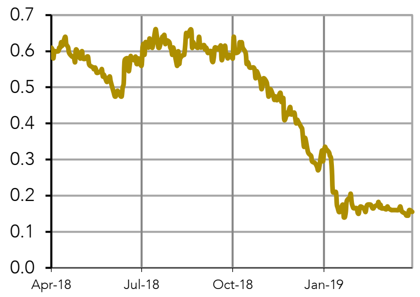
MINING FLASHNOTE

VAST Resources (VAST AIM)

08 April 2019

Stock Data	
Share Price:	0.155p
Market Cap (M):	£11.6
EV (M):	£55.8

Price Chart



52 Week Range

0.125p

0.69p

0.155p

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 PLC	11.9%
Interactive Investor Trading	8.5%
Lloyds Banking Group	7.8%
Barclays Bank	4.31%

Source: Vast Resources & Bloomberg

Peter Rose
Tel: +44 (0)20 3463 5034
Peter.Rose@brandonhillcapital.com
www.brandonhillcapital.com

Vast Announces the Proposed Sale of its Remaining 25.01% interest in the Pickstone-Peerless Gold Mine

Event

Vast Resource ("Vast") has announced that a letter from the Chairman of the Company (the 'Letter') including a Notice of General Meeting has been posted to Shareholders late on 5 April 2019. The principal matter dealt with in the Letter is the proposed sale by the Company of its 50.01% interest in Ronquil Enterprises (pvt) Ltd through which the Company holds its Zimbabwe gold assets, being the remaining 25.01% economic interest in the Pickstone Peerless Gold Mine and associated assets (principally the Eureka Gold Mine). A sale contract has been concluded subject to the approval of Shareholders which approval is required as the Proposed Sale falls within Rule 15 of the AIM Rules relating to fundamental changes of business.

Comment

Vast also plans to change its year end from the 31 March to 30 April. The reason for this change of date is that assuming that the 3 resolutions:

- To approve the transaction
- subject to the passing of Resolution 1, to change the Accounting Reference Date of the Company to 30 April so that the next financial statements of the Company will be made up to 30 April 2019
- to extend the exercise period of the Warrants from 30 June 2019 to 31 December 2019

are passed. The reason for the change in the year end is that it will allow time for the balance sheet to be de-consolidated. The impact of this will be to remove approximately US$38M of the existing debt.

At the last reporting date, the 2019 interim results released on the twenty fourth of December, for the six months ending 30 September 2018, Vast had a total of US$44.93M of debt and long term creditors.

This will reduce the leverage from around 45% to approximately 12.5%, and enable Vast to borrow some more money to fund the development of Baita Plai and Heritage Diamond Concessions in Zimbabwe. However, Vast's track record of operating in Romania profitably leaves much to be desired and could potentially make further borrowing difficult.

There are currently 521,197,123 warrants giving the right to subscribe for shares in the Company at 0.5p per share. The Warrants expire on 30 June 2019, and since the Company's share price is at the date of this letter below 0.5p the Warrants will have no value failing a substantial increase in the share price of the Company by 30 June 2019. Subject to approval by Shareholders, the Board would like to create goodwill to long-term Shareholders by extending the exercise period of the Warrants to 31 December 2019 so as to give the Shareholders who took part in the Placings and the Open Offer an increased possibility to benefit from the exercise of the Warrants. Additionally, this will provide the possibility of up £2.6M of additional funding for the Company's working capital requirements.

The Transaction

The Company has concluded a contract with, as parties, Southern African Trade Finance Ltd (SATF), a company registered in the British Virgin Islands, as the purchaser, and SSGI: and a second contract with, as parties, SATF, SSGI and Canape Investments (pvt) Ltd (Canape) the Company's wholly owned Zimbabwean subsidiary, the combined effect of which is to assign the Groups 50.01% interest in Ronquil to SATF. SSGI is a party to the contract as a Confirming Party as it has a security interest pursuant to the SSGI Loan, and also is the parent company of the owner of the other 49.99% interest in Ronquil; but otherwise has no material interest in or benefit from the Transaction. The key terms of the combined contracts are as follows:

- The consideration from SATF is US$2.5M payable outside Zimbabwe plus *RTGS$2.5M (being US$1M) payable in Zimbabwe.
- The US$2.5M payable externally will be applied in part repayment of US$2.5M of the SSGI Loan.
- The RTGS$2.5M payable in Zimbabwe will be retained by SSGI as security until the SSGI Loan is repaid in full but if remitted from Zimbabwe may be applied in further repayment of the SSGI Loan.
- SSGI has assigned back to the Company a loan due from Canape of US$3,168,059 value dated at 31 December 2016. This loan was equitably assigned to SSGI as part of a larger transaction pursuant to the agreements with SSGI announced on 30 January 2017 in connection with the acquisition by SSGI and its subsidiary of a 49.99% interest in Ronquil.
- As a condition precedent that the Transaction must be approved by the Company's Shareholders at a General Meeting no later than 23 April 2019.

After completion of the Transaction, Canape will have no material assets apart from RTGS$2.5M which will remain charged to SSGI until the SSGI Loan is fully repaid. It will owe on loan account US$18,012,050 to the Company and US$11,669,995 due to SSGI, all value dated 31 December 2016 (together the Historic Loans). Neither principal nor interest is payable on the Historic Loans unless and until Canape has the ability to pay. If repaid they must be repaid pro rata save that the first RTGS$2.5M may be repaid to the Company in priority.

In practical terms, there is no likelihood that the Historic Loans or interest thereon will ever become payable, however the liability to SSGI will remain on the Company's consolidated Balance Sheet whilst Canape remains a subsidiary of the Company. In order to resolve this matter on the Company's Balance Sheet, the Company is proposing that after the Transaction is completed the shares of Canape will be transferred to a trust under independent control for the benefit of Zimbabwe staff thus enabling Canape to be deconsolidated. As a result, the Historic Loan of $11,669,995 will no longer appear as a liability on the Company's Balance Sheet.

What Can Go Wrong

BHC understands that the exchange rate between the US$ and the RTGS$ has slipped from the 2.5 mentioned in the press release to around 3 today. Not being privy to the finer points of the transaction, we do not know the impact of this.

Secondly, it should be noted that SSGI has a charge over Vast's 50.1% interest in Ronquil and SSGI's charge also extends to certain of the Romanian assets although the exact details are not specified.

Why Keep the Heritage Concession

In relation to the Heritage Concession Vast have been led to understand that we should be successful in making application that the area of the concession be included in a Special Economic Zone. Such a designation will give the operation enhanced ability to receive and retain diamond revenues outside Zimbabwe and in addition will give exemption for customs duties on imports.

Research Disclosures

Peter Rose

Peter has 33 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 12 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.

Tel: +44 (0)20 3463 5034
Peter.Rose@brandonhillcapital.com

Investment Analyst Certification

All research is issued under the regulatory oversight of Brandon Hill Capital Limited. Each Investment Analyst of Brandon Hill Capital Limited whose name appears as the Author of this Investment Research hereby certifies that the recommendations and opinions expressed in the Investment Research accurately reflect the Investment Analyst's personal, independent and objective views about any and all of the Designated Investments or Relevant Issuers discussed herein that are within such Investment Analyst's coverage universe.

Brandon Hill Capital Limited provides professional independent research services and all Analysts are free to determine which assignments they accept, and they are free to decline to publish any research notes if their views change.

Research Disclaimers

Research disclosure as of 08 April 2019

Company Name	Disclosure
Vast Resources (VAST AIM)	1, 7, 8, 9

Investment Research Disclosure Legend:

1. In the past 12 months, Brandon Hill Capital Limited or its affiliates have had corporate finance mandates or managed or co-managed a public offering of the Relevant Issuer's securities or received compensation for Corporate Finance services from the Relevant Issuer.
2. Brandon Hill Capital Limited expects to receive or intends to seek compensation for Corporate Finance services from this company in the next six months.
3. The Investment Analyst or a member of the Investment Analyst's household has a long position in the shares or derivatives of the Relevant Issuer.
4. The Investment Analyst or a member of the Investment Analyst's household has a short position in the shares or derivatives of the Relevant Issuer.
5. As of the month end immediately preceding the date of publication of this report, or the prior month end if publication is within 10 days following a month end, Brandon Hill Capital Limited and / or its affiliates beneficially owned 1% or more of any class of common equity securities of the Relevant Issuer.
6. A senior executive or director of Brandon Hill Capital Limited or a member of his or her household is an officer, director or advisor, board member of the Relevant Issuer and / or one of his subsidiaries.
7. Brandon Hill Capital Limited acts as corporate broker for the Relevant Issuer.
8. The Investment Analyst who is responsible for the preparation of this Investment Research is employed by Brandon Hill Capital Limited, a securities broker-dealer.
9. The Investment Analyst who is responsible for the preparation of this Investment Research has received (or will receive) compensation linked to the general profits of Brandon Hill Capital Limited.

Disclaimer: Important Information

This document is not independent and should not be relied on as an impartial or objective assessment of its subject matter. Given the foregoing, this document is deemed to be a marketing communication and as such has not been prepared in accordance with legal requirements designed to promote the independence of investment research and Brandon Hill Capital Limited is not subject to any prohibition on dealing ahead of dissemination of this document as it would be if it were independent investment research.

This document has been issued by Brandon Hill Capital Limited for information purposes only and should not be construed in any circumstances as an offer to sell or solicitation of any offer to buy any security or other financial instrument, nor shall it, or the fact of its distribution, form the basis of, or be relied upon in connection with, any contract relating to such action. This document has no regard for the specific investment objectives, financial situation or needs of any specific entity. Brandon Hill Capital Limited and/or connected persons may, from time to time, have positions in, make a market in and/or effect transactions in any investment or related investment mentioned herein and may provide financial services to the issuers of such investments. The information contained herein is based on materials and sources that we believe to be reliable, however, Brandon Hill Capital Limited makes no representation or warranty, either express or implied, in relation to the accuracy, completeness or reliability of the information contained herein. Opinions expressed are our current opinions as of the date appearing on this material only. Any opinions expressed are subject to change without notice and Brandon Hill Capital Limited is under no obligation to update the information contained herein. None of Brandon Hill Capital Limited, its affiliates or employees shall have any liability whatsoever for any indirect or consequential loss or damage arising from any use of this document.

This report has been approved in the UK by Brandon Hill Capital Limited solely for the purposes of section 21 of the Financial Services and Markets Act 2000. In the UK, this report is directed at and is for distribution only to persons who (i) fall within Article 19(1) (persons who have professional experience in matters relating to investments) or Article 49(2) (a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended) or (ii) are professional clients or eligible counterparties of Brandon Hill Capital Limited (all such persons together being referred to as “relevant persons”). This report must not be acted on or relied up on by persons in the UK who are not relevant persons.

Neither this report nor any copy of part thereof may be distributed in any other jurisdictions where its distribution may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. Distribution of this report in any such other jurisdictions may constitute a violation of UK or US securities law, or the law of any such other jurisdictions.

Investments in general involve some degree of risk, including the risk of capital loss. The services, securities and investments discussed in this document may not be available to nor suitable for all investors. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment advisor. Past performance is not necessarily a guide to future performance and an investor may not get back the amount originally invested. Where investment is made in currencies other than the investor’s base currency, movements in exchange rates will have an effect on the value, either favourable or unfavourable. Levels and bases for taxation may change. When we comment on AIM or NEX shares you should be aware that because the rules for those markets are less demanding than the Official List of London Stock Exchange plc, the risks are higher. Furthermore, the marketability of these shares is often restricted.

Brandon Hill Capital Limited and/or its associated companies may from time-to-time provide investment advice or other services to, or solicit such business from, any of the companies referred to in this document. Accordingly, information may be available to Brandon Hill Capital Limited that is not reflected in this material and Brandon Hill Capital Limited may have acted upon or used the information prior to or immediately following its publication. In addition, Brandon Hill Capital Limited, the directors and employees thereof and/or any connected persons may have an interest in the securities, warrants, futures, options, derivatives or other financial instrument of any of the companies referred to in this document and may from time-to-time add or dispose of such interests. Neither the whole nor any part of this material may be duplicated in any form or by any means. Neither should any of this material be redistributed or disclosed to anyone without the prior consent of Brandon Hill Capital Limited. Brandon Hill Capital Limited is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange.

Brandon Hill Capital Limited may distribute research in reliance on rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are major US Institutional investors, however, transactions in any securities must be effected through a US registered broker-dealer. Any failure to comply with this restriction may constitute a violation of the relevant country’s laws for which Brandon Hill Capital Limited does not accept any responsibility. By accepting this document you agree that you have read the above disclaimer and to be bound by the foregoing limitations/restrictions. Please note that unless otherwise stated, the share price used in this publication is taken at the close of business for the previous day.

Brandon Hill Contact List

International Sales

Oliver Stansfield

Tel: +44 20 3463 5061
Email: oliver.stansfield@brandonhillcapital.com

Research

Peter Rose

Tel: +44 20 3463 5034
Email: peter.rose@brandonhillcapital.com

Corporate Finance & Broking

Jonathan Evans

Tel: +44 20 3463 5016
Email: jonathan.evans@brandonhillcapital.com

Wei Jiao

Tel: +44 20 3463 5019
Email: wei.jiao@brandonhillcapital.com

Enzo Aliaj

Tel: +44 20 3463 5026
Email: enzo.aliaj@brandonhillcapital.com