

MINING FLASHNOTE

# VAST Resources (VAST AIM)

20 March 2017

### Stock Data

Share Price:	0.49p
Market Cap (M):	£22.6
EV (M):	£33

### Price Chart



### 52 Week Range

0.105p	0.49p	
0.71p		

### Company Summary

Vast Resources was originally a Zimbabwean focused company called African Consolidated Resources. The opportunity to acquire some base metal assets in Romania changed the focus of the company and caused it to change its name to Vast Resources.

### MAIN SHAREHOLDERS HOLDING

Hargreaves Lansdown	9.36%
Barclays PLC	8.08%
Sapi River Investments LTD	7.53%
Halifax Share Dealing	6.91%
Toronto-Dominion Bank	5.46%
St Annes Trustees LTD	4.72%

Source: Bloomberg

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## Vast Announces Update on the Expansion of the Pickstone-Peerless Gold Mine in Zimbabwe

### Event

Vast Resources ("Vast") has announced an update relating to the expansion of the Pickstone-Peerless Gold Mine in Zimbabwe. Significant progress has been made with the construction of the sulphide processing plant, which will enable production from the high-grade sulphide pits in addition to the oxide pits currently being mined.

The second primary mill has been installed on its plinth and the majority of the sulphide concentrating equipment is now on site with a significant proportion of it having been installed. The foundations and bases for the five additional carbon-in-leach tanks are currently being installed.

### Comment

This is very positive news as it will double the mill throughput from 20 to 40kt per month, whilst allowing the grade to increase from around 2g/t to about 3.5g/t. Whilst we anticipate that recoveries will drop from around 90% to circa 80% we anticipate that gold production will double from 5k oz per quarter to 10k oz.

We had included all these assumptions in our model. However, the upside is that we had not assumed that full production of 40kt per month would be reached until the December quarter of 2018 whereas the first sulphide production is now anticipated in the September quarter of 2017 and we expect production to ramp up quite quickly. This has the potential to significantly increase the profitability of the mine and enhance our Company valuation.

In addition, a custom milling facility will be commissioned imminently to process artisanal workers' tributed production from proximal claims. This is expected to benefit both the mine and the artisanal miners as the artisanal miners will save on transport costs whilst keeping access to the free gold with the residual gold being processed through the Pickstone-Peerless mill.

## Research Disclosures

### Peter Rose

Peter has 30 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 9 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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<b>Hold</b>	Recommendation implies that expected total return of between 15% and zero is expected over 12 months between current and analysts' target price.
<b>Trading Sell</b>	Recommendation implies that the analysts' expected total return over the short term compared against the target price is negative.
<b>Sell</b>	Recommendation implies that expected total return expected over 12 months between current and analysts' target price is negative.

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Research disclosure as of 20 March 2017

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

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