

MINING FLASHNOTE

VAST Resources (VAST AIM)

23 April 2018

Stock Data

Share Price:	0.605p
Market Cap (M):	£31.1
EV (M):	£66.7

Price Chart



52 Week Range

0.779p	0.605p	0.253p
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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

HSBC	5.12%
Kate Margaret	3.23%
NPlus1 Singer Advisory	2.62%
Halifax Share Dealing Ltd	2.11%

Source: Bloomberg

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Vast Announces the Acquisition of a 23.75% Economic Interest in the Eureka Gold Mine in Zimbabwe

Event

Vast Resources ("Vast") has announced the acquisition of a 95% interest in the Eureka Gold Mine ('Eureka') in Zimbabwe by its 25.01% owned group company Dallaglio Investments (pvt) Ltd ('Dallaglio'). The purchase price is US\$4.485M which is financed by a loan from Sub-Sahara Goldia Investments ('SSGI') to Dallaglio.

Comment

Since the finance for this acquisition is 100% provided through a loan to Dallaglio via a loan agreement with SSGI ('Loan Agreement') repayable in 24 equal monthly instalments which has been sourced by Vast's associates in Zimbabwe with no recourse to Vast, this transaction has been constructed to be non-dilutive to Vast's shareholders.

The asset is the Eureka gold mine, which is currently on care and maintenance, but has the potential to be restarted in the near term. It has a NI43-101 compliant resource of 22.3Mt grading 1.90g/t and containing 1.367M oz of which 13.4Mt grading 1.78g/t for 1,081,700oz is in the Indicated category. The mine was owned by Delta Gold Zimbabwe (pvt) Ltd who had sunk US\$30M into the project. It comes with a modern 1.8Mt pa processing facility capable of producing 70k oz of gold pa. by a combination of gravity, CIL and heap leach. It was operated between 1999 and 2000 and operations were suspended due to the economic situation in Zimbabwe.

BHC believes that there is potential to extend the mine life, by going underground. This could add up to a further 4 years mine life dependent upon grade and using a combination of CIL and heap leaching.

Under the terms of the financing agreement, SSGI has an option to acquire a 25% interest in Delta Gold at US\$4.6M plus interest which option if exercised would reduce Vast's effective interest in Delta Gold to 17.5%. Reserve Bank of Zimbabwe ('RBZ') has given permission for the exercise of the Option provided the exercise price equates to the net asset value of Delta Gold.

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 23 April 2018

Company Name	Disclosure
Vast Resources (VAST AIM)	1, 2, 7, 8, 9

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