

MINING FLASHNOTE

# VAST Resources (VAST AIM)

03 January 2019

### Stock Data

Share Price:	0.28p
Market Cap (M):	£16.4
EV (M):	£60.6

### Price Chart



### 52 Week Range

0.225p	0.28p	0.755p
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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

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 Released its Interim Results for the 6 months ending 30 September 2018

### Event

Vast Resources ("Vast") has released its Interim Results for the 6 month period ending 30 September 2018. For this six month period Vast reported a loss of US\$2.131M after tax, which corresponds to a loss of US\$12.636M for the previous corresponding period and a loss of US\$2.839 for the six months ending 31 March 2018.

### Comment

Overall it was a disappointing 6 months, mainly due to a poor performance at Manaila which reported a loss of UD\$3.4M for the period. The current six month period is unlikely to be better with reduced output from Manaila whilst priority is given to the waste stripping and the March quarter is always a struggle with the existing set-up due to the extremely cold weather which curtails operations.

It would probably be best to close the existing Manaila mill, and concentrate all efforts on getting the pit into the best shape possible, prior to the building of the proposed new processing plant. With 30% of the current operating costs accounted for by transport, the new plant would show a significant drop in operating costs and at the same time BHC would expect revenues to increase as the metallurgy in the new plant should improve recoveries and grades.

The performance at Pickstone-Peerless was significantly better than BHC had forecast. The reason for this was that we were unaware that the Zimbabwean government had commenced paying gold producers a premium of 10% over the gold price in an attempt to stimulate gold mining and boost export revenues. This resulted in the mine making a profit for the period of US\$3.14M and BHC expects the current 6 month period to show a significant improvement on this as the period is unlikely to be effected by flooding.

Whether the expected improved performance at Pickstone-Peerless, combined with a higher gold price and the gold premium will be able to move the company to a breakeven position in the 2H of the fiscal year to March 2019 is doubtful and much will depend on currency considerations. The real boost to profitability should come in FY2020 when Manaila should be operating on a far more sustainable basis and Baita Plai will be operational.

## 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 January 2019

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

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