

MINING FLASHNOTE

VAST Resources (VAST AIM)

21 January 2019

Stock Data

Share Price:	0.215p
Market Cap (M):	£12.6
EV (M):	£56.8

Price Chart



52 Week Range

0.185p	0.215p
0.755p	

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	15.48%
Interactive Investor	11.01%
Lloyds Banking Group	10.11%
Barclays Bank	5.17%

Source: Bloomberg & VAST Resources

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Vast announces that US\$5.5M Tranche B from Mercuria not proceeding

Event

Vast Resources ("Vast") was informed on Friday the 18th of January by Mercuria Energy Trading SA that it is not proceeding with the advance of the Tranche B of \$5.5M, as originally announced on 25 January 2018, under the prepayment agreement between the companies.

Comment

This is very disappointing news and it is a pity that no information was offered as to why Mercuria decided not to proceed. As a result of Mercuria not proceeding, Vast has received notice of conversion in respect of US\$500,000 (£394,726) out of the convertible security issued to Bergen Global Opportunity Fund LP ('Bergen') the details of which were announced on 21 December 2018 at a conversion price of 0.24p pursuant to which 164,469,356 ordinary shares of 0.1p each (the "Ordinary Shares") fall to be issued.

Application has therefore been made for 164,469,356 new Ordinary Shares to be admitted to trading on AIM with admission expected to take place on 24 January 2019.

This is becoming a habit with Vast. The number of shares on issue has grown from 870M in June 2015 to 6,024M today.

Vast has further announced that they have commenced discussions with other potential off-take partners and that initial due diligence is already in progress. A non-binding indicative term sheet has been received and others are promised very shortly. Legal work will commence shortly, and it is anticipated that the process will not be protracted as the Board believes the technical and legal due diligence that has already been performed on Baita Plai is robust and can be used to accelerate the process of securing off take prepayment finance. It is important that this is concluded as soon as possible so as not to significantly delay the recommissioning of the Baita Plai mine.

As we stated in our last flashnote, the Manaila mine is expected to be significantly cashflow negative for the December 2018 and March 2019 quarters which is going to place significant pressure on Vast and their ability to develop their other assets such as Baita Plai.

Currently, amicable discussions are in process with Mercuria on the future relationship between Mercuria and the Company with regard to off take from Manaila and the obligations of the Company with regard to Tranche A prepayment finance of US\$4M already advanced. The Company will update the market on the result of these discussions as soon as agreement is reached.

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 21 January 2019

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

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