

Less to fear now we've seen the nadir

28 March, 2018

Vast has executed the financing and off-take deal with Mercuria Energy. The four-year off-take for Manaila and Baita is coupled with a \$9.5m finance term sheet. The first \$4m tranche has been drawn down allowing Vast to finally crack on with its expansion strategy in Romania. Vast also released a significant upgrade to the Manaila resource, underpinning a long mine life and justifying the construction of a new metallurgical complex. The financing and off-take is a major achievement and the company's focus on operations will now intensify.

Funding and off-take executed. Vast, and its shareholders can take a collective sigh of relief as the previously announced \$9.5m pre-payment off-take deal with Mercuria was executed on 21st March. Tranche A (\$4m) has been drawdown, of which \$1.68m has been directed to repay the bridging loan from Sub-Sahara Goldia Investments, which will result in considerable cost savings. Drawdown of Tranche B (\$5.5m) remains as per the Term Sheet.

Off-take is now activated. The execution of the term-sheet means that the concomitant off-take agreement with Mercuria is now live, covering up to 100% of the copper and zinc concentrate produced at Manaila and Baita Plai in Romania until April 2022, a 4-month extension from Dec 2021. The off-take will provide a more stable backdrop to support the company's development, with more beneficial pricing terms than the previous off-take contract, allowing Vast to retain a higher proportion of the value of the concentrate, particularly important at the higher-grade Baita deposit. The 4-year off-take also covers the critical debt-repayment period to both Sub-Sahara (\$4m) and Mercuria (\$9.5m).

Manaila resource upgrade. On the back of 19 DD holes, Vast has upgraded the Manaila JORC resource, resulting in a 78% increase in open pit tonnes (2.6Mt to 4.6Mt) and a 249% increase in underground tonnes (0.31Mt to 1.1Mt). This implies a LOM in excess of 11-years at 360kpta throughput. Importantly open pit Indicated tonnes have increased threefold, increasing the confidence in the resource. At 0.98% Cu (OP) and 1.58% Cu (UG), the resource grade remains well above the current production grade.

Past the nadir. The Dec-quarter was a mixed bag for Vast with solid progress at Pickstone tempered by a poor performance at Manaila. Pickstone saw record ore mining and processing (+27% Q-Q), producing 6koz Au (+28% Q-Q). At Manaila, remedial pre-stripping, and plant shut-down (ore tonnes -42% Q-Q) resulted in a 48% decrease in copper-con production. However, this may represent the nadir for Vast's Romanian assets, with this Dec-Jan winter shutdown now behind us, and new plant being constructed for the future. The new funding should allow remedial mine development work to continue unfettered whilst Vast also presses the button on the long awaited Romanian expansion. The outstanding Baita Plai licence remains a thorn in the side now, but this is expected shortly.

Picking up at Pickstone. The outlook at Pickstone looks brighter too, where we should see the installation of the ultra-fine grind mills and commissioning of the flotation cells in the coming months, allowing Vast to process higher grade sulphide ore.

Valuation on hold. We retain our current 1.03p valuation for Vast's shares pending the imminent release of Jan-Mar production results, more clarity on the rejuvenated expansion plan in Romania (now that funds have been secured), and ensuing updates to our model.

Company Data

EPIC	VAST
Price	0.64p
52 week Hi/Lo	0.75p / 0.25p
Market cap	£32.4m
ED valuation/share	1.03p
Shares in issue	5,113m
Avg. daily volume	149m

Share Price, p



Source: ADVFN

Company Description

Vast Resources plc is an AIM-quoted resource development company that converted from an exploration company to a mining company in 2015, with two operating mines; the Manaila polymetallic mine in Romania (100%), and the Pickstone-Peerless gold mine (25%) in Zimbabwe.

Vast has several growth projects, the most important being the planned re-start of the Baita Plai polymetallic mine (80%) in Romania, which the company plans to commission shortly.

Phil Swinfen (Analyst)

0207 065 2690
phil@equitydevelopment.co.uk

Hannah Crowe

0207 065 2692
hannah@equitydevelopment.co.uk



Head of Corporate

Gilbert Ellacombe

Direct: 0207 065 2698

Tel: 0207 065 2690

gilbert@equitydevelopment.co.uk

Investor Access

Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

hannah@equitydevelopment.co.uk

Justin Langen

Direct: 0207 065 2693

Tel: 0207 065 2690

justin@equitydevelopment.co.uk

Equity Development Limited is regulated by the Financial Conduct Authority

Equity Development Limited ('ED') is retained to act as financial adviser for various clients, some or all of whom may now or in the future have an interest in the contents of this document and/or in the Company. In the preparation of this report ED has taken professional efforts to ensure that the facts stated herein are clear, fair and not misleading, but make no guarantee as to the accuracy or completeness of the information or opinions contained herein.

This document has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom ('FSMA'). Any person who is not a relevant person under this section should not act or rely on this document or any of its contents. Research on its client companies produced and distributed by ED is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent, as defined by the FCA, but is 'objective' in that the authors are stating their own opinions. This document is prepared for clients under UK law. In the UK, companies quoted on AIM are subject to lighter due diligence than shares quoted on the main market and are therefore more likely to carry a higher degree of risk than main market companies.

This report is being provided to relevant persons by ED to provide background information about Vast Resources. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever. Self-certification by investors can be completed free of charge at www.fisma.org

ED may in the future provide, or may have in the past provided, investment banking services to the Company. ED, its Directors or persons connected may have in the future, or have had in the past, a material investment in the Company.

More information is available on our website

www.equitydevelopment.co.uk

Equity Development, 15 Eldon Street, London, EC2M 7LD. Contact: info@equitydevelopment.co.uk 0207 065 2690