

MINING FLASHNOTE

VAST Resources (VAST AIM)

24 July 2017

Stock Data

Share Price:	0.34p
Market Cap (M):	£15.9
EV (M):	£26.4

Price Chart



52 Week Range

0.105p	0.34p
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	10.12%
Barclays PLC	8.11%
St Annes Trustees LTD	7.77%
Halifax Share Dealing	7.47%
Sapi River Investments LTD	7.42%
Toronto-Dominion Bank	5.73%

Source: Bloomberg

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Vast Announces Conditional Heads of Terms for US\$10M Investment

Event

Vast Resources ("Vast") has announced that it has entered into conditional Heads of Terms relating to a proposed investment of up to US\$10M in Vast ('the Proposed Investment') by a corporate finance and investment firm with significant experience in and investment in Romania (the 'Investor').

The Proposed Investment is in two stages, US\$8M at Stage 1 and an additional US\$2M at Stage 2. Stage 1 is a direct subscription by the Investor for new shares in Vast Resources Romania Ltd ('VRR') which company will hold all Vast's Romanian assets and would result in the Investor holding 51% of VRR. Stage 2 would result in the subscription by the Investor for a nominal number of further shares in VRR followed immediately by the acquisition of the Investor's entire holding in VRR by Vast for the issue of ordinary shares in Vast at 0.4p per share and which, depending on exchange rate fluctuations and share issues through warrant exercises, is estimated to give Investor approximately 29% of the enlarged share capital of Vast.

Comment

There are several interesting aspects to this deal. There are a number of conditionality's to this transaction, therefore, it would be premature to comment in any detail until we understand the conclusion.

The key conditions include:

1. Sub-Sahara Goldia Investments who provided a US\$4M loan to Vast, announced on the 30th January 2017, have the right to provide equivalent finance to the Proposed Investment if the terms and conditions are the same
2. Sub-Sahara Goldia Investments must release the security over the company's assets
3. Vast can legally procure the payment of a dividend from Breckridge (Pvt) Limited ('Breckridge'), the owner of the Pickstone Peerless Gold Mine in Zimbabwe, subject to there being distributable profits in Breckridge
4. Vast can procure to the satisfaction of the Investor the visibility of dividend payments by Breckridge and or payment from funds in Breckridge to Vast of an appropriate proportion of general administrative costs of Vast following completion of the Proposed Investment

Therefore, we must await the decision of Sub-Sahara to take up its right of investment in Vast.

Therefore, the transaction is largely contingent on the decisions of Sub Sahara Goldia Investments. Moreover, BHC are under the impression that dividends can only be remitted by Zimbabwean companies once they have fully indigenised and our understanding is that this has yet to happen.

Finally, this transaction indicates that Vast are prepared to sell effectively 29% of the company for US\$10M, suggesting that the 100% value of the company is US\$34.5M. BHC values the combined assets of the group at \$120M of which Baita Plai represents US\$30M

Research Disclosures

Peter Rose

Peter has 31 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 10 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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

Research Disclaimers

Research disclosure as of 24 July 2017

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

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