

MINING FLASHNOTE

VAST Resources (VAST AIM)

14 February 2018

Stock Data

Share Price:	0.595p
Market Cap (M):	£30.4
EV (M):	£49.4

Price Chart



52 Week Range

0.253p	0.595p	0.779p
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Company Summary

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

MAIN SHAREHOLDERS HOLDING

Hargreaves Lansdown	8.59%
Interactive Invest Trade	5.16%
HSBC	4.73%
Halifax Share Dealing	4.36%
SVS Securities	3.36%

Source: Bloomberg

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Vast Releases December Quarter Production and Operations Update

Event

Vast Resources ("Vast") has announced the production figures for its 25% Pickstone-Peerless Gold Mine in Zimbabwe and the Manaila polymetallic mine in Romania.

Production

Pickstone-Peerless

The December quarter for Pickstone-Peerless saw the production of 6,057oz gold. This was produced from the mining of 90,874t of ore of which 86,097t grading 2.46g/t were processed. Gold sales totalled 5,729oz.

Manaila

The Manaila mine only operated for the months of October and November. 23,043t of ore was mined with stripping of 98,933m³ of waste. 25,654t of ore was processed grading 0.56% copper and 0.58% zinc and 6t of pyrite concentrate. This resulted in the production of 562t of copper concentrate grading 16.3% copper and 96t of zinc concentrate grading 37.1% zinc plus 6t of pyrite concentrate. The pyrite concentrate graded 86g/t gold and contained 16.6oz of gold.

Comment

The Pickstone-Peerless mine had a record production of tonnes mined, tonnes milled, and gold produced. The new milling and crushing circuits for the sulphide plant were commissioned in Q4 2017. Although the Company is not yet mining the sulphide ore, the plant has increased crushing, milling and leaching capacity to in excess of 30,000 tonnes per month, and despite initial teething problems in October and November, a significant increase in ore tonnage mined was achieved. The only problem was that the ultra-fine grinding mills are not yet on site. A shortage of steel in Zimbabwe has hampered the final construction phases of the flotation and ultra-fine grind milling sections.

The same could not be said for Manaila, which had a disastrous quarter. An historic lack of stripping in previous quarters, an attempt to save money, left the mine in a position where they only have access to low grade ore, which impacted both copper and zinc recoveries and concentrate grades.

Consequently, the mine and concentrator were shut down at the end of November and an intensive stripping programme was commenced. This has

been designed to create a larger working footprint in the mine and provide access to the higher grade ores. This programme is expected to be completed during Q2 2018 and is not expected to interfere with normal mining operations which have recommenced.

On a more positive note, a blast hole drilling rig has been purchased and is on site. This will enable better management of the stripping programme and improved fragmentation of the higher grade massive sulphide ore body. Historically, December and January are the two coldest months in Romania and production has typically suffered during this period, so shutting down production to concentrate on stripping should not impact the bottom line too heavily.

A new crusher has been installed in the comminution circuit at Manaila. The installation occurred too late to have any impact on recoveries and concentrate grades. BHC believes that the better fragmentation from the new drill rig in the pit, combined with a better grind size, the result of the newly installed crusher, should see a significant improvement in both recoveries and concentrate grades in the copper and zinc circuits once they are recommissioned in February.

Research Disclosures

Peter Rose

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

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Research disclosure as of 14 February 2018

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

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