

**18 November 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 September 2016.

### **Overview:**

#### **Manaila Polymetallic Mine ("Manaila") in Romania**

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

- 13% increase in ore mined to 27,848 tonnes (June 2016: 24,711 tonnes) - the increase was achieved despite operations being adversely impacted by heavy flooding of both excavation work and transport routes in July
- 9% decrease in ore milled to 27,274 (June 2016: 29,830) due to on-going test work to produce a separate zinc concentrate and modifications to the flotation circuits
- 15% decrease in concentrate produced to 616 tonnes (June 2016: 727 tonnes) due to temporary lower grade as a consequence of flooding, and on-going test work to produce a separate zinc concentrate
- 19% increase in sales price of US\$1,003 per tonne achieved (June 2016); sales prices rose steadily from US\$896 in July to US\$1,248 in September
- Operating costs were maintained at the same level of US\$33 per tonne milled (June 2016: US\$33), but increased by 12% to US\$1,504 per tonne of concentrate produced (June 2016: US\$1,341)
  - The increase was occasioned by low concentrate production in July, high usage of consumables in establishing and testing the new zinc / lead line and high on-going upgrades to the milling and flotation circuit

Separate zinc concentrate line successfully commissioned during the quarter ended September 2016 creating a new revenue stream for the Company

- During the current quarter the zinc concentrate grade has continued to improve
- Zinc production with concentrates >45% Zn will favourably impact sales revenue in future quarters
- Optimisation to increase plant efficiencies has resulted in improved mass pull and copper concentrate grades. Processing specialists Minxcon Group ("Minxcon") are currently engaged to further enhance the quantity and quality of the zinc concentrate and reduce operational costs
- During the current quarter, copper concentrate quantity and quality has continued to improve. The zinc concentrate grade has also continued to improve and is now close to the planned grade and the focus of attention is on the recovery and quantity of zinc concentrate

Maiden JORC Compliant Mineral Resource Report published, which increased the open-pitpit estimated resources under the previous Russian classification by approximately eight

times - thus securing a much enhanced open pit mine life:

Total open pit Mineral Resource (Indicated & Inferred) of 2.6Mt at a grade of 1.0% copper ("Cu"), 0.4% lead ("Pb") and 0.9% zinc ("Zn") at a 0.25% Cu cut-off

Total underground Mineral Resource (Indicated & Inferred) of 310,000t at a grade of 1.7% Cu, 0.4% Pb and 0.5% Zn at a 1.00% Cu cut-off

Exploration Target defined for:

Open pit of 4.45Mt-11.88Mt with grades up to 2.3% Cu, 0.5% Pb and 1.1% Zn

Underground of 5.92Mt-15.78Mt with grades up to 2.6% Cu, 2.0% Pb and 2.6% Zn

Current JORC compliant Mineral Resources does not include gold and silver mineralisation

### **Baita Plai Polymetallic Mine ("Baita Plai") and Faneata Tailings Facility ("Faneata") in Romania**

*(Vast Ownership 80%):*

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Prospecting licence granted in May 2016 over the estimated 4.6Mt Faneata tailings dam located 7km from Baita Plai

Completed 825m drill programme at Faneata in November 2016 - results to support a maiden JORC Compliant Resource Estimate (Q1 2017)

Initial metallurgical test work is expected to take 8-12 weeks to complete

- Plant commissioning anticipated during H2 2017 dependent on a mineral reserve and a viable processing method being defined
- Continued progress towards obtaining the mining sub-licence for Baita Plai (the "Baita Plai 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 Baita Plai Licence has been granted, the Company will undertake metallurgical test work on the Baita Plai ore in order to optimise the plant configuration. Ore samples will be tested at SGS (UK) in order to optimise the process flow sheet. During this process the plant will be refurbished

### **Pickstone-Peerless Gold Mine ("Pickstone-Peerless") in Zimbabwe**

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

6% increase in ore milled to 65,573 tonnes (June 2016: 61,577 tonnes)

8% increase in gold production to 4,910 ounces (June 2016: 4,542 ounces)

During the quarter ended September 2016 the plant consistently exceeded 20,000 tonnes per month and is now currently running at steady state at this level

At the end of September 2016 Pickstone-Peerless had US\$2.3 million on deposit with banks and institutions of which 50% is attributable to Vast. Cash will remain in Zimbabwe to fund sulphide plant CAPEX.

Design of the Pickstone-Peerless sulphide processing plant required for the next phase of mining, once oxide resources are depleted, has been completed and construction of the new plant has commenced with first sulphide production scheduled for Q3 2017 (calendar year)

Total cost of the sulphide plant is estimated at US\$8.0m and planned to be funded by retained cash flows and local debt facilities

Evaluation of the nearby Giant Gold Mine ("Giant Mine"), which has a current JORC-compliant

inferred resource of 500,000oz of gold, has commenced

A Joint Venture agreement for a toll treatment plant to recover gold from nearby artisanal mining tonnages has been concluded and construction has commenced

**Roy Pitchford, Chief Executive of Vast, commented:**

*"The continued improvement at Pickstone-Peerless and Manaila is encouraging. With significant optimisation work successfully concluded at Manaila where a second revenue stream is now coming online with the commissioning of the zinc concentrate line in addition to the copper concentrate, the progress towards Manaila becoming cash positive is evident.*

*"Completion of the drilling at Faneata ahead of schedule will enable the analysis of the material to commence immediately and we expect the results to support a maiden JORC Compliant Resource Estimate in Q1 2017. The limited capital expenditure at Baita Plai has significantly reduced the care and maintenance costs and forms part of the capital cost of reopening the mine. Close liaison with the relevant authorities in Romania regarding the Baita Plai Licence continues."*

**MPM September 2016 Quarterly Production Summary**

<b>Manaila</b>	<b>Units</b>	<b>Sept'16 Quarter</b>	<b>June'16 Quarter</b>	<b>% Change</b>
Ore mined	<b>Tonnes</b>	27,848	24,711	13%
Waste mined	<b>Tonnes</b>	117,558	125,357	-6%
Stripping ratio	<b>Times</b>	4.2	5.1	
Ore milled	<b>Tonnes</b>	27,274	29,830	-9%
Concentrate produced - Cu	<b>Dry tonnes</b>	616	727	-15%
Concentrate sold - Cu	<b>Dry tonnes</b>	960	461	108%
Concentrate in stock at period end - Cu	<b>Dry tonnes</b>	0	344	
Concentrate produced - Zn	<b>Dry tonnes</b>	35	0	
Concentrate in stock at period end - Zn	<b>Dry tonnes</b>	35	0	
Cash costs*	<b>(US\$/t milled)</b>	33	33	0%
Cash costs**	<b>(US\$/t of conc)</b>	1504	1341	12%
Average sales price achieved*	<b>(US\$/t of conc)</b>	1003	844	19%
* excluding royalty of 4%.				
<b>** Flooding in July 2016 increased production costs and temporarily reduced the grade fed to the mill</b>				
Cash costs for August and September reduced by 33% (approx. US\$1063 per tonne), and an improvement in quality of the concentrate increased the average price per tonne of concentrate to US\$ 1,214				

## PPGM September 2016 Quarterly Production Summary & Operations Update

Pickstone-Peerless	Units	Sept'16 Quarter	June'16 Quarter	% Change
Ore mined	Tonnes	69,500	83,035	-16%
Waste and low-grade ore mined	Tonnes	497,840	470,607	6%
Stripping ratio	Times	7.2	5.7	
Ore milled	Tonnes	65,573	61,577	6%
Gold produced	Ounces	4,910	4,542	8%
Gold sold	Ounces	5,025	4,021	25%
Gold in stock at period end	Ounces	962	1,078	
Cash costs*	(US\$/t milled)	51	51	0%
Cash costs*	(US\$/oz Au)	686	695	-1%
Average sales price achieved*	(US\$/oz Au)	1338	1229	9%

### Competent Person's Review:

This announcement has been reviewed by Mr Craig Harvey, Group Chief Geologist at Vast, and a member of the Geological Society of South Africa and the Australian Institute of Geoscientists. Mr Harvey meets the definition of a "qualified person" as defined in the AIM Note for Mining, Oil and Gas Companies.

For further information visit [www.vastresourcesplc.com](http://www.vastresourcesplc.com) or please contact:

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