

MINING FLASHNOTE

VAST Resources (VAST AIM)

03 December 2018

Stock Data

Share Price:	0.42p
Market Cap (M):	£24.3
EV (M):	£59.0

Price Chart



52 Week Range

0.40p		0.42p
0.75p		

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	11.72%
Interactive Investor	8.04%
Halifax Share Dealing	6.70%
Barclays	5.57%

Source: Vast Resources & Bloomberg

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Vast Releases September 2018 Quarterly Production Summary

Event

Vast Resources ("Vast") has released its September quarterly production summary and operations update. The figures for Manaila were a disappointment, reflecting the extended stripping programme that continued over the quarter. At the Pickstone-Peerless gold mine, gold production dropped 8% to 6,397oz.

Comment

Manaila

Manaila mined and processed 23,955t and 23,448t respectively. The stripping ratio increased to 17 from 11:9 as the focus returned to stripping. Both copper and zinc head grades dropped. The lower tonnes processed and lower head grades resulted in a significant decrease in both copper and zinc concentrate production. Copper concentrate production was 615t grading 15.8% copper, down from 911t grading 17.9% in the June quarter. Zinc concentrate production was a lowly 48t grading 35.1% zinc compared with 151t grading 34.8% zinc in the June quarter.

Overall this was a huge disappointment. The decision has been made to concentrate on stripping at Manaila, and stockpile any ore mined. There are two issues here, one is exposing sufficient high grade or to maintain a constant feed to the plant with a grade in excess of 0.7% copper. The second issue is that the plant needs that grade in order to be profitable. Therefore the higher grade ores will be stockpiled and batch processed through the mill when suitable tonnages have built up. This higher stripping rate is likely to continue throughout the current and March quarters, suggesting that production will be low and BHC expects the mine to run at a loss during this period. It must also be remembered that the March quarter typically has very low production at Manaila due to the severity of the winters in Romania.

The new mining fleet is expected to arrive onsite during Q1 2019. Being 40t dumpers compared to the current fleet of 16t dumpers, the mine is expecting a large increase in productivity as soon as they are commissioned. The high level of pre-stripping this quarter has resulted in low levels of production and the cumulative impact of this has placed Manaila behind schedule in meeting the concentrate volume requirements of the offtake agreement and funding offer concluded on 21 March 2018 with Mercuria, a situation BHC sees continuing for at least another 4 months.

Pickstone-Peerless

Pickstone-Peerless had a disappointing quarter, producing 6,397oz of gold, well below the record 6,969oz of gold produced in the June quarter. This was due to a lower head grade, and a slightly lower recovery. The head grade was down due to the flooding of the pit and the collapse of a pit wall which resulted in a dilution issue and hindered access to the higher grades of ore. This situation is expected to be rectified in the current quarter.

Research Disclosures

Peter Rose

Peter has 32 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 11 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 03 December 2018

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

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