant until such time as the participant exercises their right to require the EBT to sell the shares. On the sale of the shares the participant receives the appreciation of the value in the shares above the market price on the date that the shares were purchased by the EBT, subject to the first 5% in growth in the share price, on an annual compound basis, being retained by the EBT. The participant pays 0.01p per share to acquire their rights. The table below sets out the subscription price and the rights exercisable in respect of the EBT.

As set out in the EBT accounting policy note, the EBT has been included as part of the Company financial statements and consolidated as part of the Group financial statements.

Exercise price	Outstanding at 31 March 2016	Exercised during last 12 months	Lapsed during Last 12 months	Granted during last 12 months	Outstanding at 31 March 2017	Date exercisable from
8.75p	6,000,000	-	-	-	6,000,000	July 2010
8.75p	6,000,000	-	-	-	6,000,000	July 2011
9.00p	2,500,000	-	-	-	2,500,000	August 2011
9.00p	2,500,000	-	-	-	2,500,000	August 2012
6.00p	7,750,000	-	-	-	7,750,000	August 2012
6.00p	7,750,000	-	-	-	7,750,000	August 2013
	32,500,000	-	-	-	32,500,000	

As at 31 March 2017 a total of 32,500,000 of the EBT participation rights were exercisable.

Exercise price	Outstanding at 31 March 2015	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2016	Date exercisable from
8.75p	6,000,000	-	-	-	6,000,000	July 2010
8.75p	6,000,000	-	-	-	6,000,000	July 2011
9.00p	2,500,000	-	-	-	2,500,000	August 2011
9.00p	2,500,000	-	-	-	2,500,000	August 2012
6.00p	7,750,000	-	-	-	7,750,000	August 2012
6.00p	7,750,000	-	-	-	7,750,000	August 2013
	32,500,000	-	-	-	32,500,000	

As at 31 March 2016 a total of 32,500,000 of the EBT participation rights were exercisable.

Fair value of EBT participant rights
The fair values of the rights granted to participants under the EBT have been calculated using a Black Scholes valuation model. Based on the assumptions set out in the table below, as well as the limitation on the growth in share price attributable to the participants (as set out in the table above) the fair-values are estimated to be:

Rights exercisable from:	Jul 2010	Jul 2011	Aug 2011	Aug 2012	Aug 2012	Aug 2013
Grant date	Aug 2009	Aug 2009	Oct 2010	Oct 2010	Sep 2011	Sep 2011
Validity of grant	10 years	10 years	10 years	10 years	10 years	10 years
Vesting periods	Aug 2009 – Jul 2010	Aug 2009 – Jul 2011	Oct 2010 – Aug 2011	Oct 2010 – Aug 2012	Sep 2011– Aug 2012	Sep 2011– Aug 2013
Share price at date of grant	8.75p	8.75p	9.00p	9.00p	6.00p	6.00p
Volatility	51%	51%	51%	51%	51%	51%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Risk free investment rate	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Fair value	Nil	Nil	Nil	Nil	Nil	Nil

The group has recorded liabilities in respect of the EBT of $nil and $nil in 2016 and 2017. Fair value of the EBT is determined by using the Black Scholes model using the assumptions noted in the above table. The group recorded total expenses of $nil and $nil in 2016 and 2017, respectively. The total intrinsic value at 31 December 2016 and 2017 was $nil and $nil, respectively.

Volatility has been calculated by reference to historical share price information.

Warrant and Share option expense

	2016 Group $'000	2015 Group $'000
Warrant and share option expense:		
– In respect of remuneration contracts	198	723
– In respect of financing arrangements	1,450	2,645
Total expense / (credit)	1,648	3,368

23. Reserves

Details of the nature and purpose of each reserve within owners' equity are provided below:

- Share capital represents the nominal value at 0.1p each of the shares in issue.
- Share premium represents the balance of consideration received net of fund raising costs in excess of the par value of the shares.
- The share options reserve represents the accumulated balance of share benefit charges recognised in respect of share options granted by the Company, less transfers to retained losses in respect of options exercised or lapsed.
- The foreign currency translation reserve represents cumulative foreign exchange differences arising from the translation of the Financial Statements of foreign subsidiaries; this reserve is not distributable by way of dividends.

23. Reserves continued

- The available for sale reserve represents the gains/(losses) arising on recognising financial assets classified as available for sale at fair value.
- The EBT reserve has been recognised in respect of the shares in the Company purchased by the EBT; the reserve serves to offset against the increased share capital and share premium arising from the Company effectively purchasing its own shares.
- The retained deficit reserve represents the cumulative net gains and losses recognised in the Group statement of comprehensive income.

24. Non-controlling Interests

Breckridge Investments (Private) Limited is a 50% owned subsidiary of the Company that has material non-controlling interests (NCI). Control is exercised by the Group by virtue of a casting vote held by the Chairman of the Company, who is the Chief Executive Officer of the Group.

African Consolidated Resources SRL is an 80% owned subsidiary of the Company which also has a NCI. This follows the merger of this company with Mineral Mining in February 2016

Sinarom Mining Group SA is a 50.1% owned subsidiary of the Company which also has a NCI.

Summarised financial information for these three entities, before intra-group eliminations, is presented below together with amounts attributable to NCI:

For the year ended 31 March 2017	**Breckridge Investments $'000**	**African Consolidated Resources SRL $'000**	**Sinarom Mining Group SA $'000**	**Total NCI $'000**
Revenue	21,137	–	2,630	23,767
Cost of sales	(13,635)	–	(3,746)	(17,381)
Gross profit (loss)	7,502	–	(1,116)	6,386
Administrative expenses	(1,418)	(563)	(1,461)	(3,442)
Operating profit (loss)	6,084	(563)	(2,578)	2,943
Finance expense	61	–	–	61
Profit (loss) before tax	6,145	(563)	(2,578)	3,004
Tax expense / credit	(1,193)	–	–	(1,193)
Profit (loss) after tax	4,952	(563)	(2,578)	1,811
Total comprehensive profit (loss) allocated to NCI	(2,427)	11	1,540	(876)
Cash flows from operating activities	7,231	(364)	(1,914)	4,953
Cash flows from investing activities	(6,320)	(1,211)	(1,235)	(8,766)
Cash flows from financing activities	–	1,506	3,175	4,681
Net cash inflows/(outflows)	911	(69)	26	868
As at 31 March 2017	**$'000**	**$'000**	**$'000**	**$'000**
Assets:				
Property plant and equipment	10,764	5,399	3,890	20,053
Deferred tax asset	465	–	–	465
Inventory	2,065	14	733	2,811
Receivables	3,054	640	459	4,153
Cash and cash equivalents	22	1	31	54
Liabilities:				
Loans and other borrowings	3,044	5,894	7,292	16,230
Trade and other payables	4,204	1,361	2,053	7,618
Accumulated non-controlling interests	14,040	250	(1,897)	12,393

For the year ended 31 March 2016	Breckridge Investments $'000	African Consolidated Resources SRL $'000	Sinarom Mining Group SA $'000	Total NCI $'000
Revenue	5,388	–	1,812	7,200
Cost of sales	(4,172)	–	(1,436)	(5,608)
Gross Profit (loss)	1,216	–	376	1,592
Administrative expenses	(1,708)	(630)	(1,122)	(3,460)
Operating loss	(492)	(630)	(746)	(1,868)
Finance expense	(130)	–	–	(130)
Loss before tax	(622)	(630)	(746)	(1,998)
Tax expense / credit	1,658	–	–	1,658
Profit (loss) after tax	1,036	(630)	(746)	(340)
Total comprehensive profit (loss) allocated to NCI	473	432	(377)	528
Cash flows from operating activities	(978)	(509)	(1,471)	(2,958)
Cash flows from investing activities	(5,395)	(1,907)	(1,759)	(9,061)
Cash flows from financing activities	4,571	1,575	3,234	9,380
Net cash inflows/(outflows)	(1,802)	(841)	4	(2,639)

As at 31 March 2016	$'000	$'000	$'000	$'000
Assets:				
Intangible assets	–	–	–	–
Property plant and equipment	5,418	4,463	3,929	13,810
Deferred tax asset	1,658	–	–	1,658
Inventory	1,091	126	695	1,912
Receivables	1,594	825	808	3,227
Cash and cash equivalents	18	70	5	93
Liabilities:				
Loans and other borrowings	2,916	127	86	3,129
Payables	1,533	2,885	2,985	7,403
Accumulated non-controlling interests	11,614	260	(356)	11,518

25. Related party transactions

Company and group
Directors and key management emoluments are disclosed in notes 6 and 7.

Group
The non-controlling interest in African Consolidated Resources SRL, where 20% of the shareholding of the subsidiary is held by third parties (the "AP Group"), consisting as to a majority of a director and senior executives of the group, namely:

Roy Tucker	(Director)	2%
Andrew Prelea	(Executive)	8%
Senior Romanian management		2%
Non-related party		8%

At the reporting date, there was an amount owing by African Consolidated Resources SRL to the AP Group of $117,303 (2016: $127,039)

At the reporting date, there was an amount owing by African Consolidated Resources SRL to the individual related members of the AP Group, totalling $23,233 (2016: $79,934).

Notes to Financial Statements

continued

25. Related party transactions continued

At the reporting date, there was an amount owing by African Consolidated Resources SRL to Ozone Homes SRL (Ozone) of $52,448 (2016: $89,428) in respect of transactions undertaken by Ozone in 2014. Ozone is a company controlled by Andrew Prelea, the senior Group executive in Romania. Since the reporting date US$39,000 of the amount due to Ozone has been settled.

At the reporting date, there was an amount owing by Breckridge Investments (Private) Limited (Breckridge) to Hopina Investments (Private) Limited (Hopina) of $1,150,000 (2016: $1,150,000) in respect of plant and equipment disposed of to Breckridge at the commencement of operations at Pickstone Peerless Gold Mine. Hopina is a company controlled by the non-controlling interest in Breckridge.

26. Contingent liabilities and capital commitments

Contingent liability – Zimbabwe Indigenisation
Indigenisation regulations extant stipulate that all Zimbabwean registered mining companies, with a net asset value over a certain threshold transfer not less than 51% of their issued shares to indigenous persons within a five-year period. These regulations are relevant to both Vast Resources Zimbabwe (Private) Limited and Canape Investments (Private) Limited and their subsidiaries which are Group companies registered and operating in Zimbabwe.

Following the profitability achieved from the operation of the Pickstone-Peerless Gold Mine, these regulations now come into effect in respect of the Group's subsidiary, Breckridge Investments (Private) Limited ("Breckridge"). The company's 50% partner, Grayfox Investments (Pvt) Ltd, has an approved indigenisation plan in place and, on account of this, Breckridge has obtained a Certificate of Provisional Compliance under the Indigenisation Regulations, which certificate is effective until 31 May 2018.

All other Zimbabwean companies in the Group were or are in a net liability position at the reporting date, due to them being financed by loans from the holding or other group companies. As such the Directors believe that there is currently no compulsion to affect any transfer of shareholding in these subsidiaries to any third party. Counsel's opinion supports this view.

A number of announcements have been made in the local media of possible amendments to the current regulations which are intended to reassure foreign investors in the Mining Sector. These have included suggestions that local ownership of any mining company listed on the Zimbabwe Stock Exchange would be included in the calculation of any indigenous shareholding. Further, in April 2016 the President of Zimbabwe made a public statement that foreign mining companies operating in Zimbabwe would now comply with the Indigenisation law through retained earnings rather than through the transfer of a controlling 51% shareholding to locals. Compliance with the Indigenisation and Economic Empowerment Policy would now be the retention of value, in the form of wages, salaries, taxation, community ownership schemes and other activities such as procurement and linkage programmes. However, at the date of reporting these changes have not been incorporated into the relevant regulations and their final effect remains uncertain.

If the company's Zimbabwean subsidiaries had to transfer equity interests to local indigenised parties this could result in share based payment charges and/or loss of control of the subsidiaries. The full effect that this legislation might have on the operations of the Group is yet to be quantified and is subject to some uncertainty. It is the Group's stated policy that it will comply with the Indigenisation Regulations once they are clarified and codified.

Contingent liability – Tax Investigation in Zimbabwe
On 25 January 2017, the Zimbabwe Revenue Authority issued assessments for Value Added Tax, penalties and interest against Canape Investments (Private) Limited (Canape) for a total of $2,998,363 for the years 2009 to 2015. Canape has entered a formal objection to these assessments. The management of Canape, advised by its professional advisors, consider that little, if any, of the amounts assessed are due and that any amounts which may become payable are fully provided for.

27. Litigation

Marange

In 2006 the Group registered several mining claims in Marange under shelf companies. At that time the Group was not aware that the shelf companies had not actually been registered. In Zimbabwe the registration process had started but the companies were only registered a short period after the claims were registered in their names. After the registration of the claims 120,031.87 carats of diamonds were acquired from the claims. The Zimbabwe Mining Commissioner subsequently cancelled the registration of the claims on the instructions of the Minister of Mines. The Group instituted proceedings in the Zimbabwe High Court challenging the cancellations of the registration of the claims. The Zimbabwe High Court handed down a judgement declaring that the cancellations were invalid and that the Group legally held the claims. The High Court also ordered that the diamonds, which had been seized from the Group's offices in Harare, should be returned.

The Minister of Mines instructed the Attorney General to note an appeal to the Supreme Court. The appeal was noted but the Attorney General renounced agency because he considered that there were no valid grounds of appeal. The diamonds that were seized from the Group were not returned. They are being held in the vault of the Reserve Bank of Zimbabwe.

The Minister of Mines subsequently wrote to the High Court judge asking him to rescind his judgement on the basis that the Group had fraudulently withheld information in order to get a favourable judgement. Although the Judge had no jurisdiction to deal with the matter because it was on appeal to the Supreme Court, he did issue a judgement rescinding his earlier judgement. The Group has appealed against that judgement. Legal opinion is to the effect that the Rescission Judgement is fatally flawed. The Minister withdrew his appeal to the Supreme Court so if the Supreme Court upholds the appeal against the Rescission Judgement the claims will revert to the Group.

In 2010, soon after the issue of the Rescission Judgement, the Attorney General laid criminal charges against the Group the allegations being that registration of the claims in the names of the non- registered companies was prejudicial to the Ministry of Mines; alternatively, the Group was illegally in possession of the diamonds above. The Group applied to the High Court for the charges to be quashed. More than 2 years later, in May 2013, the Judge handed down his judgement. He ruled that he could not quash the charges and that the Group should have applied for a stay of proceedings until the appeal had been determined. The suggested application has since been made to the Attorney General. Legal opinion is to the effect that the possibility of conviction on any of the charges is very remote. However, the Attorney General has now withdrawn the charges because, instead of the charges being laid against the parent company or any active group subsidiary, they were laid against African Consolidated Resources (Private) Limited, a company registered in Zimbabwe, which is a shelf company and not a group company. It could not have been involved because it had no staff.

28. Events after the reporting date

Acquisition of remaining share of Sinarom Mining Group SRL

On 22 March 2017 the Company announced that it had concluded an agreement to acquire the remaining 49.9% of Sinarom Mining Group SRL ("Sinarom") through which the Company owns its interest in the Manaila Polymetallic Mine in Romania, thus increasing the Company's ownership of the producing mine to 100%.

The consideration for the purchase of the shares and outstanding loan account owned by the former shareholder was US$1,135,000, with US$400,000 payable by 31 March 2017 and the balance of US$735,000 on 30 April 2017. Transfer of the shares was to take place on the making of the final payment. These payments were made in due course and the shares transferred on 19 July 2017. From this date Sinarom has operated as a wholly owned subsidiary of the Company.

Strategic investment in the Group

On 24 July 2017 the Company announced that it had entered into a conditional heads of terms relating to a proposed two stage investment of up to US$10 million in Vast ('the Proposed Investment') by a corporate finance and investment firm with significant experience and investments in Romania (the 'Investor').

28. Events after the reporting date continued

The Proposed Investment was subject to the rights of Sub-Sahara Goldia Investments ('Sub-Sahara') pursuant to its loan agreement with the Company which gives Sub-Sahara a right to provide equivalent finance to the Proposed Investment if the terms and conditions are the same. Sub-Sahara has exercised that right but has indicated it wishes to work with the Investor to deliver a mutually investment and corporate strategy.

On 13 September 2017 it was announced that Sub-Sahara had provided an additional $1.68 million on a 180 day loan for payments in connection with the BPPM association licence.

Disposal of non-controlling interest in subsidiary
On 30 May 2017 the Company announced that the Reserve Bank of Zimbabwe had approved the assignment of 49.99% of the Company's interest in its loan from its principal Zimbabwean subsidiary, Canape Investments (Private) Limited. As a result, in accordance with the announcement of the made by the Company on 30 January 2017, all conditions precedent relating to the agreement to dispose of a non-controlling portion of its investment in the Pickstone-Peerless and Giant Gold mines had now been met and the disposal will therefore be completed. The Group retains effective voting control over both the Pickstone-Peerless and Giant Gold asset holding companies.

Exercise of warrants
Warrants were exercised, and shares issued, as follows:

Date	Warrants exercised	Shares issued
5 April 2017	6,116	6,116
1 June 2017	20,000,000	20,000,000
14 June 2017	51,386	51,386
26 July 2017	225,017	225,017

Appointment of non-executive director
On 30 June 2017 Brian Basham was appointed to the board as a non-executive director

Change in Company Secretary and Registered Office
On 8 May 2017 Roy Tucker retired from the position of Company Secretary and Ben Harber, of Shakespeare Martineau LLP, was appointed in his place. In addition, the Company's registered office was changed to 60 Gracechurch Street, London, EC3V 0HR.

29. Group subsidiaries

A full list of all subsidiary companies and their registered offices is given below:

Company	Country of registration	Reg. office	Group Interest 2017	2016	Nature of business
African Consolidated Resources SRL	Romania	1	80%	80%	Mining development
African Consolidated Resources PTC Ltd *	BVI	3	nil	nil	Nominee company
Vast Resources Nominees Limited **	UK	4	100%	100%	Nominee company
Breckridge Investments (Private) Limited	Zimbabwe	5	50%	50%	Mining Production
Cadex Investments (Private) Limited	Zimbabwe	5	100%	100%	Claim holding
Canape Investments (Private) Limited	Zimbabwe	6	100%	100%	Mining investment
Conneire Mining (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Dallaglio Investments (Private) Limited	Zimbabwe	5	50%	50%	Holding Company for Breckridge Investments (Private) Limited
Dashaloo Investments (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Exchequer Mining Services (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Fisherman Mining Limited	Zambia	7	49.6%	100%	Mining exploration and development
Heavystuff Investment Company (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Kleton Investments (Private) Limited	Zimbabwe	5	50%	50%	Claim holding

Company	Country of registration	Reg. office	Group Interest 2017	2016	Nature of business
Lafton Investments (Private) Limited	Zimbabwe	5	100%	100%	Claim holding
Lescaut Investments (Private) Limited	Zimbabwe	5	560%	50%	Claim holding
Lomite Investments (Private) Limited	Zimbabwe	5	100%	100%	Claim holding
Lotaven Investments (Private) Limited	Zimbabwe	5	50%	50%	Claim holding
Mayback Investments (Private) Limited	Zimbabwe	5	50%	50%	Claim holding
Millwall International Investments Limited	BVI	3	100%	100%	Holding company
Moorestown Limited	BVI	3	100%	100%	Mining exploration and development
Mystical Mining (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Naxten Investments (Private) Limited	Zimbabwe	6	100%	100%	Asset holding
Nivola Mining (Private) Limited	Zimbabwe	6	50%	50%	Claim holding
Olebile Investments (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Perkinson Investments (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Possession Investment Services (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Rabame Investments (Private) Limited	Zimbabwe	6	50%	50%	Claim holding
Sackler Investments (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Schont Mining Services (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Sinarom Mining Group SRL	Romania	2	50.1%	50.1%	Mining production
Vast Resources Romania Limited	UK	8	100%	100%	Mining investment
Vast Resources Zimbabwe (Private) Limited	Zimbabwe	6	100%	100%	Mining investment
Accufin Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Aeromags (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Campstar Mining (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Chaperon Manufacturing (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Charmed Technical Mining (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Chianty Mining Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Corampian Technical Mining (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Deep Burg Mining Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Deft Mining Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Elfman Investment Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Febrim Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Filkins Investment Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Gerry Investment Company (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Gigli Investment Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Hemihelp Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Isiyala Mining (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Katanga Mining (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Kengen Trading (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Kielty Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Lucciola Investment Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Lyndock Investment Company (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Maglev Investment Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Malaghan Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Methven Investment Company (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Mimic Mining (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Monteiro Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant

29. Group subsidiaries continued

Company	Country of registration	Reg. office	Group Interest 2017	2016	Nature of business
Nedziwe Mining (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Nemies Investment Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Notebridge Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Pickstone-Peerless Mining (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Prudent Mining (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Rania Haulage (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Re-Energised Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Regsite Mining Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Riberio Mining Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Swadini Miners (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Tamahine Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant
The Salon Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Vono Trading (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Warkworth Investment Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Wynton Investment Company (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Zimchew Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant

* The company has effective control of this entity
** Formerly ACR Nominees Ltd

Notes - Addresses of Registered offices:

1 Sat Iacobeni,Str.Minelor Nr.20, Jud. Suceava, Romania
2 Str.9 Mai, Nr.20, Baia Mare, Jud.Maramures, 430274 Romania
3 Nerine Chambers, PO Box 906, Road Town, Tortola, British Virgin Islands
4 Nettlestead Place, Nettlestead, Maidstone, Kent ME18 6HE, United Kingdom
5 121 Borrowdale Road, Gun Hill, Harare, Zimbabwe
6 6, John Plagis Avenue, Alexandra Park, Harare, Zimbabwe
7 Suite 2, Diplomatic Centre, Mass Media, Off Alick Nkhata Road, Lusaka, Zambia
8 60 Gracechurch Street, London, United Kingdom, EC3V

Company information

Directors	Brian Moritz	Non-Executive Chairman
	Roy Aubrey Pitchford	Chief Executive Officer
	Roy Clifford Tucker	Finance Director
	Brian Arthur Basham	Non-Executive Director
	Eric Kevin Diack	Non-Executive Director

Secretary and registered office
Ben Harber
60 Gracechurch Street,
London EC3V 0HR

Country of incorporation
United Kingdom

Legal form
Public Limited Company

Website
www.vastresourcesplc.com

Auditors
Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Nominated & Financial Adviser
Beaumont Cornish Limited
2nd Floor, Bowman House
292 Wilson Street
London EC2M 2SJ

Joint Corporate Brokers
Brandon Hill Capital Limited
1 Tudor Street
London EC4Y 0AH

Peterhouse Corporate Finance Limited
Eldon Street
London EC2M 7LD

Bankers
Standard Bank Isle of Man Limited
Standard Bank House
1 Circular Road
Douglas
Isle of Man 1M1 1SB

Registrars
Capita Registrars
The Registry
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Beckenham
Kent BR3 4TU

Registered number
05414325

Notes

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