

Vast Resources plc / Ticker: VAST / Index: AIM / Sector: Mining

23 August 2016

Vast Resources plc

("Vast" or the "Company")

Quarterly Production Summary & Operations Update

Vast Resources plc, the AIM listed mining company with operations in Romania and Zimbabwe, is pleased to report an operational update and production summary for the three months ended 30 June 2016.

Overview:

The Pickstone-Peerless Gold Mine ("PPGM") in Zimbabwe

(commissioned on 20 August 2015, Vast ownership 50%):

14% increase in ore milled to 61,577 tonnes (Q1 2016: 54,237 tonnes)

62% increase in gold production to 4,542 ounces (Q1 2016: 2,808 ounces)

During the June quarter, the plant consistently exceeded 20,000 tonnes per month and is now currently running at steady state

As at 30 June 2016, Zimbabwean bank overdraft has been repaid in full from approximately US\$1.2 million outstanding at 31 March 2016

Expansion opportunities continue to be evaluated for:

Design of the PPGM sulphide processing plant that will be required for the next phase of mining once oxide resources are depleted

Potential development of a satellite open pit mine at the nearby Giant Gold Mine ("GGM"), which has a current JORC-compliant inferred resource of 500,000oz of gold

The Manaila Polymetallic Mine ("MPM") in Romania

(commissioned on 14 August 2015, Vast Ownership 50.1%.):

March quarter production figures have been restated due to: (i) capital expenditure that was previously included in operating costs having now been removed; and (ii) the sale of low grade concentrate that had previously been omitted now having been included in turnover

33% increase in ore milled to 29,830 tonnes (Q1 2016: 22,510)

12% decrease in concentrate produced to 727 tonnes (Q1 2016: 822 tonnes)

Operating costs decreased by 3% to US\$33 per tonne milled basis (Q1 2016: US\$34), but increased by 45% to US\$1,341 per tonne concentrate produced (Q1 2016: US\$927)

Focus during the quarter was on enhancing future production capacity and plant recoveries

Separate lead/zinc lines completed that will be commissioned during Q4 2016

Initial optimisation work did not result in the expected increase in plant efficiencies, resulting in lower mass pull and lower grade concentrate - additional independent test work carried out by SGS (UK) is now being implemented by independent processing specialists Minxcon Group ("Minxcon")

Baita Plai Polymetallic Mine ("BPPM") in Romania Update

(Vast Ownership 80%):

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Prospecting licence granted in May 2016 over the estimated 4.6Mt Faneata tailings dam located 7km from BPPM (the "BPPM Tailings Licence") - it is estimated to contain:

4,080 tonnes of copper, 6,640 tonnes of zinc, 3,100 tonnes of lead, 35 tonnes of silver, 309kg of gold in-situ

825m auger exploration programme to upgrade the mineralised tailings dam to a JORC compliant Mineral Resource anticipated to commence once MPM revenue stream has been corrected

The drilling programme is expected to take 6-8 weeks to complete and the initial metallurgical test work is expected to take 8-12 weeks to complete

The estimated timeframe from initial drilling to first production is estimated to be 6-9 months
Continued progress towards obtaining the mining sub-licence for BPPM (the "BPPM Licence") in accordance with Romanian due process has been made post the merger announced 30 November 2015 - the granting of this mining-licence will allow for commissioning of the Company's third mine

Once the BPPM Licence has been granted, the Company will undertake metallurgical test work on the BPPM ore prior to commencing production in order to optimise the plant configuration and upon granting of the licence, ore samples will be despatched to SGS (UK) for processing in order to optimise the process flow sheet - during this process the plant will be refurbished

Funding update

On 6 July 2016, Vast raised £855,000 (before costs) through a placing and subscription of 300,000,000 new ordinary shares at a price of 0.285 pence per share

On 14 July 2016, Vast announced the results of an open offer to shareholders, through which the Company raised £518,678 (before costs) through subscriptions for 181,992,582 new ordinary shares at a price of 0.285 pence per share

On 29 July 2016, Vast repaid the first tranche (50%) of £325,000 principal, plus the interest accrued thereon, due to Darwin Capital Limited - no further drawdown from Darwin has been made

On 11 August 2016, Vast raised £364,900 (before costs) through a supplementary placing and subscription of 128,035,087 new ordinary shares at a price of 0.285 pence per share

Roy Pitchford, Chief Executive of Vast, commented:

"Vast continues to make solid progress at the two operating mines under its control. PPGM has again produced exceptional results - with both production and operating cost metrics beating market expectations. PPGM is now producing at steady state consistently processing 20,000 tonnes per month. In addition to the current reserves, the Company is focussed on future production once the economic oxide resource is depleted, which will incorporate additional processing facilities for the sulphide ores.

"The focus at MPM continues to be cost control and operational efficiencies. The progress on controlling costs has been positive, which is seen in a 3% reduction in our cost per tonne milled

metrics, but the plant efficiencies during the quarter were disappointing resulting in a 45% increase in MPM's cost per tonne of concentrate produced. The main reasons for the increased cost of concentrate are: (a) reduced mass pull percentage due to mechanical breakdowns, (b) mining of a high pyrite facies ore, negatively affecting metal recoveries in the plant; and (c) experimentation with reagents and the process flow sheet to produce separate copper and zinc concentrates.

Test work being carried out by SGS (UK) and managed by Minxcon on behalf of Vast to optimise the plant configuration and associated recoveries has been in progress since May 2016 and the Company is confident that this will reflect in increased plant efficiencies and concentrate grades.

"With regards to the sub-licence for BPPM, the Company continues to engage with the relevant authorities in Romania. Vast understands the shareholder frustration related to the continuous delay in the granting of this sub-licence. As soon as there is further news regarding this, we will update the market without delay."

PPGM June 2016 Quarterly Production Summary & Operations Update

	<u>Unit</u>	<u>Jun'16 Quarter</u>	<u>Mar'16 Quarter</u>	<u>% Change</u>
Operational data: Pickstone-Peerless				
Ore mined	Tonnes	83,035	63,825	30%
Waste and low-grade ore mined	Tonnes	470,607	244,855	92%
Stripping ratio	Times	5.7x	3.8x	
Ore milled	Tonnes	61,577	54,236	14%
Gold produced	Ounces	4,542	2,808	62%
Gold sold	Ounces	4,021	2,475	62%
<i>Gold in stock at period end</i>	<i>Ounces</i>	1,078	556	N/A
Cash costs*	(US\$/t milled)	51	47	9%
Cash costs*	(US\$/oz Au)	695	911	(24%)
Average sales price achieved*	(US\$/oz Au)	1,229	1,139	8%

* excluding royalty of 5%.

At PPGM, the plant milled 61,577 tonnes during the quarter and is now at steady state consistently producing in excess of 20,000 tonnes per month. A total of 4,021 ounces of gold were delivered to the Reserve Bank of Zimbabwe, with 1,078 ounces being on hand at quarter end that were delivered to the Reserve Bank of Zimbabwe early in July 2016. The steady state operational efficiencies are reflected in the 24% reduction to US\$695 per ounce in PPGM's average cash costs.

Importantly, the domestic bank overdraft has now been repaid from the approximately US\$1.2 million outstanding at the quarter ending 31 March 2016.

Attention is now being focussed on the design of the PPGM sulphide processing plant that will be required when the oxide resources are depleted in the open pits. In addition, development at the nearby Giant Gold Mine is being considered. Further exploration work is required to increase the current inferred resource of approximately 500,000 ounces.

MPM June 2016 Quarterly Production Summary

<u>Operational data: Manaila</u>	<u>Unit</u>	<u>Jun'16 Quarter</u>	<u>Mar'16 Quarter</u>	<u>% Change</u>
Ore mined	Tonnes	24,711	20,362	21%
Waste mined	Tonnes	125,357	130,925	(4%)
Stripping ratio	Times	5.1x	6.4x	
Ore milled	Tonnes	29,830	22,510	33%
Concentrate produced	Dry tonnes	727	822	(12%)
Concentrate sold	Dry tonnes	461	1,010	(54%)
<i>Concentrate in stock at period end</i>	<i>Dry tonnes</i>	344	78	
Cash costs*	(US\$/t milled)	33	34	(3%)
Cash costs*	(US\$/t of conc)	1,341	927	45%
Average sales price achieved*	(US\$/t of conc)	844	813	4%

excluding royalty of 4%.

The March Quarter figures have been restated due, in part, to a misallocation of capital expenditure in the operational costs; these have now been removed resulting in a 27% decrease in the US\$ per tonne milled, and a 40% decrease in the US\$ per tonne of concentrate produced. In addition, the inclusion of an additional 144 tonnes of low-grade concentrate that was initially stockpiled, but was subsequently sold, has resulted in a 21% and 17% increase in concentrate produced and sold respectively as reported in the previous quarter.

<u>Restated March Quarter</u>	<u>Unit</u>	<u>Restated Quarter</u>	<u>Mar'16 Quarter Original</u>	<u>% Change</u>
Concentrate produced	Dry tonnes	822	678	21%
Concentrate sold	Dry tonnes	1,010	866	17%
Cash costs*	(US\$/t milled)	33	46	(27%)
Cash costs*	(US\$/t of conc)	927	1,542	(40%)

During the past quarter, the Company has continued to focus on cost control and operational efficiencies. The progress in controlling costs has been positive and is reflected in the 3% reduction in US\$ cost per tonne milled, however the plant efficiencies have not met expectation and are reflected in the 45% increase in US\$ cost per tonne of concentrate produced.

The 45% increase in concentrate cash costs was largely due to a reduction in the plant mass pull when new reagents, based on the initial metallurgical test work undertaken in the March quarter, were introduced to reduce the zinc levels in the concentrate. The laboratory scale test work

results did not materialise in the plant, which reflected directly in the lower than expected average sales price for the quarter as a result of less copper and higher levels of zinc reporting to the concentrate.

Mining constraints due to the pit configuration resulted in a blend of ore containing higher than normal pyrite levels, which affected the recovery of metal and reduced the mass pull. Improved mine planning has resulted in a more consistent ore feed to the plant.

Test work and plant optimisation being carried out by SGS (UK) and managed by Minxcon on behalf of Vast has been in progress since mid-May 2016. The March quarter upgrades in the flotation plant are now being optimised to achieve steady-state production of separate copper and zinc concentrates. The Company is confident that this will reflect in increased plant efficiencies and concentrate grades.

Update on Baita Plai Polymetallic Mine (BPPM)

As announced on 11 May 2016, a prospecting licence was granted over the Faneata tailings dam located 7km from BPPM. The 4.6Mt tailings dam is estimated to contain 4,080 tonnes of copper, 6,640 tonnes of zinc, 3,100 tonnes of lead, 35 tonnes of silver and 309kg of gold in-situ. This BPPM Tailings Licence constitutes a separate right from the anticipated BPPM Licence itself.

The Company plans to undertake an 825m auger exploration programme to upgrade the mineralised tailings dam to a JORC compliant Mineral Resource and thereafter undertake a feasibility study to assess the viability of the resource. The drilling programme is expected to take 6-8 weeks to complete and the initial metallurgical test work is expected to take 8-12 weeks to complete. The estimated timeframe from initial drilling to first production is estimated to be 6-9 months. The auger programme has been delayed due to funding constraints, but this is expected to commence when the expected MPM revenue stream is achieved.

The BPPM Licence process is ongoing. All the legal work to facilitate the merger of S.C. Mineral Mining S.A. (in administration) and S.C. African Consolidated Resources Romania S.R.L. (AFCRR) has been completed. The Company continues to engage with the relevant authorities in Romania. As soon as there is further news regarding this, the Company will update the market without delay.

Prior to commencing production at BPPM the Company will undertake metallurgical test work on the BPPM ore to optimise the plant configuration. During this time the underground mining plan will be optimised, as will the process flow sheet for the plant.

Funding Update

Subsequent to the end of the June quarter the Company required additional working capital following the termination of the equity subscription agreement with Crede CG III Ltd, as announced on 6 July 2016.

On 6 July 2016, Vast raised £855,000 (before costs) through a placing and subscription of 300,000,000 new ordinary shares at a price of 0.285 pence per share (the "Placing"). On 14 July 2016 Vast announced the results of an open offer to shareholders, by which the Company raised £518,678 (before costs) through a subscription of 181,992,582 new ordinary shares at a price of 0.285 pence per share (the "Open Offer"). On 11 August 2016 Vast raised £364,900 (before costs) through a supplementary placing and subscription of 128,035,087 new ordinary shares at a price of 0.285 pence per share (the "Supplementary Placing").

The Placing, Open Offer and Supplementary Placing will provide the Board with flexibility and time to review a number of alternate financing scenarios.

On 29 July 2016, Vast repaid the first tranche (50%) of £325,000 principal, plus the interest accrued thereon, due to Darwin Capital Limited. No further drawdown from Darwin has been made.

As announced on 1 July 2016, the Directors will assess these opportunities with a keen focus on keeping further shareholder dilution to a minimum. Once the BPPM Licence is received, the Company will require further funding to bring the BPPM mine into production.

****ENDS****

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