

Annual Financial Report

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

30 September 2019

**Vast Resources plc**  
("Vast" or the "Company")

### **Posting of Annual Report**

Vast Resources plc, the AIM-listed mining company, is pleased to announce its audited final results for the 13 month period ended 30 April 2019.

A copy of the annual report will be available on the Company's website at [www.vastplc.com](http://www.vastplc.com).

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*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").*

### **ABOUT VAST RESOURCES PLC**

Vast Resources plc, is an AIM listed mining company with mines in Romania and Zimbabwe focused on the rapid advancement of high quality brownfield projects by recommencing production at previously producing mines in Romania and commencement of the joint venture mining agreement on the Community Concession Block of the Chiadzwa Diamond Fields in Zimbabwe.

The Company's portfolio includes an 80% interest in the Baita Plai Polymetallic Mine in Romania, where work is currently underway towards developing and recommissioning the mine on completion of funding and the commencement of the of the Community Concession Block in

Chiadzwa, Zimbabwe

Vast Resources owns the Manaila Polymetallic Mine in Romania, which was commissioned in 2015, currently on care and maintenance, and is focused on its expansion through the development of a second open pit operation and new metallurgical complex at the Carlibaba Extension Area.

## **ANNUAL REPORT**

### **OVERVIEW OF THE 13 MONTHS ENDED 30<sup>th</sup> APRIL 2019**

Vast Resources plc ('Vast' or the 'Group') has repositioned the business to focus resources on two key mining opportunities in Romania and Zimbabwe with the intention of starting production at these mines in the current financial year. These opportunities comprise the Baita Plai Polymetallic Mine ('BPPM') in Romania, and the Group's expected diamond concession in Zimbabwe. This establishes the platform to support Vast's strategic objective to expand its footprint in these jurisdictions.

In repositioning the business, the Group has divested its 25.01% stake in its Zimbabwean gold operations, reduced debt, strengthened its management team, and directed resources exclusively to placing its key Romania and Zimbabwean assets into production.

The Group was awarded the Baita licence on 15<sup>th</sup> October 2018 but was unable to draw on Tranche B of the Mercuria prepayment facility in order to fund capital expenditure programs at BPPM and the Manaila Polymetallic Mine ('MPM'). The objective of these programs was to restart production at BPPM and to improve operational efficiency at MPM. Consequently, the Group is well advanced in the process of arranging new funding which it is prioritising for BPPM and its diamond concession given the short lead times expected to generate free operational cashflow, and has placed MPM on care and maintenance in expectation of a second funding round at a later stage.

### **Financial**

- US\$ 8.6 million gain on disposal of Zimbabwean gold operations.
- US\$ 21.4 million reduction in the carrying amounts of loans and borrowings to US\$ 5.5 million (2018: US\$ 27 million)
- Total revenue, including operations that were discontinued in April 2019, increased to US\$ 34.7 million (2018: US\$ 30.7 million).
- Revenue from continuing operations increased to US\$ 3.4 million (2018: US\$ 3.1 million)
- Romanian operations continued to be a net cash absorber given a delay in financing the required capital expenditure to place BPPM into production and to improve profitability at MPM.
- Cash balance at the period end of US\$ 0.569 million (2018: US\$ 1.3 million).

### **Operational Development**

- Baita Plai Association Licence executed on 15<sup>th</sup> October 2018, giving the Group the right to mine at BPPM.
- 1,725 and 242 tonnes of copper and zinc concentrate respectively produced at MPM from April 2018 to December 2018, at which point MPM was placed on care and maintenance.
- 29.41% economic interest acquired in the Blueberry Polymetallic Gold project in Romania which has raised US\$ 1 million to meet exploration costs.
- Hiring of key management and technical personnel for the Group's Zimbabwe diamond

opportunity.

- The Chiadzwa Community Diamond Concession Joint Venture was signed post period end.

## Funding

### Equity:

Fundraising share issues during the year (gross proceeds before cost of issue):

US\$	£	Shares Issued	Issued to
124,338	91,351	18,270,103	Exercise of warrants
7,804,519	5,987,332	2,313,540,750	Issued to investors
985,929	769,451	488,073,476	Issued to convertible security investor
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8,914,786	6,848,134	2,819,884,329	

Fundraising share issues post period end (gross proceeds before cost of issue):

Announced	US\$	£	Shares Issued	Issued to
30 May	1,136,646	900,000	775,862,068	Issued to investors
8 August	795,268	655,000	595,454,545	Issued to investors
<hr/>	<hr/>	<hr/>	<hr/>	
Total	1,931,914	1,555,000	1,371,316,613	

### Debt

- US\$ 3.1 million was repaid to Sub-Sahara Goldia Investments.
- US\$ 20.6 million was disposed of as part of the sale and restructuring of Vast's Zimbabwe operations.

### Management

- Appointment of Nick Hatch as Non-executive Director on 9<sup>th</sup> May 2018.
- Appointment of Mark Mabhudhu as specialist adviser to and then Executive Director of Vast's diamond division on 6<sup>th</sup> July 2018
- Appointment of Andrew Hall as Head of Corporate Development and Investor Relations on 1<sup>st</sup> December 2018.
- Resignation of Carl Kindinger as Group CFO on 10<sup>th</sup> February 2019.
- Appointment of Paul Fletcher as Group CFO on 11<sup>th</sup> February 2019.

### Political

- Continued improved business environment in Zimbabwe

## CHAIRMAN'S REPORT

The reporting period and the period to date since, has been a testing one for the Board. It has

been a period marked equally by great opportunities and challenges. It has also been one of significant change of direction for the Company due to the decision to dispose of our Zimbabwe gold interests and instead use our accumulated in-house knowledge of Zimbabwe by focussing on the Zimbabwe diamond sector.

## **Romania**

In Romania we were delighted in October to acquire the association licence giving the right to mine at Baita Plai. But we were of course disappointed that the process had proved to have been such a long and exacting one. We have had to bear monthly dewatering and maintenance costs over a long period. We have forgone the income that might otherwise have arisen from production. The delay has been costly.

Our financial planning for the Romanian operation – both Baita Plai and Manaila – had been underpinned by the Mercuria pre-payment facility from which we had expected a second tranche (Tranche B) of US\$5.5 million. The drawdown of the tranche was delayed and eventually, to our great surprise, was withdrawn in January. As stated in the Strategic Report this withdrawal was unrelated to the Company's standing or to the viability of the Company's Romanian operation. The effect of this has been to further delay the commissioning of Baita Plai and to force the decision to put Manaila onto care and maintenance while we prioritised Baita Plai.

The process of negotiating and agreeing the detailed documentation necessary for the refinance of Baita Plai has been time consuming but has, at the time of writing, reached an advanced stage. However, during the waiting period we have prepared a detailed and costed commissioning and production plan for Baita Plai, and have moreover ordered, purchased, or are already implementing the long lead items so that the mine can be commissioned within three months of the drawdown of the finance.

We continue to believe that Baita Plai is a key asset for the Company and that when in production the mine will be transformational for the Company.

## **Zimbabwe**

During the reporting period we have been steadily appraising the diamond opportunities in Zimbabwe and in July 2018 appointed as head of our diamond division Mark Mabhudhu who has a lifetime of experience in senior management roles in the diamond sector including being former CEO of Government owned Zimbabwe Consolidated Diamond Company (pvt) Ltd ('ZCDC'). As a result, a number of opportunities have been offered to us and due diligence, where appropriate, has been undertaken.

Considerable effort has now resulted in a formal joint venture agreement with the Chiadzwa Community and the prospect very shortly of a joint venture involving both the Community and ourselves with ZCDC under which the ZCDC joint venture company will be given the right to mine the Chiadzwa Community Concession. This Concession is in a general area which we had previously referred to as the Marange Diamond Fields.

Indigenisation laws in Zimbabwe, including for diamonds, have now been abolished. Moreover, we understand that the diamond joint venture with our partners, Chiadzwa Community and ZCDC will, subject to completion of all agreements, entitle the ZCDC joint venture company to retain sale proceeds from the diamonds, that are not required in Zimbabwe, offshore. This constitutes a significant advantage compared with the position for gold operations where all sales have to be made via the in-country refinery owned by the Reserve Bank, and where remission of proceeds are restricted by the Exchange Control laws.

Although our Zimbabwe gold assets were performing well there were several issues which

militated against our ability to extract cash from their operation in the short or medium term for general corporate purposes. The operation also carried large debt on our balance sheet which was unhelpful in our fundraising negotiations. We accordingly took the fundamental decision to dispose of our Zimbabwe gold assets and concentrate our resources on the diamond sector.

## **Directors and management**

### **Executives**

Mark Mabhudhu was appointed on 6 July 2018 initially as a specialist advisor to the board of our Zimbabwe subsidiary, but subsequently as executive head of the Company's diamond division. Mark, at appointment, had been involved in diamond mining for more than 22 years, both in Zimbabwe and internationally, including 11 years with Debswana, the joint venture company between De Beers and the government of Botswana. As already stated he had previously been CEO of ZCDC.

Andrew Hall was appointed Head of Corporate Development and Investor Relations on 1 December 2018. He has a background in natural resource and finance linked businesses and previously worked at a natural resources focussed merchant bank where he established and managed the alternative finance distribution business covering asset managers, private equity, investment banks, family offices and trading houses.

Paul Fletcher was appointed on 8 February 2019 as Chief Financial Officer and has progressed into playing an integral senior role in the management of the Group's finances. Paul has formerly held a variety of senior finance and operational roles in trading, processing, and financial businesses in the US, Europe and Asia.

### **Non-Executive**

As reported in the 2018 Annual Report Nick Hatch was appointed to the Board as a Non-Executive Director on 9 May 2018. Nick has 35 years of experience in mining investment banking, primarily as a mining analyst and in managing mining and metals research and equities teams, most recently as a Director of Mining Equity Research at Canaccord Genuity in London.

### **Funding**

During the reporting period US\$7.9 million was raised in equity finance (including warrant exercises) and a further US\$1.0 net of payments was raised through the Bergen Facility. US\$3.1 million was repaid to Sub-Sahara Goldia Investments Ltd.

At the time of writing we are near to finalisation of documentation on a funding which will be sufficient to fund both the commissioning of Baita Plai and the commencement of diamond mining at the Chiadzwa Community Concession.

### **Corporate Governance**

As stated in the Strategic Report the Company has adopted the Quoted Company Alliance ('QCA') code on Corporate Governance.

The Board strives to promote a corporate culture based on sound ethical values and behaviours. To that end the Company has adopted a strict anti-corruption and whistle blowing policy, but the Directors are not aware of any event in either jurisdiction which might be considered to breach this policy. The Company has also adopted a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

The Board is also aware that the tone and culture it sets will greatly impact all aspects of the Company and the way that employees behave, as well as the achievement of corporate objectives. A large part of the Company's activities is centred upon an open dialogue with shareholders, employees and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

## **Appreciation**

The continued support of shareholders through times that have been challenging is much appreciated. Following the funding of the Baita Plai Mine in Romania, and (subject to completion of agreements) of the Chiadzwa Community Concession in Zimbabwe, the Group believes that it will become cash positive.

To fellow directors, thank you for your advice and support, and to management and staff both in Romania and Zimbabwe for their continued effort on behalf of the Company.

**Brian Moritz**  
**Chairman**

## **STRATEGIC REPORT**

### **Principal activities, review of business and future developments**

#### **Vision**

The vision of the Group is to become a mid-tier mining group, one of the largest polymetallic (copper, zinc, silver, and gold) producers in Romania, and a major player in the re-emergence of the mining industry in Zimbabwe, where the Group now has a major focus on its diamond interests.

#### **Principal activities**

In Romania the Group is focussed on reopening the Baita Plai Polymetallic Mine ('BPPM') where an accelerated commissioning schedule (from the time that funding is secured) aimed at delivering cashflow within six months has been agreed and will be fully implemented following drawdown of full funding now expected to be agreed shortly. Meanwhile the previously operating Manaila Polymetallic Mine ('MPM') remains on care and maintenance pending adoption of a new effective mine plan that will achieve profitability.

In Zimbabwe, following the divestment of its gold mining interests shortly prior to period end, the Group reached an advanced stage in the agreement of joint ventures on a substantial diamond concession in the Chiadzwa Diamond Fields (previously referred to as the Marange Diamond Fields).

In both jurisdictions the Group holds further mining claims or other interests which are under appraisal.

### **Review of business**

#### **Romania**

##### ***General***

Following intensive negotiations between the Romanian Government, related agencies, and Baita SA, as holder of the head licence, the association licence granting the Group the right to mine at BPPM was approved by the State Mining Regulatory Body on 15<sup>th</sup> October 2018. Due to matters unrelated to either Vast's standing or to the viability of Vast's Romanian operations, the Group was unable to draw down on the US\$ 5.5 million second tranche ('Tranche B') of the Mercuria prepayment facility. These funds were earmarked for capital expenditure programs at BPPM and MPM with the objective of recommission at BPPM and improving operational efficiency at MPM.

Consequently, the Group has been in the process of arranging, and is now expected shortly to achieve, new funding which as far as Romania is concerned will prioritise BPPM given the project's short lead time to generating free operational cash flows. MPM will remain on care and maintenance in expectation of a second funding round at a later stage.

### ***BPPM (80% interest, 10% Directors)***

The non-availability of Mercuria Tranche B has negatively impacted the Group's results in Romania and has caused the Group to raise supplemental debt and equity funds during the course of the period. Despite these headwinds, the Group has made progress rehabilitating the BPPM infrastructure and in making improvements as well as significant inroads into implementing long lead items. Specific accomplishments include the following:

- Installation of new, high efficiency pumps
- Securing direct electricity supply
- Cleaning milling and flotation circuits
- Maintained and continued restoration of underground workings and access
- Commenced installation of new, independent electricity supply
- Advanced work on refurbishment of the flotation plant including installation of a new sediment tank
- Commenced installation of the 7 kilometre tailings pipe to the tailings dam
- Cleaning railway in preparation for use
- Acquired and restored a 300 metre drilling rig

Completion is dependent upon obtaining drawdown of funding which is expected to be agreed shortly. The Group estimates that subject to financing being arranged as hoped in the near future profitable production will have been achieved during the now current financial year.

### ***MPM (100% interest)***

1,720 and 242 tonnes of copper and zinc concentrate respectively were produced at MPM from April 2018 to December 2018, at which point MPM was then placed on temporary care and maintenance originally due to adverse winter weather conditions. However, given the absence of funding, the decision was later taken to place the mine on continued care and maintenance until such time that BPPM was funded, and new funding arranged for MPM that was better suited to its investment needs and exploration potential. Revenues increased 10.8% to US\$ 3.432 million (2018: US\$ 3.098 million).

As highlighted last year, a program of drilling undertaken in 2017 has proven the potential of opening a second open-pit mine at the Carlibaba section of MPM. A JORC compliant Resource statement confirmed a Measured, Indicated and Inferred mineral Resource of 4.6 million tonnes suitable for open-pit mining (3.6 million tonnes Measured and Indicated). Underground mineral Resources in the Measured and Indicated category was determined at 0.399 million tonnes. The implied open pit life is 11 years based on open pit and underground Measured and Indicated Resources at a rate of 30,000 tonnes per month. MPM also has significant underground exploration potential which would be transformative and would require additional investment beyond those planned for the Carlibaba open pit extension and new plant facility. For these

reasons, the commercial opportunity is potentially much larger and will require a revised funding and investment strategy.

***Blueberry Polymetallic Gold Project (‘Blueberry’) (29.41% effective interest).***

The Group acquired an effective 29.41% economic interest in Blueberry through EMA Resources Ltd (‘EMA’) in a brown field perimeter located at Baia de Aries in the ‘Golden Quadrilateral’ of Western Romania on which historic work has demonstrated prospectivity for gold and polymetallic minerals. The Group is undertaking exploration on the perimeter with a view to establishing a JORC Resource sufficient to justify an independent IPO.

The following exploration activities were undertaken at the Blueberry prospect:

- Surface geological mapping.
- Archival data searches for information relating to the Baia de Aries polymetallic mine.
- 41 surface diamond drill holes completed for a total core length of 6 717 metres.
- All 6,717 metres of core split with half sent to an independent laboratory for assay and the remaining half kept in storage.
- 300 soil geochemical samples gathered on an approximate 100 metre by 100 metre grid spacing and analysed at an independent laboratory.
- The exploration perimeter divided into eight zones for exploration and preliminary drilling undertaken in 4 of the 8 identified target areas. Drilling successfully intersected mineralised zones containing predominantly gold and silver with certain localities exhibiting polymetallic copper – lead - zinc mineralisation.

Follow up drilling is planned for these areas in order to define the orientations and the extent of the mineralised zones as a number of intersections remain open at depth and along strike.

The soil sampling program encompassed approximately 40% of the exploration area. Further sampling is required to the southwest and the northeast to complete the soil sampling coverage. The soil sampling identified previously unknown areas of mineralisation in the southern portion of the exploration area with gold in soil values of up to 17.7 grams per ton gold.

To date the Group has arranged US\$ 1 million third party financing on behalf of the venture.

***Other Romanian prospects***

Work has been in progress with the benefit of third party money on extending our footprint in Romania through our current claims at Magura Neagra and Piciorul Zimbrului (collectively known as ‘Zagra’). The Group has undertaken a drilling programme targeting sets of polymetallic veins together with areas of disseminated sulphide mineralization.

The Group continues to believe that exploration of the many mining opportunities that have become dormant over the last two decades will be an attractive prospect for global mining players seeking to capitalize on the projected increase in demand globally for copper occasioned by the global transition to clean energy and electric vehicles.

The Group’s ‘first mover position’ in Romania has attracted interest in resuscitating the large-scale polymetallic resource projects in Romania. Discussions have been held with global mining players and investors to leverage their financial strength and expertise to jointly exploit these considerable opportunities.

**Zimbabwe**

In April 2019, the Group divested its 25.01% stake in its Zimbabwean gold related operations which included the producing Pickstone-Peerless Gold Mine (‘PPGM’) together with the non-

producing Eureka Gold Mine in the course of restoration ('Eureka'), and the dormant Giant Gold Mine ('GGM'). The Group recorded an accounting gain on disposal of US\$ 8.6 million. This divestment was driven in part by need to restructure the Group's balance sheet to enable the financing of strategic projects and by the Group's strategy to focus resources on opportunities generating high and near term operating free cashflow unrestrained by tight currency controls as represented by BPPM and the expected diamond concession in Zimbabwe.

During the period, the divested Zimbabwean gold operations recorded profits of US\$ 8.4 million (2018: US\$ 2.3 million) on revenue of US\$ 31.2 million (2018: US\$ 27.6 million). These results have been heavily impacted by foreign exchange gains arising from a devaluation occasioned by the re-designation of all US dollar balances in Zimbabwe as RTGS (Real Time Gross Settlement) balances. This has resulted in significant gains of US\$ 5.7 million mainly arising from foreign exchange revaluation gains on local currency denominated borrowings. On a normalized basis after removing foreign exchange gains, profits from the discontinued Zimbabwean operations increased by 16.4% to US\$ 2.683 million (2018: US\$ 2.305 million), largely driven by increased milled volumes (up 30% to 383,838 tonnes) and associated increased gold production (up 14% to 749kgs). Both the gain on disposal of US\$ 8.6 million and the profits of \$US 8.4 million from the divested Zimbabwean gold operations are disclosed as profits from discontinued operations in the consolidated statement of comprehensive income.

### ***Diamond Concession – Chiadzwa Diamond Fields***

The Group has completed due diligence on the diamond concession on which it expects to get the full right to mine shortly and has prepared a full operating plan.

## **Corporate**

The Group has repositioned its business, disposing of its Zimbabwean gold operations in order to focus on BPPM and its expected diamond interests. This restructuring has enabled the Group to repay \$2.5 million of its loan from Sub-Sahara Goldia Investments ('Sub-Sahara') and to reduce its borrowings by an additional \$18.6 million thereby significantly reducing the Group's gearing, simplifying the balance sheet, and creating a financial platform for growth and refinancing. The Group has been actively seeking substantive financing following the withdrawal of Mercuria's US\$ 5.5 million Tranche B to finance BBPM and the diamond opportunity in Zimbabwe. At the time of writing this report the Group is near to concluding agreed documentation with an institution which will provide funding for the Group's operations both at BBPM and in Zimbabwe.

During the year the Group strengthened its management team through the hiring of industry experts in the diamond sector.

## **Strategy**

The Group's strategy is to:

- Attract appropriate funding for the Group – including from institutional investment
- Attract appropriate joint venture partners and public institutions to invest in the Group and projects of mutual interest
- Grow into a mid-tier mining company both organically and through acquisitions financed principally by third parties
- Optimise operations to produce positive cashflows
- Add value to operations by increasing resources and reserves
- If expedient, hold significant minority stakes in new ventures operationally managed by the Group
- Finance growth, where possible in a non-dilutive manner

- Maintain exposure to Zimbabwe and Romania where the Group has acquired in-depth country knowledge
- Continue to work with Government and local communities in Zimbabwe in the diamond sector, and to develop the diamond business in a transparent way for the benefit of all stake holders

### **Key performance indicators**

In executing its strategy, the Board considers the Group's key performance indicators to be, or will be after recommencement of mining:

#### **Cash cost per tonne milled**

- Cash cost per tonne is derived from aggregate cash costs divided by tonnes milled and measures productivity.
- For PPGM the cash cost for the period until discontinuance was US\$ 48/tonne (2018: US\$ 62/tonne), 23% lower than the 2018 result.
- For MPM the cash cost for the period of production was US\$ 70/tonne (2018: US\$ 42/tonne), 60% higher than the 2018 result reflecting reduced volumes.

#### **Cash costs per ounce sold for gold and per tonne for concentrate**

- Cash cost per ounce sold is calculated by dividing aggregate cash cost by gold ounces produced or concentrate tonnes produced and measures productivity.
- For PPGM the cash cost was US\$ 770/ounce (2018: US\$ 880/ounce), 12.5% lower than the 2018 result.
- For MPM the cash cost was US\$ 2,208/tonne (2018: US\$ 1,471/tonne), 50% higher than the 2018 result reflecting reduced volumes.

#### **Plant production volumes as a measure of asset utilisation**

- PPGM processed a mill feed of 383,838 tonnes for the period till divestment (2018: 295,424 tonnes), 30% higher than the 2018 level.
- MPM processed mill feed of 62,391 tonnes for the period of production (2018: 106,488 tonnes), 41% lower than the 2018 level.

#### **Total resources and reserves**

- These indicators measure our ability to discover and develop new ore bodies, including through acquisition of new mines, and to replace and extend the life of our operating mines. There have been no changes over the previous year other than as a result of the disposal of the Group's gold interest in Zimbabwe. The alluvial diamond interest in Zimbabwe where there is an imminent expectation of a right to mine is considered very prospective, but by its nature is not susceptible to the estimation of a JORC Resource.

The rate of utilization of the Group's cash resources. This is discussed further below.

### **Cash resources**

The Group's year end position was US\$ 0.569 million (2018: US\$ 1.3 million).

During the year cash inflows from operating activities (including discontinued activities) were US\$ 5.3 million. Excluding discontinued activities, cash outflows from operating activities were US\$ 7.9

million. A significant portion of these outflows are directly related to developing, supporting and maintaining our mining assets, allowing the Group to quickly start production and generate significant revenue at both BPPM and the diamond concession once funding is in place and the diamond special grant is procured.

Cash outflows from investing activities (including discontinued activities) were US\$ 13.3 million. Excluding discontinued activities, cash outflows from investing activities were US\$ 1.3 million mainly driven by additions to mining assets in the Group's Romanian operations.

Cash inflows from funding activities (including discontinued activities) were US\$ 7.2 million. Excluding discontinued activities, cash inflows from funding activities were \$5.2 million, comprising the net of the proceeds from the issuance of shares of US\$ 8.1 million less net repayment of loans and borrowings of US\$ 2.9 million.

The Directors monitor the cash position of the Group closely to plan sufficient funds within the business to allow the Group to meet its commitments and continue the development of assets. As part of this process, the Directors closely monitor capital expenditure and the regulatory requirements of the licences to ensure they continue in good standing.

## **Principal risks and uncertainties**

### ***Risk – Going concern***

The Group is in an advanced stage of agreeing documentation on a substantial funding.

However, if this funding should fail it may cast doubt about the Group's ability to continue as a going concern. Other material uncertainties constituting this risk include unseasonal severe climatic conditions, unforeseen delays in permits and licences for new mining or plant investments, cost overruns and adverse commodity price movements.

#### **Mitigation/Comments**

The Board will continue to engage, or after recommencement of mining will engage, with providers of commodity trade finance, potential joint venture and other investors in order for them to understand the fundamental strength of the Group's business and attract additional funding when required. The Board also will, whenever possible, retain sufficient cash margin to offset contingencies. The remittance restrictions for the Zimbabwean gold operations will not apply to the Group's diamond investments as the Group is advised that foreign currency regulations will allow export proceeds not required to meet costs in Zimbabwe to be retained offshore.

### ***Risk – Mining***

Mining of natural resources involves significant risk. Drilling and operating risks include geological, geotechnical, seismic factors, industrial and mechanical incidents, technical failures, labour disputes and environmental hazards.

#### **Mitigation/Comments**

Use of strong technical management together with modern technology and electronic tools assist in reducing risk in this area. Good employee relations are also key in reducing the exposure to labour disputes. The Group is committed to following sound environmental guidelines and is keenly aware of the issues surrounding each individual project.

### ***Risk - Commodity prices***

Commodity prices are subject to fluctuation in world markets and are dependent on such factors as mineral output and demand, global economic trends and geo-political stability.

#### **Mitigation/Comments**

The Group's management constantly monitors mineral grades mined and cost of production to

ensure that mining output becomes or remains economic. As highlighted earlier, due to matters unrelated to both Vast's standing and the viability of Vast's Romanian operations, the Group was unable to draw down on the US\$ 5.5 million second tranche ('Tranche B') of the Mercuria prepayment facility. These funds were earmarked for capital expenditure programs at BPPM and the Manaila Polymetallic Mine ('MPM') with the objective of restarting production at BPPM and to improve operational efficiency at MPM. Consequently, the Group is well advanced in the process of arranging new funding which it is prioritising for BPPM and its diamond concession given the short lead times expected to generate free operational cash flows, and has placed MPM on care and maintenance in expectation of a second funding round at a later stage.

#### ***Risk – Management and Retention of Key Personnel***

The successful achievement of the Group's strategies, business plans and objectives depend upon its ability to attract and retain certain key personnel.

#### **Mitigation/Comments**

The Group's policy is to foster a management culture where management is empowered and where innovation and creativity in the workplace are encouraged. The Group has in place a "Share Appreciation Right Scheme" for Directors and senior executives to provide incentives based on the success of the business. It is also introducing more specific incentive arrangements for the Group's diamond business in Zimbabwe.

During the period the Group has been successful in attracting new talent across its businesses.

#### ***Risk - Country and Political***

The Group's operations are based in Romania and Zimbabwe. Emerging market economies could be subject to greater risks, including legal, regulatory, economic, bribery and political risks, and are potentially subject to rapid change. In addition, there are risks particular to Zimbabwe arising from a scarcity of foreign exchange, difficulty with foreign remittances of funds and the, now albeit very substantially mitigated, risk of indigenisation.

#### **Mitigation/Comments**

The Group's management team is experienced in its areas of operation and skilled at operating within the framework of the local culture in Romania and Zimbabwe to progress its objectives. The Group routinely monitors political and regulatory developments in each of its countries of operation. In addition, the Group actively engages in dialogue with relevant government representatives to keep abreast of all key legal and regulatory developments applicable to its operations. The Group has several internal processes and checks in place to ensure that it is wholly compliant with all relevant regulations to maintain its mining or exploration licences within each country of operation.

#### ***Risk - Social, Safety and Environmental***

The Group's success may depend upon its social, safety and environmental performance, as failures can lead to delays or suspension of its mining activities.

#### **Mitigation/Comments**

The Group takes its responsibilities in these areas seriously and monitors its performance across these areas on a regular basis.

### **Corporate Governance**

The Company has adopted the QCA (Quoted Company Alliance) Code on corporate governance. Details of how the Company complies with this are set out in the Company's website. Principles which are required to be dealt with under the Code in the Company's Annual Report are set out below.

## ***Business model and strategy***

This is described above under Strategy and elsewhere in this Report.

## ***Risk Management***

In addition to its other roles and responsibilities, the Audit and Compliance Committee is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company.

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the Executive Directors. The Board works closely with and has regular ongoing dialogue with the Company Financial Director and financial controller and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

The risks facing the Company are detailed above. The Board seeks to mitigate such risks so far as it is able to do, as explained above, but certain important risks cannot be controlled. The CEO is primarily responsible to the Board for risk management.

In particular, the products the Company mines and is seeking to identify are traded globally at prices reflecting supply and demand rather than the cost of production. In Romania, the Company seeks to protect its cash flow by means of a long term offtake agreement, but it does not hedge future production.

## ***Maintenance of a well functioning Board of Directors led by the Chairman***

Current membership of the Board is as follows:

<b>Name</b>	<b>Role</b>	<b>Appointed</b>
Brian Moritz	Non-executive Chairman	6 October 2016
Andrew Prelea	Chief Executive Officer	1 March 2018
Roy Tucker	Finance Director	5 April 2005
Craig Harvey	Chief Operating Officer	1 March 2018
Eric Diack	Non-executive director	30 May 2014
Nick Hatch	Non-executive director	9 May 2018

All the Non-executive Directors are considered to be independent.

All the Directors are subject to re-election at intervals of no more than three years.

The table illustrates the success of the Board in refreshing its membership.

The Board is well balanced both in its skill sets and in the domicile of its members. Of the Executive Directors, Andrew Prelea is resident in Romania, Roy Tucker in the UK, and Craig Harvey in Southern Africa. Of the Non-Executive Directors, Nick Hatch and Brian Moritz are resident in the UK, whilst Eric Diack resides in Southern Africa.

All of the current Non-executive Directors are considered to be independent. None of them have been a Director for a sufficient length of time to prejudice such independence.

Non-executive Directors are committed to devote 3 days per month to the Company. Executive Directors devote substantially the whole of their time to the Company.

Where possible Directors are physically present at board meetings, but, due to the wide

divergence of locations, Directors may be present by telephone.

During the thirteen month period ended 30 April 2019 there were six full board meetings in addition to twelve meetings on specific issues. Of the Directors holding office throughout the period, Brian Moritz, Andrew Prelea, Roy Tucker and Eric Diack, attended all the full meetings either in person or by telephone.

### ***Appropriate skills and experience of the Directors***

The CVs of the Directors - three executives and three Non executives - as disclosed on the website, are set out below. In addition, the Company has employed the outsourced services of Ben Harber of Shakespeare Martineau as company secretary.

#### **Andrew Prelea – Chief Executive Officer**

Andrew has been involved with Vast since 2013 and has spearheaded the development of the Company's Romanian portfolio. Beginning his career in the early 1990s as a bulk iron ore and steel trader in Romania, he then went on to develop his career in the property and earthmoving sector in Australia before returning to Romania in 2003, initially to focus on the development of properties for the Romanian Ministry of Defence and latterly, private sector developments. Throughout his 26-year career, Andrew has developed extensive investor and public relations experience and has advised the Romanian government on wide ranging high-level topics including social housing and economic policy. He has built a strong network of contacts across the mining and metals industries and Europe and southern Africa, in addition to policy makers and governmental authorities.

#### **Brian Moritz - Chairman**

Brian is a Chartered Accountant and former Senior Partner of Grant Thornton UK LLP, London; he formed Grant Thornton's Capital Markets Team which floated over 100 companies on AIM under his chairmanship. In December 2004, he retired from Grant Thornton UK LLP to concentrate on bringing new companies to the market. He specialises in natural resources companies, primarily in Africa, and was formerly chairman of Metal Bulletin plc, African Platinum plc and Chromex Mining plc as well as currently being chairman of several junior mining companies.

#### **Roy Tucker – Finance Director**

Roy is a Chartered Accountant with 43 years of high level and broad spectrum professional and business experience. He has been the founder of a London banking group, served on bank boards and had a position as a major shareholder of a substantial London commodity house. He is also the founder of Legend Golf and Safari Resort in South Africa. He has substantial investment in the Romanian property sector.

#### **Craig Harvey – Chief Operating Officer**

Craig began his career with Gold Fields of SA in 1988 as a bursary student in Economic Geology where he worked on various gold, platinum, coal and exploration projects. At Harmony Gold he managed the mineral resources on various operations and was involved in due diligence on acquisitions. He joined Simmer and Jack with a focus on shallow hydro-thermal gold deposits in the Eastern Transvaal and later moved into a corporate role managing and auditing the mineral resource process across all gold and uranium operations. Craig spent 3 years in a Principal Consultant role for Ravensgate based in Perth, Australia, where he conducted numerous resource estimations, valuations and technical reports mainly in gold, uranium, copper and iron ore. Craig joined Vast Resources as a consultant in 2013 and became Chief Operating Officer in March 2017. During his tenure with Vast Resources, he has been heavily involved in both Zimbabwe and Romania.

#### **Eric Diack – Non-Executive Officer**

Eric is a Chartered Accountant with many years' experience in the mining and industrial landscape. Eric is the former CEO of Anglo American Ferrous Metals Divisions, and has served on numerous major listed and unlisted company boards, mainly associated with Anglo American. He is currently a member of the Bidvest Group and Aveng boards which are large South African listed companies with extensive international operations.

#### **Nick Hatch – Non-Executive Director**

Nick has 35 years' experience in mining investment banking, primarily as a mining analyst and in managing mining & metals research and equities teams. He was most recently Director of Mining Equity Research at Canaccord Genuity in London. Nick's experience includes researching and advising on mining companies and projects across the globe and across the commodity spectrum and includes companies of all sizes. Nick left investment banking in 2017, and has recently set up his own company, Nick Hatch Mining Advisory Ltd, to provide mining research, business development and financing advice. He holds a degree in Mining Geology and is a Chartered Engineer.

The Company believes that the current balance of skills in the Board as a whole reflects the broad range of commercial and professional skills that the Company requires. Among the Executive Directors, Andrew Prelea is experienced in general management, including identifying and negotiating new business opportunities; Roy Tucker is a Chartered Accountant with many years experience in general financial management; and Craig Harvey is a qualified geologist experienced in constructing and operating mines.

Among the Non-executives Brian Moritz is a Chartered Accountant with senior experience. In addition to his financial skills he has former experience as a Registered Nominated Adviser. Eric Diack is also a Chartered Accountant with experience in operational as well as financial management. Nick Hatch is a qualified geologist with experience in evaluating mining companies and natural resource projects.

Importantly, Directors without geological qualifications have significant experience with junior companies in the natural resources sector.

#### ***Evaluation of Board Performance***

The Group is in the process of fast evolution and at this stage in the Company's development it is not deemed necessary to adopt formal procedures for evaluation of the Board or of the individual Directors. There is frequent informal communication between members of the Board and peer appraisal takes place on an ongoing basis in the normal course of events however the Board will keep this under review and may consider formalised independent evaluation reviews at a later stage in the Company's development

Given the size of the Company, the whole Board is involved in the identification and appointment of new Directors and as a result, a Nominations Committee is not considered necessary at this stage. The importance of refreshing membership of the Board is recognised and has been implemented. In 2018 Andrew Prelea was appointed to replace Roy Pitchford as CEO, and Nick Hatch replaced Brian Basham as a Non-executive Director. The Directors believe that the Board operates efficiently and cost effectively for the benefit of all stakeholders. Nevertheless, it is envisaged that the Board will be strengthened in due course as and when new projects are operated by the Company.

#### ***Maintenance of Governance Structures and Processes***

The corporate governance structures which the Company is able to operate are limited by the size of the Board, which is itself dictated by the current size and geographical spread of the Company's

operations, with Directors resident in the UK, Romania and Southern Africa. With this limitation, the Board is dedicated to upholding the highest possible standards of governance and probity.

The Chairman, Brian Moritz:

- leads the Board and is primarily responsible for the effective working of the Board;
- in consultation with the Board ensures good corporate governance and sets clear expectations with regards to Company culture, values and behaviour;
- sets the Board's agenda and ensures that all Directors are encouraged to participate fully in the activities and decision-making process of the Board.

The CEO, Andrew Prelea:

- is primarily responsible for developing Vast's strategy in consultation with the Board, for its implementation and for the operational management of the business;
- is primarily responsible for new projects and expansion;
- is responsible for attracting finance and equity for the Company;
- runs the Company on a day-to-day basis;
- implements the decisions of the Board;
- monitors, reviews and manages key risks;
- is the Company's primary spokesperson, communicating with external audiences, such as investors, analysts and the media.

The Chief Operating Officer, Craig Harvey:

- is responsible for operational improvements and efficiency of mining operations in Romania;
- is responsible for expansion and exploration of projects at the mine level;
- is responsible for the re-opening of the Baita Plai mine;
- assists and advises on the operation and expansion of the Zimbabwe operations and projects;
- provides technical input on new projects.

The Finance Director, Roy Tucker:

- is responsible for the administration of all aspects of the Group;
- assisted by the Chief Financial Officer oversees the accounting function of all group companies;
- runs the UK head office as the only UK based Executive Director;
- assisted by the Chief Financial Officer deals with all matters relating to the independent audit;
- is the main point of contact with the Company's lawyers and Nomad, and the London Stock Exchange.

The Remuneration Committee is chaired by Nick Hatch and comprises Eric Diack and Nick Hatch. It meets on an ad hoc basis when required. The Remuneration Committee is responsible for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Directors. The Committee's policy is to provide a remuneration package which will attract and retain Directors and management with the ability and experience required to manage the Company and to provide superior long-term performance.

The Audit and Compliance Committee is chaired by Eric Diack and comprises Nick Hatch and Eric Diack. It normally meets twice per annum to inter alia, consider the interim and final results. In the latter case the auditors are present and the meeting considers and takes action on any matters raised by the auditors arising from their audit.

The chairman, Brian Moritz, attends the meetings of these committees when requested to do so. Matters reserved for the Board include:

- Vision and strategy
- Production and trading results
- Financial statements and reporting
- Financing strategy, including debt and other external financing sources
- Budgets, acquisitions and expansion projects, divestments and capital expenditure and business plans
- Corporate governance and compliance
- Risk management and internal controls
- Appointments and succession plans
- Directors' remuneration

### ***Shareholder Communication***

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders as explained above under Principle Two. The Company is desirous of obtaining an institutional shareholder base, and institutional shareholders and analysts will have the opportunity to discuss issues and provide feedback at meetings with the Company.

The Investors section of the Company's website provides all required regulatory information as well as additional information shareholders may find helpful including: information on Board members, advisors and significant shareholdings, a historical list of the Company's Announcements, its corporate governance information, the Company's publications including historic annual reports and notices of annual general meetings, together with share price information.

The results of shareholder meetings will be publicly announced through the regulatory system and displayed on the Company's website with suitable explanations of any actions undertaken as a result of any significant votes against resolutions.

### **Outlook**

While the period has been challenging the Group has completed a successful divestment of its Zimbabwean gold operations and is in the last stages of arranging finance to focus on its key assets, BPPM and the Zimbabwean diamond concession. These projects which by industry standards offer low cost entry, are expected to generate high returns and strong operational free cashflow generation, providing the platform for Vast's expansion.

As stated last year, the forecast global growth in electric vehicles remains likely to create, over the next decade, a shortage of copper. Whereas global supply and demand for copper is currently broadly balanced, worldwide there is a decline in ore grades, while community resistance and water supply issues are holding back discovery and exploitation such that management continues to believe that current supply will be overtaken by demand in a few years placing upward pressure on copper prices and spurring investment in new copper mining capacity. Management also believes that the business environment in Zimbabwe will continue to improve as the government establishes an attractive base for sustainable foreign investment, and that the Group, having obtained the licence for BPPM and having established significant first mover know-how, will begin to see traction on its other Romanian opportunities. Management believes that a combination of a bullish outlook on polymetallics together with a reduction in Romanian and Zimbabwean country risk premiums will provide significant medium-term growth in the share price and bode well for the financial performance of these businesses.

Many thanks to fellow Board members and management for the commitment and hard work that has been put into the Group.

On behalf of the Board,

**Andrew Prelea**  
**Group Chief Executive Officer**

**Group statement of comprehensive income  
for the period ended 30 April 2019**

		<b>30 Apr 2019</b>	<b>31 Mar 2018</b>
	<b>Note</b>	<b>Group \$'000</b>	<b>Group \$'000</b>
Revenue		3,432	3,098
Cost of sales		(4,344)	(4,298)
Gross loss		(912)	(1,200)
Overhead expenses		(8,195)	(3,334)
Depreciation and impairment of property, plant and equipment	2	(1,206)	(1,401)
Profit / (loss) on sale of property, plant and equipment		84	(23)
Share option and warrant expense	22	(264)	(27)
Sundry income		311	129
Exchange (loss) / gain		(2,798)	2,301
Other administrative and overhead expenses		(4,322)	(4,313)
<b>Loss from operations</b>		<b>(9,107)</b>	<b>(4,534)</b>
Finance income		1	-
Finance expense	4	(845)	(708)
Loss on disposal of interest in subsidiary loans		-	(12,538)
<b>Loss before taxation from continuing operations</b>		<b>(9,951)</b>	<b>(17,780)</b>
Taxation charge	5	-	-
<b>Total loss after taxation from continuing operations</b>		<b>(9,951)</b>	<b>(17,780)</b>
<b>Profit after taxation from discontinued operations</b>	13	<b>17,047</b>	<b>2,305</b>
<b>Total profit (loss) after taxation for the period</b>		<b>7,096</b>	<b>(15,475)</b>

**Other comprehensive income**

Items that may be subsequently reclassified to either profit or loss



- Sinarom Mining Group SRL Shares issued for cash:	620	2,435	-	-	-	-	-	3,055	-	3,055
<b>At 31 March 2018</b>	<b>20,040</b>	<b>77,237</b>	<b>1,580</b>	<b>(2,663)</b>	<b>3</b>	<b>(3,942)</b>	<b>(97,688)</b>	<b>(5,433)</b>	<b>23,047</b>	<b>17,614</b>
Total comprehensive loss for the period	-	-	-	1,941	(3)	-	243	2,181	6,853	9,034
Share option and warrant charges	-	-	264	-	-	-	-	264	-	264
Share options and warrants lapsed	-	-	(229)	-	-	-	229	-	-	-
Derecognised on discontinued operations:										
- Dallaglio Investments (Private) Limited	-	-	-	-	-	-	-	-	(29,941)	(29,941)
Derecognition of EBT reserve	-	-	-	-	-	3,942	(3,721)	221	-	221
Shares issued	3,662	4,448	-	-	-	-	-	8,110	-	8,110
<b>At 30 April 2019</b>	<b>23,702</b>	<b>81,685</b>	<b>1,615</b>	<b>(722)</b>	<b>-</b>	<b>-</b>	<b>(37)</b>	<b>5,343</b>	<b>(41)</b>	<b>5,302</b>

The accompanying accounting policies and notes on pages 29 to 63 form an integral part of these financial statements.

#### Company statement of changes in equity for the for the period ended 30 April 2019

	Share capital	Share premium	Share option reserve	Foreign translation reserve	Available for sale reserve	EBT reserve	Retained deficit	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 31 March 2017</b>	<b>19,420</b>	<b>74,802</b>	<b>1,890</b>	<b>(4,954)</b>	<b>-</b>	<b>(3,942)</b>	<b>(48,633)</b>	<b>38,583</b>
Total comprehensive loss for the year	-	-	-	-	(2)	-	(14,917)	(14,919)
Share option and warrant charges	-	-	27	-	-	-	-	27
Share options and warrants lapsed	-	-	(337)	-	-	-	337	-
Shares issued for cash	620	2,435	-	-	-	-	-	3,055
<b>At 31 March 2018</b>	<b>20,040</b>	<b>77,237</b>	<b>1,580</b>	<b>(4,954)</b>	<b>(2)</b>	<b>(3,942)</b>	<b>(63,213)</b>	<b>26,746</b>
Total comprehensive profit for the period	-	-	-	-	2	-	398	400
Share option and warrant charges	-	-	264	-	-	-	-	264
Share options and warrants lapsed	-	-	(229)	-	-	-	229	-
Derecognition of EBT	-	-	-	-	-	3,942	(3,718)	224

reserve								
Shares issued for cash	3,662	4,448	-	-	-	-	-	8,110
<b>At 30 April 2019</b>	<b>23,702</b>	<b>81,685</b>	<b>1,615</b>	<b>(4,954)</b>	<b>-</b>	<b>-</b>	<b>(66,304)</b>	<b>35,744</b>

The accompanying accounting policies and notes on pages 29 to 63 form an integral part of these financial statements.

## Group and Company statements of financial position As at 30 April 2019

		30 Apr 2019	31 Mar 2018	30 Apr 2019	31 Mar 2018
		Group	Group	Company	Company
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>	<b>Note</b>				
<b>Non-current assets</b>					
Property, plant and equipment	10	11,261	45,534	1	-
Investment in subsidiaries		-	-	1,673	1,583
Investment in joint ventures	12	-	559	-	-
Loans to group companies	14	-	-	34,568	25,179
		<u>11,261</u>	<u>46,093</u>	<u>36,242</u>	<u>26,762</u>
<b>Current assets</b>					
Inventory	15	413	4,054	-	-
Receivables	16	2,537	5,406	361	93
Available for sale investments		-	13	-	3
Cash and cash equivalents		569	1,300	218	208
<b>Total current assets</b>		<u>3,519</u>	<u>10,773</u>	<u>579</u>	<u>304</u>
<b>Total Assets</b>		<u>14,780</u>	<u>56,866</u>	<u>36,821</u>	<u>27,066</u>
<b>Equity and Liabilities</b>					
Capital and reserves attributable to equity holders of the Parent					
Share capital		23,702	20,040	23,702	20,040
Share premium		81,685	77,237	81,685	77,237
Share option reserve		1,615	1,580	1,615	1,580
Foreign currency translation reserve		(722)	(2,663)	(4,954)	(4,954)
Available for sale reserve		-	3	-	(2)
EBT reserve		-	(3,942)	-	(3,942)
Retained deficit		(100,937)	(97,688)	(66,304)	(63,213)
		<u>5,343</u>	<u>(5,433)</u>	<u>35,744</u>	<u>26,746</u>
Non-controlling interests		(41)	23,047	-	-
<b>Total equity</b>		<u>5,302</u>	<u>17,614</u>	<u>35,744</u>	<u>26,746</u>
<b>Non-current liabilities</b>					
Loans and borrowings	17	4,043	22,635	-	-
Provisions	19	489	1,397	-	-
Deferred tax liability		-	3,330	-	-
		<u>4,532</u>	<u>27,362</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Loans and borrowings	17	1,476	4,331	309	-
Trade and other payables	18	3,470	7,559	768	320
<b>Total current liabilities</b>		<u>4,946</u>	<u>11,890</u>	<u>1,077</u>	<u>320</u>
<b>Total liabilities</b>		<u>9,478</u>	<u>39,252</u>	<u>1,077</u>	<u>320</u>

<b>Total Equity and Liabilities</b>	14,780	56,866	36,821	27,066
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The accompanying accounting policies and notes on pages 29 to 63 form an integral part of these financial statements. The parent Company reported a loss after taxation for the year of US\$ 3.237 million (2018: US\$ 2.378 million). The financial statements on pages 24 to 63 were approved and authorised for issue by the Board of Directors on 29 September and were signed on its behalf by:

**Roy C. Tucker**

**Registered number**      **5414325**

**Director**

29

September 2019

**Group and Company statements of cash flow  
for the period ended 30 April 2019**

	30 Apr 2019	31 Mar 2018	30 Apr 2019	31 Mar 2018
	Group \$'000	Group \$'000	Company \$'000	Company \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Profit (loss) before taxation for the period</b>				
- from continuing operations	(9,951)	(17,780)	(3,237)	(14,917)
- from discontinued operations	17,047	6,099	-	-
<b>Adjustments for:</b>				
Depreciation and impairment charges	4,554	2,862	-	-
(Profit) loss on sale of property, plant and equipment	(76)	22	(2)	-
Gain on disposal of discontinued operations	(8,649)	-	-	-
Loss on disposal of available for sale investments	10	-	-	-
Loss on disposal of interest in loans	-	12,538	-	12,538
Share option expense	264	27	264	27
	<u>3,199</u>	<u>3,768</u>	<u>(2,975)</u>	<u>(2,352)</u>
<b>Changes in working capital:</b>				
Decrease (increase) in receivables	2,140	8	(268)	1,513
Decrease (increase) in inventories	1,290	(2,392)	-	-
Increase (decrease) in payables	(1,275)	(1,998)	452	(127)
	<u>2,155</u>	<u>(4,382)</u>	<u>184</u>	<u>1,386</u>
<b>Cash generated by / (used in) operations</b>	<u><b>5,354</b></u>	<u><b>(614)</b></u>	<u><b>(2,791)</b></u>	<u><b>(966)</b></u>
<b>Investing activities:</b>				
Payments to acquire property, plant and equipment	(11,391)	(9,197)	(1)	-
Payments to acquire of new subsidiary	(4,480)	-	-	-
Payments for investment in subsidiary	-	-	(90)	-

Proceeds on disposal of property, plant and equipment	168	107	-	-
Proceeds of third-party investment in subsidiary	-	1,700	-	-
Proceeds of disposal of available for sale investments	-	-	3	-
Net cash inflow on disposal of discontinued operations	1,592	-	-	-
Proceeds of derecognition of EBT reserve	221	-	221	-
Payments to acquire controlling interest in subsidiary	-	(2,303)	-	(2,303)
Proceeds of loan assignment	-	2,300	-	2,300
Decrease (increase) in investment in joint venture	559	(102)	-	-
(Increase) decrease in loans to group companies	-	-	(5,752)	(3,117)
<b>Total cash used in investing activities</b>	<b>(13,331)</b>	<b>(7,495)</b>	<b>(5,619)</b>	<b>(3,120)</b>
<b>Financing Activities:</b>				
Proceeds from the issue of ordinary shares	8,110	3,055	8,110	3,055
Proceeds from loans and borrowings granted	6,165	9,177	310	-
Repayment of loans and borrowings	(7,029)	(4,149)	-	-
<b>Total proceeds from financing activities</b>	<b>7,246</b>	<b>8,083</b>	<b>8,420</b>	<b>3,055</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(731)</b>	<b>(26)</b>	<b>10</b>	<b>(1,031)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,300</b>	<b>1,326</b>	<b>208</b>	<b>1,239</b>
<b>Cash and cash equivalents at end of period</b>	<b>569</b>	<b>1,300</b>	<b>218</b>	<b>208</b>

The accompanying notes and accounting policies on pages 29 to 63 form an integral part of these financial statements.

## Statement of accounting policies for the period ended 30 April 2019

### General information

Vast Resources plc and its subsidiaries (together “the Group”) are engaged principally in the exploration for and development of mineral projects in Sub-Saharan Africa and Eastern Europe. Since incorporation the Group has built an extensive and interesting portfolio of projects in these jurisdictions. The Company’s ordinary shares are listed on the AIM market of the London Stock Exchange.

Vast Resources plc was incorporated as a public limited company under UK Company Law with registered number 05414325. It is domiciled and registered at 60 Gracechurch Street, London EC3V 0HR.

### Basis of preparation and going concern assessment

The principal accounting policies adopted in the preparation of the financial information are set out

below. The policies have been consistently applied throughout the current year and prior year, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

During the period, the Group changed its year end from 31 March 2019 to 30 April 2019. The consolidated financial statements incorporate the results of Vast Resources plc and its subsidiary undertakings for the thirteen-month period ended 30 April 2019 and are therefore not entirely comparable to the previous year's results for the twelve-month period ended 31 March 2018.

The financial statements are prepared under the historical cost convention on a going concern basis.

In April 2019 the Group disposed of its Zimbabwean gold operations to focus on its mining assets in Romania and its Marange diamond concession in Zimbabwe. The Group will require further funding in order to put these assets into production and to meet United Kingdom entity overheads and Romanian and Zimbabwean working capital needs. The Directors are confident that the Company will be able to raise such funds as it considers appropriate to meet such requirements over the course of the next 24 months, in cash. While no binding financing agreement is in place at the date of this Report, the Group is well advanced in the process of arranging new funding that will allow Vast to place the Baita Plai Polymetallic Mine ('BPPM') into production and will enable the commencement of operations at the Group's diamond concession, upon the imminent issuance of a special grant. Upon successfully funding these key assets, the Group would then be in a position to focus resources to secure the necessary investment to upgrade the Manaila Polymetallic Mine ('MPM') which is currently on care and maintenance. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustment that would result if the Group and Company were unable to continue as a going concern.

### **Changes in Accounting Policies**

At the date of authorisation of these financial statements, a number of Standards and Interpretations were in issue but were not yet effective. The Directors do not anticipate that the adoption of these standards and interpretations, or any of the amendments made to existing standards as a result of the annual improvements cycle, will have a material effect on the financial statements in the year of initial application.

### **Areas of estimates and judgement**

The preparation of the Group financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below:

#### **a) Impairment of intangibles and mining assets**

The Group reviews, on an annual basis, whether deferred exploration costs, acquired either as intangible assets, as property, plant and equipment, or as mining options or licence acquisition costs, have suffered any impairment. The recoverable amounts are determined based on an assessment of the economically recoverable mineral reserves, the ability of the Group to obtain

the necessary financing to complete the development of the reserves and future profitable production or proceeds from the disposition of recoverable reserves. Actual outcomes may vary. In the event that the Group is unable to secure financing for developing its Romanian assets, US\$ 5.1 million of mining assets would be impaired. The disposal value of the remaining fixed assets held by the Group's Romanian operations is not easily quantifiable

b) Going concern and Inter-company loan recoverability

The Group's cash flow projections, which have used conservative assumptions on forward commodity prices, indicate that the Group should have sufficient resources to continue as a going concern, although, as stated in the Principal Risks section of the Strategic Report and the basis of preparation and going concern assessment above, the Group will require additional funding for its near-term investment plans. While the Group is confident of its capacity to raise this funding, should it not materialise, or if the projections not be realised, the Group's going concern would depend on the success of future fund-raising initiatives. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern.

The recoverability of inter-Company loans advanced by the Company to subsidiaries depends also on the subsidiaries realising their cash flow projections.

c) Estimates of fair value

The Group may enter into financial instruments, which are required by IFRS to be recorded at fair value within the financial statements. In determining the fair value of such instruments, the Directors are required to apply judgement in selecting the inputs used in valuation models such as the Black Scholes or Monte Carlo models. Inputs over which the Directors may be required to form judgements related to volatility, vesting periods, risk free interest rates, commodity price assumptions and discount rates. In addition, where a valuation requires more complex fair value considerations the Directors may appoint third party advisers to assist in the determination of fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted).

Level 2: Observable direct or indirect inputs other than Level 1 inputs.

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

d) Provisions

The Group is required to estimate the cost of its obligations to realise and rehabilitate its mining properties.

The estimation of the cost of complying with the Group's obligations at future dates and in economically unpredictable regions, and the application of appropriate discount rates thereto, gives rise to significant estimation uncertainties.

e) VAT recoverable

In countries where the Group has productive mining operations carried out by its subsidiaries those subsidiaries are registered for Value Added Tax (VAT) with their respective local taxation authorities and, as their outputs are predominantly zero-rated for VAT, receive net refunds of VAT

in respect of input tax borne on their inputs. This amount is carried as a receivable until refunded by the State

The amount carried as a receivable is determined in accordance with the returns submitted to the taxation authorities.

### **Basis of consolidation**

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who also hold voting rights.
- Substantive potential voting rights held by the Company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

### **Business combinations**

The financial information incorporates the results of business combinations using the purchase method. In the statement of changes in equity, the acquirer's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Group statement of comprehensive income from the date on which control is obtained. The assets acquired have been valued at their fair value. Any excess of consideration paid over the fair value of the net assets acquired is allocated to goodwill. Any excess fair value over the consideration paid is considered to be negative goodwill and is immediately recorded within the income statement.

Where business combinations are discontinued, whether by closure or disposal to third parties, any resultant gain or loss on the discontinued operation is identified separately and dealt with in the Group's consolidated income statement as a separate item.

### **Financial instruments**

IFRS 9 supersedes IAS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

IFRS 9 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in IAS 39. This determines the recognition of impairment provisions as well as interest revenue.

The Group adopted IFRS 9 from 1 April 2018 with retrospective effect in accordance with the transitional provisions.

The Group's principal financial assets are cash and cash equivalents and receivables.

The Group has assessed the impact of IFRS 9 on the impairment of its financial assets and has concluded that the change in the impairment is immaterial.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group's financial assets consist of cash and cash equivalents and other receivables. The Group's accounting policy for each category of financial asset is as follows:

#### *Financial assets held at amortised cost*

Trade receivables and other receivables are classified as financial assets held at amortised cost. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets held at amortised cost comprise other receivables and cash and cash equivalents in the statement of financial position.

#### *Cash and cash equivalents*

These amounts comprise cash on hand and balances with banks. Cash equivalents are short term, highly liquid accounts that are readily converted to known amounts of cash. They include short-term bank deposits and short-term investments.

Any cash or bank balances that are subject to any restrictive conditions, such as cash held in escrow pending the conclusion of conditions precedent to completion of a contract, are disclosed separately as "Restricted cash".

There is no significant difference between the carrying value and fair value of receivables.

#### *Financial liabilities*

The Group's financial liabilities consist of trade and other payables (including short terms loans) and long term secured borrowings. These are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method. Where any liability carries a right to convertibility into shares in the Group, the fair value of the equity and liability portions of the liability is determined at the date that the convertible instrument is issued, by use of appropriate discount factors.

## Foreign currency

The functional currency of the Company and all of its subsidiaries outside Romania is the United States Dollar, while the functional currency of the Company's Romanian subsidiaries is the Romanian Lei (RON), these are the currencies of the primary economic environment in which the Company and its subsidiaries operate.

Transactions entered into by the Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the date of the statement of financial position. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

The exchange rates applied at each reporting date were as follows:

- 30 April 2019                                      \$1.3036: £1                      and                      \$1: RON 4.2440                      and \$1: RTGS 3.2641
- 31 March 2018                      \$1.4012: £1                      and                      \$1: RON 3.7779                      and \$1: RTGS 1
- 31 March 2017                      \$1.2253: £1                      and                      \$1: RON 4.2615                      and \$1: RTGS 1

On 22 February 2019 all US dollar balances in Zimbabwe were restated as RTGS (Real Time Gross Settlement) balances, as a separate and distinct currency tradeable against the US dollar. The initial inter-bank trading rate with the US dollar was US\$ 1: RTGS 2.5.

## Intangible assets - Mining rights

Mineral rights are recorded at cost less amortisation and provision for diminution in value. Amortisation will be over the estimated life of the commercial ore reserves on a unit of production basis.

Licences for the exploration of natural resources will be amortised over the lower of the life of the licence and the estimated life of the commercial ore reserves on a unit of production basis.

## Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily inter-changeable items.

Mining inventory includes run of mine stockpiles, minerals in circuit, finished goods and consumables. Stockpiles, minerals in circuit and finished goods are valued at their cost of production to their point in process using a weighted average cost of production, or net realisable value, whichever is the lower. Low grade stockpiles are only recognised as an asset when there is evidence to support the fact that some economic benefit will flow to the Company on the sale of such inventory. Consumables are valued at their cost of acquisition, or net realisable value, whichever is the lower.

## Investment in subsidiaries

The Company's investment in its subsidiaries is recorded at cost less any impairment.

## Non-controlling interests

For business combinations completed on or after 1 January 2010 the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree

which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

### **Revenue**

Revenue from the sales of goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the Group defers recognition of revenue until the right to return has lapsed. However, where high volumes of sales are made to established wholesale customers, revenue is recognised in the period where the goods are delivered less an appropriate provision for returns based on past experience. Delivery of gold and metal concentrates is the Group's single performance obligation under its contracts with its customers. The same policy applies to warranties.

Under IFRS 15, the freight service on export commodity contracts with CIF/CFR terms represents a separate performance obligation, and a portion of the revenue earned under these contracts, representing the obligation to perform the freight service, is deferred and recognised over time as this obligation is fulfilled, along with the associated costs for which the point of recognition is dependent on the contract sales terms. The Group's agreed terms with Mercuria, currently its sole buyer of concentrates, require that the seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. The impact of applying this methodology versus that currently adopted by the Group during the year ended 30<sup>th</sup> April 2019 is not material as the transfer of risks and rewards generally coincides with the transfer of control at a point in time. The timing and amount of revenue recognised by the Group for the sale of commodities is therefore not materially affected. The Group's gold sales, which form part of discontinued operations, were also not affected by this standard.

Provided the amount of revenue can be measured reliably and it is probable that the Group will receive any consideration, revenue for services is recognised in the period in which they are rendered.

### **Pension costs**

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate.

### **Production expenses**

Production expenses include all direct costs of production but exclude depreciation of property plant and equipment involved in the mining process, and mine and Company overhead.

### **Property, plant and equipment**

Land is not depreciated. Items of property, plant and equipment are initially recognised at cost and are subsequently carried at depreciated cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all other items of property and equipment so as to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Buildings	–	2.5% per annum, straight line
Plant and machinery	–	15% per annum, reducing balance
Fixtures, fittings & equipment	–	20% per annum, reducing balance
Computer assets	–	33.33% per annum, straight line
Motor vehicles	–	15% per annum, reducing balance

Development costs associated with the development of the Zimbabwean diamond project have been expensed as the concession has yet to receive a Special Grant.

Capital works in progress: Property, plant and equipment under construction are carried at its accumulated cost of construction and not depreciated until such time as construction is completed or the asset put into use, whichever is the earlier.

### **Proved mining properties**

Depletion and amortisation of the full-cost pools is computed using the units-of-production method based on proved reserves as determined annually by management.

### **Provision for rehabilitation of mining assets**

Provision for the rehabilitation of a mining property on the cessation of mining is recognised from the commencement of mining activities. This provision accounts for the full cost to rehabilitate the mine according to good practice guidelines in the country where the mine is located, which may involve more than the stipulated minimum legal commitment.

When accounting for the provision the Company recognises a provision for the full cost to rehabilitate the mine and a matching asset accounted for within the non-current mining asset. The rehabilitation provision is discounted using a risk-free rate, which is linked to the currency in which the costs are expected to be incurred, and the applicable inflation rate applied to the cash flows. The unwinding of the discounting effect is recognised within finance expenses in the income statement.

### **Share based payments**

#### *Equity-settled share-based payments*

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the fair value of goods and services received is charged to profit or loss, except where it is in respect to costs associated with the issue of shares, in which case, it is charged to the share premium account.

#### *Cash-settled share-based payments*

The Company also has cash-settled share-based payments arising in respect of a performance programme (see Note 22). A liability is recognised in respect of the fair-value of the benefit received under the programme and charged to profit or loss over the vesting period. The fair-value is re-measured at each reporting date with any changes taken to profit or loss.

### *Remuneration shares*

Where remuneration shares are issued to settle liabilities to employees and consultants, any difference between the fair value of the shares on the date of issue and the carrying amount of the liability is charged to profit or loss.

### **Stripping costs**

Costs incurred in stripping the overburden to gain access to mineral ore deposits are accounted for as follows:

Stripping costs incurred during the development phase of the mine (before production begins) are capitalised as part of the depreciable cost of building, developing and constructing the mine. Capitalised costs are amortised using the units of production method, once production begins.

Stripping costs incurred during the production phase of the mine which give rise to the production of usable inventory are accounted for in accordance with the principles contained in the Group's policy on Inventories. Stripping costs incurred in the production phase of the mine which result in improved access to ore are capitalized and recognized as additions to non-current assets provided that it is probable that the future economic benefit from improved access to the ore body associated with the stripping activity will flow to the Company, that it is possible to identify the component of the ore body to which access has been improved and that the costs relating to the stripping activity associated with that component of the ore body can be measured reliably.

### **Tax**

The major components of income tax on the profit or loss include current and deferred tax.

#### *Current tax*

Current tax is based on the profit or loss adjusted for items that are non-assessable or disallowed and is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Tax is charged or credited to the statement of comprehensive income, except when the tax relates to items credited or charged directly to equity, in which case the tax is also dealt with in equity.

#### *Deferred tax*

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the differences will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

### **New IFRS accounting standards**

The following are the major new IFRS accounting standards in issue and effective from 1 January 2019

## IFRS 16 Leases

The principal impact of IFRS 16 will be to change the accounting treatment by lessees of leases currently classified as operating leases. Lease agreements will give rise to the recognition by the lessee of an asset, representing the right to use the leased item, and a related liability for future lease payments. Lease costs will be recognised in the income statement in the form of depreciation of the right of use asset over the lease term, and finance charges representing the unwind of the discount on the lease liability. The adoption of IFRS 16 does not materially impact the carrying value of lease liabilities given the Group's negligible leasing exposure.

## Notes to financial statements for the period ended 30 April 2019

### 1 Segmental analysis

The Group operates in one business segment, the development and mining of mineral assets. The Group has interests in two geographical segments being Southern Africa (primarily Zimbabwe) and Europe (primarily Romania).

The Group's operations are reviewed by the Board (which is considered to be the Chief Operating Decision Maker ('CODM')) and split between mining exploration and development and administration and corporate costs.

Exploration and development is reported to the CODM only on the basis of those costs incurred directly on projects. All costs incurred on the projects are capitalised in accordance with IFRS 6, including depreciation charges in respect of tangible assets used on the projects.

Administration and corporate costs are further reviewed on the basis of spend across the Group.

Decisions are made about where to allocate cash resources based on the status of each project and according to the Group's strategy to develop the projects. Each project, if taken into commercial development, has the potential to be a separate operating segment. Operating segments are disclosed below on the basis of the split between exploration and development and administration and corporate.

	Continuing operations			Discontinued operations				
	Mining, exploration and development		Admi n and corpo rate	Total	Mining, exploration and development		Admi n and corpo rate	Total
	Euro pe	Africa			Euro pe	Africa		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Thirteen months to 30 April 2019</b>								
Revenue	3,328	-	104	3,432	-	31,243	-	31,243
Production costs	(4,344)	-	-	(4,344)	-	(18,527)	-	(18,527)
Gross profit (loss)	(1,016)	-	104	(912)	-	12,716	-	12,716
Depreciation	(1,200)	-	(6)	(1,206)	-	(3,348)	-	(3,348)
Profit (loss) on sale of property, plant and equipment	86	-	(2)	84	-	(8)	-	(8)

Share option and warrant expense	-	-	(264)	(264)	-	-	-	-
Sundry income	311	-	-	311	-	670	-	670
Exchange (loss) gain	(2,283)	-	(515)	(2,798)	-	6,494	(779)	5,715
Other administrative and overhead expenses	(1,516)	-	(2,806)	(4,322)	-	(4,894)	(22)	(4,916)
Finance income	-	-	1	1	-	2	-	2
Finance expense	(413)	-	(432)	(845)	-	(1,014)	-	(1,014)
Profit on disposal of discontinued operations	-	-	-	-	-	8,649	-	8,649
Taxation (charge)	-	-	-	-	-	(1,408)	(11)	(1,419)
Profit (loss) for the year from continuing operations	(6,031)	-	(3,920)	(9,951)	-	17,859	(812)	17,047

### 30 April 2019

Total assets	13,611	-	1,169	14,780	-	-	-	-
Total non-current assets	11,220	-	41	11,261	-	-	-	-
Additions to non-current assets	1,684	-	53	1,737	-	14,371	-	14,371
Total current assets	2,441	-	1,078	3,519	-	-	-	-
Total liabilities	8,434	-	1,044	9,478	-	-	-	-

	Continuing operations			Discontinued operations		
	Mining, exploration and development Europe	Admin and corpo rate Africa	Total	Mining, exploration and development Europe	Admin and corpo rate Africa	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>12 Months to 31 March 2018</b>						
Revenue	3,098	-	3,098	-	27,590	27,590
Production costs	(4,298)	-	(4,298)	-	(19,114)	(19,114)
Gross profit (loss)	(1,200)	-	(1,200)	-	8,476	8,476
Depreciation	(1,398)	-	(1,401)	-	(1,460)	(1,460)
Profit (loss) on sale of property, plant and equipment	(23)	-	(23)	-	1	1
Share option and warrant expense	-	-	(27)	-	-	-
Sundry income	129	-	129	-	342	342
Exchange (loss) gain	1,451	-	850	-	2,301	2,301

		-	-	-	-	-	-
Other administrative and overhead expenses	(1,700)	(2,613)	(4,313)	(741)	(67)	(808)	
Finance income	-	-	-	42	-	42	
Finance expense	(708)	-	(708)	(462)	(32)	(494)	
Loss on disposal of subsidiary company loans	-	(12,538)	(12,538)	-	-	-	
Taxation (charge)	-	-	-	(3,794)	-	(3,794)	
Profit (loss) for the year from continuing operations	(3,449)	(14,331)	(17,780)	2,404	(99)	2,305	

### 31 March 2018

		-	-	-	-	-	-
Total assets	14,976	320	15,296	41,306	264	41,570	
Total non-current assets	11,669	16	11,685	34,409	(1)	34,408	
Additions to non-current assets	3,134	-	3,134	6,063	-	6,063	
Total current assets	3,186	425	3,611	6,898	264	7,162	
Total liabilities	9,686	327	10,013	14,379	14,860	29,239	

There are no non-current assets held in the Company's country of domicile, being the United Kingdom (2018: \$nil).

Revenue analysis by geographical location, product and customer

	2019		2018	
	Group	Group	Group	Group
	\$'000	\$'000	\$'000	\$'000
	Romania	Zimbabwe	Romania	Zimbabwe
Gold bullion	-	31,243	-	27,590
Mineral concentrates	3,328	-	3,098	-
Other	104	-	-	-
	<u>3,432</u>	<u>31,243</u>	<u>3,098</u>	<u>27,590</u>

100% of gold bullion and mineral concentrate sales (2018: 100%) in both Romania and Zimbabwe were made to a single customer in each respective country.

Romanian revenues form part of continuing operations. All Zimbabwean revenues form part of discontinued operations.

## 2 Group loss from operations

	2019	2018
	Group	Group
	\$'000	\$'000
Operating loss is stated after charging/ (crediting):		
Auditors' remuneration (note 3)	105	129
Depreciation	1,206	1,401
Employee pension costs	43	61
Share option expense	264	27
Foreign exchange loss / (gain)	2,798	(2,301)
(Gain) / loss on disposal of property, plant and equipment	(84)	23

## 3 Auditor's remuneration from continuing operations

	2019	2018
	Group	Group
	\$'000	\$'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	59	83
Fees payable to the Company's auditor for other services:		
- Audit of the accounts of subsidiaries	46	46
- Other services	-	-
	<hr/>	<hr/>
	105	129
	<hr/>	<hr/>
Auditors remuneration from discontinued operations	33	22

## 4 Finance expense from continuing operations

	2019	2018
	Group	Group
	\$'000	\$'000
Interest paid on secured borrowings	770	698
Interest paid on unsecured borrowings	-	10
Interest paid on convertible loan	75	-

	845	708
Finance expense from discontinued operations	1,014	494

## 5 Taxation

There was no taxation charge for continuing operations during the year (2018: US\$ nil).

Taxation from discontinued activities was as follows:

	2019	2018
	Group	Group
	\$'000	\$'000
Income tax on profits	485	-
Deferred tax charge	934	3,794
Tax charge (credit)	1,419	3,794

Deferred tax assets are only recognised in the Group where the company concerned has a reasonable expectation of future profits against which the deferred tax asset may be recovered.

	2019	2018
	Group	Group
	\$'000	\$'000
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained as follows:		
Profit / (loss) before taxation	8,515	(11,681)
Profit / (loss) before taxation at the standard rate of corporation tax in the UK of 19% (2018: 19%)	1,618	(2,219)
Difference in tax rates in foreign jurisdictions	2,007	690
Income not chargeable to tax	(4,629)	(227)
Expenses not allowed for tax	1,308	350
Short term timing differences	(1,056)	(1,795)
Loss carried forward	(1,237)	(3,201)
Income tax charge on profits	485	-

Factors that may affect future tax charges:

Tax losses	2019	2018	2019	2018
	Group	Group	Company	Company
	\$'000	\$'000	\$'000	\$'000
Accumulated tax losses	49,558	61,423	31,152	28,903

However, these losses will only be recoverable against future profits, the timing of which is uncertain, and a deferred tax asset has not been recognised in respect of these losses. A deferred tax asset has not been recognised in respect of accumulated tax losses for the Company.

## 6 Employees from both continuing and discontinued operations

	2019			2018		
	Group	Continuing	Discontinued	Group	Continuing	Discontinued
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Staff costs (including directors) consist of:						
Wages and salaries – management	1,383	753	630	987	513	474
Wages and salaries – other	6,057	2,444	3,613	4,224	2,523	1,701
	<u>7,440</u>	<u>3,197</u>	<u>4,243</u>	<u>5,211</u>	<u>3,036</u>	<u>2,175</u>
Consultancy fees	1,057	754	303	1,419	912	507
Social Security costs	257	165	92	229	162	67
Healthcare costs	-	-	-	-	-	-
Pension costs	201	43	158	213	61	152
	<u>8,955</u>	<u>4,159</u>	<u>4,796</u>	<u>7,072</u>	<u>4,171</u>	<u>2,901</u>
The average number of employees (including directors) during the year was as follows:						
Management	19	11	8	15	9	6
Other operations	590	208	382	371	213	158
	<u>609</u>	<u>219</u>	<u>390</u>	<u>386</u>	<u>222</u>	<u>164</u>

## 7 Directors' remuneration

	2019	2018
	Group	Group
	\$'000	\$'000
Directors' emoluments	697	402
Company contributions to pension schemes	-	14
Directors and key management remuneration	<u>697</u>	<u>416</u>

The Directors are considered to be the key management of the Group and Company.

Four of the Directors at the end of the period have share options receivable under long term incentive schemes. The highest paid Director received an amount of \$244,166 over the thirteen-month period (2018: \$196,359).

Included within the above remuneration are amounts accrued at 30 April 2019

## 8 Earnings per share



Additions during the period	1,392	103	118	313	176	5,428	3,861	11,391
Acquired through business combination	2,812	21	102	2	1,790	-	-	4,727
Reclassification	246	-	-	-	134	-	(380)	-
Disposals during the period	(14)	-	-	-	(82)	-	-	(96)
Discontinued operations	(20,142)	(243)	(382)	(707)	(2,240)	(26,188)	(2,830)	(52,732)
Foreign exchange movements	(338)	(5)	(11)	(62)	(306)	(497)	(110)	(1,329)
<b>Cost at 30 April 2019</b>	<b>3,203</b>	<b>46</b>	<b>118</b>	<b>245</b>	<b>3,212</b>	<b>6,174</b>	<b>2,784</b>	<b>15,782</b>
<b>Depreciation at 1 April 2017</b>	<b>2,963</b>	<b>119</b>	<b>139</b>	<b>283</b>	<b>345</b>	<b>978</b>	<b>604</b>	<b>5,431</b>
Charge for the year	1,826	21	79	114	152	670	-	2,862
Disposals during the year	(91)	(62)	(78)	(34)	(1)	-	-	(266)
Foreign exchange movements	100	5	-	42	42	71	-	260
<b>Depreciation at 31 March 2018</b>	<b>4,798</b>	<b>83</b>	<b>140</b>	<b>405</b>	<b>538</b>	<b>1,719</b>	<b>604</b>	<b>8,287</b>
Charge for the year	2,710	44	162	100	210	1,222	106	4,554
Acquired through business combination	52	-	9	-	-	-	-	61
Disposals during the period	(4)	-	-	-	-	-	-	(4)
Discontinued operations	(5,402)	(84)	(238)	(319)	(68)	(1,828)	-	(7,939)
Foreign exchange movements	(201)	(8)	(7)	(54)	(95)	(73)	-	(438)
<b>Depreciation at 30 April 2019</b>	<b>1,953</b>	<b>35</b>	<b>66</b>	<b>132</b>	<b>585</b>	<b>1,040</b>	<b>710</b>	<b>4,521</b>
<b>Net book value at 31 March 2018</b>	<b>14,449</b>	<b>87</b>	<b>151</b>	<b>294</b>	<b>3,202</b>	<b>25,712</b>	<b>1,639</b>	<b>45,534</b>
<b>Net book value at 31 March 2019</b>	<b>1,250</b>	<b>11</b>	<b>52</b>	<b>113</b>	<b>2,627</b>	<b>5,134</b>	<b>2,074</b>	<b>11,261</b>

## 10 Property, plant and equipment (cont.)

Company	Plant and machinery	Fixtures, fittings and equipment	Computer assets	Motor vehicles	Buildings and improvements	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost at 31 March 2017	30	5	23	-	-	58
Additions during the year	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
<b>Cost at 31 March 2018</b>	<b>30</b>	<b>5</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>58</b>
Additions during the period	-	-	1	-	-	1
Disposals during the period	-	-	-	-	-	-
<b>Cost at 30 April 2019</b>	<b>30</b>	<b>5</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>59</b>
Depreciation at 31 March 2017	30	5	23	-	-	58
Charge for the year	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
<b>Depreciation at 31 March 2018</b>	<b>30</b>	<b>5</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>58</b>
Charge for the period	-	-	-	-	-	-
Disposals during the period	-	-	-	-	-	-

Depreciation at 30 April 2019	30	5	23	-	-	58
Net book value at 31 March 2018	-	-	-	-	-	-
Net book value at 30 April 2019	-	-	1	-	-	1

## 11 Investments in subsidiaries

	2019 Company \$'000	2018 Company \$'000
Cost at the beginning of the year	1,583	218
Additions during the year	90	1,365
Cost at the end of the year	1,673	1,583

The principal subsidiaries of Vast Resources plc, all of which are included in these consolidated Annual Financial Statements, are as follows:

Company	Country of registration	Class	Proportion held by group		Nature of business
			2019	2018	
African Consolidated Resources SRL	Romania	Ordinary	80%	80%	Mining exploration and development
Millwall International Investments Limited	BVI	Ordinary	100%	100%	Holding company
Moorestown Limited	BVI	Ordinary	100%	100%	Mining exploration and development
Sinarom Mining Group SRL	Romania	Ordinary	100%	100%	Mining exploration and development
Vast Resources Romania Ltd	United Kingdom	Ordinary	100%	100%	Holding company
Vast Resources Zimbabwe (Private) Limited	Zimbabwe	Ordinary	100%	100%	Mining exploration and development

The table above shows the principal subsidiaries of the Company. A full list of all group subsidiaries is given in Note 29, at the end of this report.

## 12 Investment in joint venture and subsidiary company

On 1 April 2018 the Group acquired a 25.01% interest in Delta Gold (Private) Limited ("Delta") for US\$ 4.5 million which was held indirectly through the Group's interest in Dallaglio Investments (Private) Limited ("Dallaglio"). Delta is incorporated in Zimbabwe and is the owner of the Eureka Gold Mine which at the time of the acquisition was on care and maintenance. The goodwill arising

on this transaction was US\$ 0.6 million

The Group previously held a 25.01% interest in a Joint venture, Cordillera (Private) Limited (Cordillera), which was indirectly held through the Group's interest in Breckridge Investments (Private) Limited, the operating company for the Pickstone Peerless mine in Zimbabwe. Cordillera is incorporated in Zimbabwe and its main interest is the provision of custom milling services to artisanal miners operating in the vicinity of the Pickstone Peerless Gold Mine. On 1 April 2018 the Joint Venture was fully absorbed into the operations of Breckridge Investments (Private) Limited.

Both of these investments have been disposed of as part of the Group's disposal of its gold operations in Zimbabwe. The associated fixed asset additions associated with these investments are disclosed within the fixed asset note.

No detailed disclosures have been made of these transactions as, in the opinion of the Directors, they are not material to the financial statements.

### 13 Profit after taxation from discontinued operations

On 23rd April 2019, the Group disposed of its remaining 25.01% interest in Dallaglio Investments (Private) Limited, the holding company for the Pickstone Peerless and Eureka Gold mines in Zimbabwe. On 24th April 2019, the group disposed of its 100% interest in Canape Investments (Private) Limited, the holding company for its gold investments in Zimbabwe. The aggregate consideration received for these disposals was \$3.5 million.

The amounts included within the profit (loss) after taxation from discontinued operations are as follows:

	<b>30 Apr 2019</b>	<b>31 Mar 2018</b>
	<b>Group</b>	<b>Group</b>
	<b>\$'000</b>	<b>\$'000</b>
Gain on disposal of operations	8,649	-
Profit after tax from discontinued operations before Zimbabwe dollar devaluation	2,683	2,305
Profit after tax from discontinued operations - devaluation gains	5,715	-
Total profit after taxation from discontinued operations	17,047	2,305

The net assets and non-controlling interests derecognised in arriving at the gain on disposal are as follows:

	<b>\$'000</b>
<b>Non current assets</b>	
Property, plant and equipment	44,793

Joint venture investments	-
Total non-current assets	<u>44,793</u>
<b>Current assets</b>	
Inventories	3,045
Trade receivables	1,276
Available for sale investments	
Cash and cash equivalents	1,908
Total current assets	<u>6,229</u>
<b>Non Current liabilities</b>	
Loans and borrowings	14,873
Provisions	240
Deferred tax liability	4,386
Total non-current liabilities	<u>19,499</u>
<b>Current liabilities</b>	
Trade payables	1,554
Loans and borrowings	5,743
Total current liabilities	<u>7,297</u>
Attributable goodwill	566
<b>Net assets de-recognised</b>	<u><b>24,792</b></u>
<b>Consideration received:</b>	
Cash	3,500
	-

Total consideration received	<u>3,500</u>
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**Gain on disposal**

Consideration received	3,500
Net assets derecognised	(24,792)
Non-controlling interest de-recognised	29,941
Fair value of retained interest	-
Cumulative gain/loss on financial assets at FVTOCI reclassified on loss of control of subsidiaries	-
Cumulative exchange differences in respect of net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	-
	<u>8,649</u>

The breakdown of the components of profit after tax from discontinued operations in the period is as follows:

	<b>30 Apr 2019</b>	<b>31 Mar 2018</b>
	<b>Group</b>	<b>Group</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	31,243	27,590
Cost of sales	(18,527)	(19,114)
Gross profit	<u>12,716</u>	<u>8,476</u>
Overhead expenses	(1,887)	(1,925)
Depreciation	(3,348)	(1,460)
(Loss) profit on disposal of fixed assets	(8)	1
Sundry income	670	342
Exchange gains	5,715	-
Other administrative expenses	(4,916)	(808)
Profit from operations	<u>10,829</u>	<u>6,551</u>

Finance income	2	42
Finance expense	(1,014)	(494)
Loss on disposal of interest in subsidiary loans	-	-
Profit before taxation from continuing operations	9,817	6,099
Taxation charge	(1,419)	(3,794)
Total profit after taxation for the year	8,398	2,305
Other comprehensive income	(3)	-
Total comprehensive profit for the period	8,395	2,305

Total comprehensive profit attributable to:

The equity holders of the parent company	1,249	613
Non-controlling interest	7,146	1,692
	8,395	2,305

Cash generated by / absorbed in:

	2019		2018	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Operating activities	(7,872)	13,226	(5,131)	4,517
Investing activities	(1,348)	(11,983)	(5,437)	(2,059)
Financing activities	5,262	1,985	7,989	92

#### 14 Loans to group companies

Loans to Group companies are repayable on demand. The treatment of this balance as non-current reflects the Company's expectation of the timing of receipt.

#### 15 Inventory

	Apr 2019	Mar 2018	Apr 2019	Mar 2018
	Group	Group	Company	Company
	\$'000	\$'000	\$'000	\$'000
Minerals held for sale	61	1,484	-	-
Production stockpiles	48	1,425	-	-
Consumable stores	304	1,145	-	-
	413	4,054	-	-

## 16 Receivables

	Apr 2019	Mar 2018	Apr 2019	Mar 2018
	Group	Group	Company	Company
	\$'000	\$'000	\$'000	\$'000
Trade receivables	-	94	-	-
Other receivables	1,502	1,145	137	29
Short term loans	174	789	224	50
Prepayments	74	1,366	-	14
VAT	787	2,012	-	-
	2,537	5,406	361	93

	Carrying amount before deducting any impairment loss	Related Impairment loss	Net carrying amount	Of which:	Of which: not impaired as at 30 April 2019 and past due in the following periods:		
				Neither impaired nor past due on 30 April 2019	Not more than three months	More than three months and not more than six months	More than six months
Trade receivables	707	707	-	-	-	-	-
Other receivables	1,704	202	1,502	1,502	-	-	-
	2,411	909	1,502	1,539	-	-	-

At the reporting date, included within VAT receivable is an amount in respect of VAT owed to African Consolidated Resources SRL of US\$ 710,362 (RON 3,014,349) The amount represents VAT paid on the Baita Plai Mine's care and maintenance operations. As reported last year, ANAF, the Romanian revenue authority had refused to accept aforesaid amount as a legitimate VAT receivable as a mining licence was not then in place for Baita Plai Mine. On 15th October 2018, the mining licence was granted. The Romanian Court has instructed an independent VAT audit and, subsequent to the reporting date, the audit has been completed satisfactorily and supports the Group's claim for repayment.

## 17 Loans and borrowings

Non-current secured borrowings consist of:

	Apr 2019	Mar 2018	Apr 2019	Mar 2018
	Group	Group	Company	Company
	\$'000	\$'000	\$'000	\$'000

**Non-current**

Secured borrowings	4,043	8,149	-	-
Unsecured borrowings	-	14,838	-	-
less amounts payable in less than 12 months	-	(352)	-	-

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	4,043	22,635	-	-
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**Current**

Secured borrowings	978	-		
Unsecured borrowings	498	2,664	309	-
Bank overdrafts	-	1,315	-	
Current portion of long-term borrowings	-	352	-	-

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	1,476	4,331	-	-
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Total loans and borrowings	5,519	26,966	309	-
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Non-current secured borrowings consist of:

- US\$ 4,000,000 (2018: US\$ 4,000,000) secured offtake finance from Mercuria Energy Trading SA. The loan is secured by a pledge on 49.9% of the shares of the Group's subsidiary Sinarom Mining Group SRL and bore annual interest of 9.4%.
- US\$ 43,449 (2018: US\$ 69,131) asset financing loans secured on the underlying movable assets belonging to ACR SRL.

Current secured borrowing consists of:

- US\$ 978,453 (2018: US\$ 4,080,000) loan from Sub-Sahara Goldia Investments Ltd secured by a pledge over 50.1% of the shares of the Group's subsidiary Sinarom Mining Group SRL. The loan bears interest at 12% per annum and is repayable within the year.

Current unsecured borrowing consists of:

- US\$ 189,072 (2018: US\$ 220,156) loans from the non-controlling interests in African Consolidated Resources SRL, the holder of the rights to the Baita Plai Mine. The loans from the non-controlling interests are interest free and have no fixed terms of repayment. There is no expectation that this loan will be called.
- US\$ 309,635 (2018: nil) loan from M Semere bearing an interest rate of 6%. There is no expectation that this loan will be called.

**Reconciliation of liabilities arising from financing activities****Non cash changes**


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2019 Group	1 Apr 2018	Cash - flows	Amortised finance charges	Loans repaid in shares	Disposal of liabilities	Exchange adjustments	Accrued interest payable in other	30 Apr 2018
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Long-term borrowings	22,635	(3,754)	412	-	(14,873)	35	(412)	4,043
Short-term borrowings	4,331	7,896	1,435	(900)	(5,743)	(5,543)	-	1,476
Total liabilities from financing activities	26,966	4,142	1,847	(900)	(20,616)	(5,508)	(412)	5,519

#### Non cash changes

2018 Group	1 Apr 2017	Cashflows	Amortised finance charges	Loss on loan disposal	Loan disposal Cashflows*	31 Mar 2018
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Long-term borrowings	3,166	3,923	708	12,538	2,300	22,635
Short-term borrowings	3,935	(98)	494	-	-	4,331
Total liabilities from financing activities	7,101	3,825	1,202	12,538	2,300	26,966

\*Loan disposal cashflows are included in investing activities

#### Reconciliation of external interest costs

	2019 Group	2018 Group
	\$'000s	\$'000s
Amortised finance charges - short-term borrowings	1,435	494
Amortised finance charges - long-term borrowings	412	708
<b>Total external interest for the period</b>	<b>1,847</b>	<b>1,202</b>

	Apr 2019 Group \$'000	Mar 2018 Group \$'000	Apr 2019 Company \$'000	Mar 2018 Company \$'000
Trade payables	1,193	5,719	288	186
Other payables	1,033	769	470	106
Other taxes and social security taxes	1,027	980	10	28
Accrued expenses	217	91	-	-
	<u>3,470</u>	<u>7,559</u>	<u>768</u>	<u>320</u>

#### Maturity profile for trade and other payables

	Amount	30 days	60 days	90 days	120 days	150 days or more
Trade payables	1,193	365	57	170	105	496
Other payables	1,033	709	171	8	4	141

## 19 Provisions

	Apr 2019 Group \$'000	Mar 2018 Group \$'000	Apr 2019 Company \$'000	Mar 2018 Company \$'000
Provision for rehabilitation of mining properties				
- Provision brought forward from previous periods	1,397	1,095	-	-
- Derecognised on disposal of subsidiary	(908)	302	-	-
	<u>489</u>	<u>1,397</u>	<u>-</u>	<u>-</u>

As more fully set out in the Statement of Accounting Policies on page 33, the Group provides for the cost of the rehabilitation of a mining property on the cessation of mining. Provision for this cost is recognised from the commencement of mining activities.

This provision accounts for the estimated full cost to rehabilitate the mine at Manaila according to good practice guidelines in the country where the mine is located, which may involve more than

the stipulated minimum legal commitment. The comparative figures include provisions in respect of Pickstone Peerless which was divested in April 2019.

When accounting for the provision the Group recognises a provision for the full cost to rehabilitate the mine and a matching asset accounted for within the non-current mining asset.

## 20 Financial instruments – risk management

### Significant accounting policies

Details of the significant accounting policies in respect of financial instruments are disclosed on page 31. The Group's financial instruments comprise available for sale investments, cash and items arising directly from its operations such as other receivables, trade payables and loans.

### Financial risk management

The Board seeks to minimise its exposure to financial risk by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis. No formal policies have been put in place in order to hedge the Group and Company's activities to the exposure to currency risk or interest risk; however, the Board will consider this periodically. No derivatives or hedges were entered into during the year.

The Group and Company is exposed through its operations to the following financial risks:

- Credit risk
- Market risk (includes cash flow interest rate risk and foreign currency risk)
- Liquidity risk

The policy for each of the above risks is described in more detail below.

The principal financial instruments used by the Group, from which financial instruments risk arises are as follow:

- Receivables
- Cash and cash equivalents
- Trade and other payables (excluding other taxes and social security) and loans
- Available for sale investments

The table below sets out the carrying value of all financial instruments by category and where applicable shows the valuation level used to determine the fair value at each reporting date. The fair value of all financial assets and financial liabilities is not materially different to the book value.

	<b>2019 Group \$'000</b>	<b>2018 Group \$'000</b>	<b>2019 Company \$'000</b>	<b>2018 Company \$'000</b>
<b>Loans and receivables</b>				
Cash and cash equivalents	569	1,300	218	208
Receivables	2,537	5,406	361	93
Loans to Group Companies	-	-	34,568	25,179
<b>Available for sale financial assets</b>				
Available for sale investments (valuation level 1)	-	13	-	3
<b>Other liabilities</b>				
Trade and other payables (excl. short term loans)	3,470	7,559	768	320
Loans and borrowings	5,519	26,966	309	-

### Credit risk

Financial assets, which potentially subject the Group and the Company to concentrations of credit risk, consist principally of cash, short-term deposits and other receivables. Cash balances are all held at recognised financial institutions. Other receivables are presented net of allowances for doubtful receivables. Other receivables currently form an insignificant part of the Group's and the Company's business and therefore the credit risks associated with them are also insignificant to the Group and the Company as a whole.

The Company has a credit risk in respect of inter-company loans to subsidiaries. The recoverability of these balances is dependent on the commercial viability of the exploration activities undertaken by the respective subsidiary companies. The credit risk of these loans is managed as the directors constantly monitor and assess the viability and quality of the respective subsidiary's investments in intangible mining assets.

### Maximum exposure to credit risk

The Group's maximum exposure to credit risk by category of financial instrument is shown in the table below:

	<b>2019</b> <b>Carrying</b> <b>value</b> <b>\$'000</b>	<b>2019</b> <b>Maximum</b> <b>exposure</b> <b>\$'000</b>	<b>2018</b> <b>Carrying</b> <b>value</b> <b>\$'000</b>	<b>2018</b> <b>Maximum</b> <b>exposure</b> <b>\$'000</b>
Cash and cash equivalents	569	1,620	1,300	1,817
Receivables	2,537	10,454	5,406	6,941

The Company's maximum exposure to credit risk by class of financial instrument is shown in the table below:

	<b>2019</b> <b>Carrying</b> <b>value</b> <b>\$'000</b>	<b>2019</b> <b>Maximum</b> <b>exposure</b> <b>\$'000</b>	<b>2018</b> <b>Carrying</b> <b>value</b> <b>\$'000</b>	<b>2018</b> <b>Maximum</b> <b>exposure</b> <b>\$'000</b>
Cash and cash equivalents	218	8,964	208	1,663
Receivables	361	342	93	1,540
Loans to Group Companies	34,568	36,237	25,179	40,132

### Market risk

#### *Cash flow interest rate risk*

The Group has adopted a non-speculative policy on managing interest rate risk. Only approved financial institutions with sound capital bases are used to borrow funds and for the investments of surplus funds.

The Group and the Company seeks to obtain a favourable interest rate on its cash balances through the use of bank deposits. At the reporting date, the Group had a cash balance of \$0.569 million (2018: \$1.300 million) which was made up as follows:

	<b>2019</b> <b>Group</b> <b>\$'000</b>	<b>2018</b> <b>Group</b> <b>\$'000</b>
Sterling	218	106
United States Dollar	205	1,131
Euro	-	1
Lei (Romania)	31	62
Zimbabwe Dollar	115	-
	<b>569</b>	<b>1,300</b>

At the reporting date, the Company had a cash balance of \$0.218 million (2018: \$0.208 million) which was made up as follows:

	<b>2019</b>	<b>2018</b>
	<b>Company</b>	<b>Company</b>
	<b>\$'000</b>	<b>\$'000</b>
Sterling	218	106
United States Dollar	-	102
Euro	-	-
Lei (Romania)	-	-
	<b>218</b>	<b>208</b>

The Group had interest bearing debts at the current year end of US\$ 5.330 million (2018: US\$ 9.464 million). These are made up as follows:

	<b>Interest rate</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Secured long-term loans</b>	<b>9.4%</b>	<b>4,043</b>	<b>8,149</b>	-	-
<b>Secured short-term loans</b>	<b>12%</b>	<b>978</b>			
<b>Unsecured loans</b>	<b>6%</b>	<b>309</b>		309	
<b>Bank overdraft</b>	<b>12%</b>	-	<b>1,315</b>	-	-
		<b>5,330</b>	<b>9,464</b>	309	-

These loans are repayable as follows:

- Within 1 year	1,287	2,000	309	-
- Between 1 and 2 years	4,043	3,667	-	-
- In more than 2 years	-	3,797	-	-

Borrowings of US\$ 4 million carry a floating interest rate with the remainder having fixed rates. An increase in interest rates of 1% would increase the annual finance expense by US\$ 40,000.

#### Foreign currency risk

Foreign exchange risk is inherent in the Group's and the Company's activities and is accepted as such. The majority of the Group's expenses are denominated in United States Dollars and therefore foreign currency exchange risk arises where any balance is held, or costs incurred, in currencies other than United States Dollars. At 30 April 2019 and 31 March 2018, the currency exposure of the Group was as follows:

	<b>Sterling</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 30 April 2019</b>					
Cash and cash equivalents	218	205	-	146	569
Trade and other receivables	162	387	-	1,989	2,537
Trade and other payables	(320)	(902)	-	(2,271)	(3,493)
Available for sale investments	-	-	-	-	-

#### At 31 March 2018

Cash and cash equivalents	106	1,131	1	62	1,326
Trade and other receivables	14	4,026	-	1,366	5,960
Trade and other payables					

	(258)	(3,246)	(42)	(4,013)	(7,559)
Available for sale investments	-	13	-	-	13

The effect of a 10% strengthening of Sterling against the US dollar at the reporting date, all other variables held constant, would have resulted in decreasing post tax losses by \$5,952 (2018: \$13,527 decrease). Conversely the effect of a 10% weakening of Sterling against the US dollar at the reporting date, all other variables held constant, would have resulted in increasing post tax losses by \$5,952 (2018: \$13,527 decrease)

At 30 April 2019 and 31 March 2018, the currency exposure of the Company was as follows:

	<b>US</b>				
	<b>Sterling</b>	<b>Dollar</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 30 April 2019</b>					
Cash and cash equivalents	218	-	-	-	218
Trade and other receivables	137	943	-	-	1,080
Loans to Group companies		34,568		-	34,568
Trade and other payables	(320)	(470)	-	-	(790)
Available for sale investments	-		-	-	-

#### **At 31 March 2018**

Cash and cash equivalents	106	102	-	-	208
Other receivables	14	79	-	-	93
Loans to Group companies	1,286	22,686	1,207	-	25,179
Trade and other payables	(258)	(82)	-	-	(340)
Available for sale investments	-	3	-	-	3

#### **Liquidity risk**

Any borrowing facilities are negotiated with approved financial institutions at acceptable interest rates. All assets and liabilities are at fixed and floating interest rate. The Group and the Company seeks to manage its financial risk to ensure that sufficient liquidity is available to meet the foreseeable needs both in the short and long term. See also references to Going Concern disclosures in the Strategic Report on page 9.

As set out in Note 18, of the consolidated trade and other payables balance of \$2.226 million, \$1,302 million is due for payment within 60 days of the reporting date. The maturity profile of interest bearing debts are highlighted above.

#### **Capital**

The objective of the Directors is to maximise shareholder returns and minimise risks by keeping a reasonable balance between debt and equity. In previous years the Company and Group has minimised risk by being purely equity financed. In the current year, the Group has assumed debt risk but has kept the net debt amount as low as possible.

The Group's debt to equity ratio is 93.4% (2018: 145.7%), calculated as follows:

	Apr 2019	Mar 2018
	\$000's	\$'000
Loans and borrowings	5,519	26,966
Less: cash and cash equivalents	(569)	(1,300)
Net debt	4,950	25,666
Total equity	5,302	17,614
<b>Debt to capital ratio (%)</b>	<b>93.4%</b>	<b>145.7%</b>

## 21 Share capital

	Ordinary 0.1p		Deferred 0.9p		Share premium
	No of shares	Nominal value	No of shares	Nominal value	
As at 31 March 2017	4,663,404,459	6,570	863,562,664	12,850	74,802
Issued during the year *	461,882,523	620	-	-	2,435
As at 31 March 2018	5,125,286,982	7,190	863,562,664	12,850	77,237
Issued during the year *	2,819,884,329	3,662	-	-	4,448
As at 30 April 2019	7,945,171,311	10,852	863,562,664	12,850	81,685

\* Details of the shares issued during the year are as shown in the table below and in the Statement of Changes of Equity on pages 25-26.

There were no shares reserved for issue under share options at 30 April 2019 (2018: nil).

The deferred shares carry no rights to dividends or to participate in any way in the income or profits of the Company. They may receive a return of capital equal to the amount paid up on each deferred share after the ordinary shares have received a return of capital equal to the amount paid up on each ordinary share plus £10,000,000 on each ordinary share, but no further right to participate in the assets of the Company. The Company may, subject to the Statutes, acquire all or any of the deferred shares at any time for no consideration. The deferred shares carry no votes.

The ordinary shares carry all the rights normally attributed to ordinary shares in a company subject to the rights of the deferred shares.

See also Note 27 on page 61 for details of share issues after the reporting date.

Date of issue	No of shares	Issue price (pence)	Purpose of issue
---------------	--------------	---------------------	------------------

### 2018

4 Apr 17	6,116	0.5	Exercise of open offer warrants
----------	-------	-----	---------------------------------

1 Jun 17	20,000,000	0.5 Exercise of open offer warrants
14 Jun 17	51,386	0.5 Exercise of open offer warrants
26 Jul 17	225,017	0.5 Exercise of open offer warrants
9 Oct 17	2,228	0.5 Exercise of open offer warrants
17 Oct 17	2,112	0.5 Exercise of open offer warrants
27 Oct 17	1,061,060	0.5 Exercise of open offer warrants
30 Oct 17	183,180	0.5 Exercise of open offer warrants
1 Nov 17	265,161	0.5 Exercise of open offer warrants
3 Nov 17	36,794	0.5 Exercise of open offer warrants
21 Nov 17	190,476,190	0.525 Issued for cash to investors
21 Nov 17	1,000,000	0.5 Exercise of open offer warrants
27 Nov 17	807,018	0.5 Exercise of open offer warrants
6 Dec 17	382,062	0.5 Exercise of open offer warrants
11 Dec 17	234,261,876	0.525 Open offer to existing shareholders
13 Dec 17	123,553	0.5 Exercise of open offer warrants
22 Dec 17	1,250,956	0.5 Exercise of open offer warrants
29 Dec 17	163,147	0.5 Exercise of open offer warrants
30 Jan 18	541,204	0.5 Exercise of open offer warrants
1 Feb 18	5,799	0.5 Exercise of open offer warrants
22 Feb 18	8,000,000	0.5 Exercise of open offer warrants
9 Mar 18	37,664	0.5 Exercise of open offer warrants
23 Mar 18	3,000,000	0.5 Exercise of open offer warrants
	<u>461,882,523</u>	

## 2019

5 Apr 2018	8,200,000	0.5 Exercise of open offer warrants
	0	
10 May 2018	244,240	0.5 Exercise of open offer warrants
15 May 2018	513,456	0.5 Exercise of open offer warrants
23 May 2018	300,000	0.5 Exercise of open offer warrants
31 May 2018	539,280	0.5 Exercise of open offer warrants
22 Jun 2018	78,701	0.5 Exercise of open offer warrants

27 Jun 2018	238,095, 238	0.525	Placing
24 Jul 2018	2,426,64 0	0.5	Exercise of open offer warrants
2 Aug 2018	400,000	0.5	Exercise of open offer warrants
7 Aug 2018	1,384,08 7	0.5	Exercise of open offer warrants
28 Aug 2018	3,000,00 0	0.5	Exercise of open offer warrants
29 Aug 2018	14,043	0.5	Exercise of open offer warrants
29 Aug 2018	133,914, 127	0.645	Subscription
29 Sep 2018	354,006	0.5	Exercise of open offer warrants
12 Oct 2018	13,920	0.5	Exercise of open offer warrants
16 Oct 2018	57,331	0.5	Exercise of open offer warrants
18 Oct 2018	70,847,7 85	0.6	Placing
18 Oct 2018	16,666,6 66	0.6	Exercise of open offer warrants
2 Nov 2018	188,679, 245	0.53	Placing
5 Dec 2018	153,810	0.5	Exercise of open offer warrants
7 Dec 2018	576,835	0.5	Exercise of open offer warrants
18 Dec 2018	68,000,0 00	0.1	Subscription (Bergen convertible security)
4 Jan 2019	13,754	0.5	Exercise of open offer warrants
18 Jan 2019	164,469, 356	0.24	Exercise of conversion rights (Bergen convertible security)
4 Feb 2019	255,604, 120	0.12	Exercise of conversion rights (Bergen convertible security)
13 Feb 2019	550,000, 000	0.135	Placing
13 Feb 2019	74,074,0 74	0.135	Subscription
13 Feb 2019	29,629,6 29	0.135	Subscription
13 Feb 2019	10,000,0 00	0.135	Subscription
4 Mar 2019	550,000,	0.153	Placing

	000	
4 Mar 2019	7,189,542	0.153 Subscription
12 Apr 2019	407,407,407	0.135 Placing
12 Apr 2019	7,407,407	0.135 Subscription
12 Apr 2019	29,629,630	0.135 Subscription
	<hr/> 2,819,884,329 <hr/>	

### **Directors and Management financing agreement**

As previously reported, on 6 January 2016 the Directors of the Company, together with certain senior managers, subscribed an aggregate amount of £0.5 million for new ordinary shares of 0.1p each in the Company, together with one warrant for each share issued; these warrants carry an entitlement either to one share at a price of 130 per cent of the issue price of the shares to which the warrant related or to a number of shares to be determined by a calculation based on a Black Scholes valuation of the shares at the time of exercise. 62,500,000 new Ordinary Shares were issued by the Company together with 62,500,000 warrants.

As at 31 March 2018, the Directors and senior managers held 5,208,313 unexercised warrants. None of these have been exercised in the current year and all remain unexercised at 30 April 2019. The last date for exercise is 31 March 2021.

### **Existing shareholders financing agreement**

As reported in the report for the year to 31 March 2016, on 4 March 2016 the Company entered into an agreement with a number of existing shareholders (the "Investors") for their subscription for up to £0.8 million, on similar terms as those agreed with the Directors and Management, detailed above. A total of 190,211,632 shares were subscribed for; in addition, 190,211,632 warrants were issued.

At 31 March 2018 there remained 6,613,756 warrants unexercised by these investors. None of these have been exercised in the current year and all remain unexercised at 30 April 2019. The last date for exercise is 31 March 2021.

## **22 Share based payments**

### **Equity – settled share-based payments**

The Company has granted share options and warrants to Directors, staff and consultants.

In June 2015, the Company also established a Share Appreciation Scheme to incentivise Directors and senior executives. The basis of the Scheme is to grant a fixed number of 'share appreciation rights' (SARs) to participants. Each SAR is credited rights to receive at the discretion of the Company ordinary shares in the Company or cash to a value of the difference in the value of a share at the date of exercise of rights and the value at date of grant. The SARS are subject to various performance conditions.

The tables below reconcile the opening and closing number of SAR's in issue at each reporting date:

Exercise price	In issue at 31 March 2018	Issued during year	Lapsed during year	Exercised during year	In issue at 30 April 2019	Final exercise date
<b>Options</b>						
0.3p	-	20,000,000	-	-	20,000,000	March 2022
0.45p	5,000,000	-	-	-	5,000,000	June 2020
0.5p	50,500,000	-	(2,500,000)	-	48,000,000	March 2022
0.5p	50,500,000	-	(2,500,000)	-	48,000,000	March 2023
0.7p	24,500,000	-	(24,500,000)	-	-	March 2019
0.7p	28,500,000	-	-	-	28,500,000	March 2020
	<b>159,000,000</b>	<b>20,000,000</b>	<b>(29,500,000)</b>		<b>- 149,500,000</b>	

Exercise price	In issue at 31 March 2017	Issued during year	Lapsed during year	Exercised during year	In issue at 31 March 2018	Final exercise date
<b>Options</b>						
0.45p	-	5,000,000	-	-	5,000,000	June 2020
0.5p	-	50,500,000	-	-	50,500,000	March 2022
0.5p	-	50,500,000	-	-	50,500,000	March 2023
0.7p	56,500,000	-	(32,000,000)	-	24,500,000	March 2019
0.7p	40,500,000	-	(12,000,000)	-	28,500,000	March 2020
	<b>97,000,000</b>	<b>106,000,000</b>	<b>(44,000,000)</b>		<b>- 159,000,000</b>	

The tables below reconcile the opening and closing number of share options and warrants in issue at each reporting date:

Exercise price	In issue at 31 March 2018	Issued during year	Lapsed during year	Exercised during year	In issue at 30 April 2019	Final exercise date
<b>Warrants</b>						
0.4p	5,425,000	-	-	-	5,425,000	October 2019
0.5p	547,274,243	-	-	(18,270,103)	529,004,140	December 2019*
variable	14,583,250	-	-	-	14,583,250	January 2021
variable	6,613,756	-	-	-	6,613,756	March 2021
	<b>573,896,249</b>	<b>-</b>	<b>-</b>	<b>(18,270,103)</b>	<b>555,626,146</b>	
variable	565,000,000	-	-	-	565,000,000	See note*
	<b>1,138,986,249</b>	<b>-</b>	<b>-</b>	<b>(18,270,103)</b>	<b>1,120,626,146</b>	

\*Extended from June 2019

Exercise price	In issue at 31 March 2017	Issued during year	Lapsed during year	Exercised during year	In issue at 31 March 2018	Final exercise date	
<b>Warrants</b>							
0.4p	5,425,000	-	-	-	5,425,000	October 2019	
0.5p	6,659,903	-	-	(6,659,903)	-	December 2017	
0.5p	564,418,700	-	-	(17,144,457)	547,274,243	June 2019	
0.5p	13,340,097	-	-	(13,340,097)	-	December 2017	
variable	14,583,250	-	-	-	14,583,250	January 2021	
variable	6,613,756	-	-	-	6,613,756	March 2021	
	611,040,706	-	-	(37,144,457)	573,896,249		
variable	-	565,000,000	-	-	-	565,000,000	See note
	611,040,706	565,000,000	-	(37,144,457)	1,138,896,249		

Note: These warrants are only exercisable in the event of a default in repayment of the Mercuria Tranche A pre-payment off-take facility of US\$ 4,500,000 (Mercuria Warrants).

	2019		2018	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	0.44	732,896,249	0.43	708,040,706
Granted during the year	0.30	20,000,000	0.50	106,000,000
Lapsed during the year	0.44	(47,770,103)	0.75	(44,000,000)
Exercised during the year	-	(18,270,103)	-	37,114,457
Outstanding at the end of the year	0.45	686,856,043	0.44	732,896,249
Exercisable at the end of the year	0.43	613,856,043	0.41	701,040,706

The weighted average remaining lives of the SARs, share options or warrants outstanding at the end of the period is 34 months (2018: 22 months). Of the 686,856,043 SARs, options and warrants outstanding at 30 April 2019 (2018: 732,896,249), 613,856,043 (2018: 701,040,706) are fully vested in the holders and are exercisable at that date.

#### Fair value of share options

The fair values of share options and warrants granted have been calculated using the Black Scholes pricing model which takes into account factors specific-to-share incentive plans such as

the vesting periods of the plan, the expected dividend yield of the Company's shares and the estimated volatility of those shares. Based on the above assumptions, the fair values of the options granted are estimated to be:

Grant date	Share Option or Warrant Value	Vesting periods	Share price at date of grant	Volatility	Life (years)	Dividend yield	Risk free interest rate	Fair value
Apr 16	variable	Mar-21	0.240p	135%	5.00	nil	1.5%	.2055p
Jul-16	variable	Mar-21	0.360p	135%	5.00	nil	1.5%	.3082p
Jul-16	0.5p	Jun-19	0.315p	76%	4.11	nil	0.63%	0.5670p
Aug-16	0.5p	Jun-19	0.265p	76%	4.01	nil	0.34%	0.0522p
Aug-16	0.5p	Jun-19	0.290p	76%	3.97	nil	0.34%	0.0664p
Oct-16	variable	Mar-21	0.280p	135%	5.00	nil	1.5%	0.2397p
Oct-16	0.4p	Oct-19	0.320p	76%	3.97	nil	0.18%	0.1012p

Volatility has been based on historical share price information. A higher rate of volatility is used when determining the fair value of certain options in order to reflect the special conditions attached thereto.

Based on the above fair values the expense arising from equity-settled share options and warrants made was \$263,967 (2018: \$26,747).

#### Cash-settled share-based payments

The Directors of the Company had set up an Employee Benefit Trust (EBT) in which a number of employees and directors were participants (the 'Participants'). The EBT held shares on behalf of Participants until such time as those Participants exercised their right to require the EBT to sell the shares. On the sale of the shares the Participants would have received the appreciation of the value in the shares above the market price on the date that the shares were purchased by the EBT, subject to the first 5% in growth in the share price, on an annual compound basis, being retained by the EBT. The Participants were to pay 0.01p per share to acquire their rights.

In view of the large reduction in the Company's share price since the EBT was set up, the value of the rights of the Participants under the EBT has become negligible, and accordingly the EBT has been terminated by the sale of the shares and the application of the sale proceeds in repayment of the loan by The Company to the EBT.

In the event of an increase in the Company's share price to a figure substantially in excess of 6p, the Company would have a liability to Participants equal to the rights that the Participants would have had under the EBT.

The EBT rights of Participants are set out in the table below.

Exercise price	Outstanding at 31 March 2018	Exercised during last 13 months	Lapsed during Last 13 months	Granted during last 13 months	Outstanding at 30 April 2019	Date exercisable from
8.75 p	6,000,000	-	-	-	6,000,000	July 2010
8.75 p	6,000,000	-	-	-	6,000,000	July 2011
9.00 p	2,500,000	-	-	-	2,500,000	August 2011
9.00 p	2,500,000	-	-	-	2,500,000	August 2012
6.00 p	7,750,000	-	-	-	7,750,000	August 2012

6.00 p	7,750,000	-	-	-	7,750,000	August 2013
	<u>32,500,000</u>	-	-	-	<u>32,500,000</u>	

As at 30 April 2019 a total of 32,500,000 of the EBT participation rights were exercisable.

Exercise price	Outstanding at 31 March 2017	Exercised during last 12 months	Lapsed during Last 12 months	Granted during last 12 months	Outstanding at 31 March 2018	Date exercisable from
8.75 p	6,000,000	-	-	-	6,000,000	July 2010
8.75 p	6,000,000	-	-	-	6,000,000	July 2011
9.00 p	2,500,000	-	-	-	2,500,000	August 2011
9.00 p	2,500,000	-	-	-	2,500,000	August 2012
6.00 p	7,750,000	-	-	-	7,750,000	August 2012
6.00 p	7,750,000	-	-	-	7,750,000	August 2013
	<u>32,500,000</u>	-	-	-	<u>32,500,000</u>	

As at 31 March 2018 a total of 32,500,000 of the EBT participation rights were exercisable.

### Fair value of Participants' rights

The fair values of the rights granted to participants under the EBT have been calculated using a Black Scholes valuation model. Based on the assumptions set out in the table below, as well as the limitation on the growth in share price attributable to the participants (as set out in the table above) the fair-values are estimated to be:

Rights exercisable from:	Jul 2010	Jul 2011	Aug 2011	Aug 2012	Aug 2012	Aug 2013
Grant date	Aug 2009	Aug 2009	Oct 2010	Oct 2010	Sep 2011	Sep 2011
Validity of grant	10 years	10 years	10 years	10 years	10 years	10 years
Vesting periods	Aug 2009 - Jul 2010	Aug 2009 - Jul 2011	Oct 2010 - Aug 2011	Oct 2010 - Aug 2012	Sep 2011- Aug 2012	Sep 2011- Aug 2013
Share price at date of grant	8.75p	8.75p	9.00p	9.00p	6.00p	6.00p
Volatility	51%	51%	51%	51%	51%	51%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Risk free investment rate	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Fair value	Nil	Nil	Nil	Nil	Nil	Nil

The Group has recorded liabilities in respect of the Participants' rights of \$nil and \$nil in 2018 and 2019. Fair value is determined by using the Black Scholes model using the assumptions noted in the above table. The Group recorded total expenses of \$nil and \$nil in 2018 and 2019, respectively. The total intrinsic value at 31 December 2018 and 2019 was \$nil and \$nil, respectively.

Volatility has been calculated by reference to historical share price information.

### Warrant and Share option expense

2019 Group \$' 000      2018 Group \$' 000

<b>Warrant and share option expense:</b>		
- In respect of remuneration contracts	264	27
- In respect of financing arrangements	-	-
<b>Total expense / (credit)</b>	<u>264</u>	<u>27</u>

## 23 Reserves

Details of the nature and purpose of each reserve within owners' equity are provided below:

- Share capital represents the nominal value at 0.1p each of the shares in issue.
- Share premium represents the balance of consideration received net of fund raising costs in excess of the par value of the shares.
- The share options reserve represents the accumulated balance of share benefit charges recognised in respect of share options granted by the Company, less transfers to retained losses in respect of options exercised or lapsed.
- The foreign currency translation reserve represents amounts arising on the translation of the Group and Company financial statements from Sterling to United States Dollars, as set out in the Statement of Accounting Policies on page 32, prior to the change in functional currency to United States Dollars, together with cumulative foreign exchange differences arising from the translation of the Financial Statements of foreign subsidiaries; this reserve is not distributable by way of dividends.
- The available for sale reserve represents the gains/(losses) arising on recognising financial assets classified as available for sale at fair value.
- The retained deficit reserve represents the cumulative net gains and losses recognised in the Group statement of comprehensive income.

## 24 Non-controlling Interests

The non-controlling interests (NCI) in Dallaglio Investments (Private) Limited and its subsidiaries, together with the NCI in Ronquil Enterprises (Private) Limited, were de-recognised on the disposal of the Group's interests in both Companies, as more fully set out in Note 13.

African Consolidated Resources SRL is an 80% owned subsidiary of the Company which also has an NCI. This follows the merger of this company with Mineral Mining in February 2016.

Summarised financial information for these three entities, before intra-group eliminations, is presented below together with amounts attributable to NCI:

	<b>Dallaglio Investment s &amp; subsidiarie s</b>	<b>African Consolidat ed Resources SRL</b>	<b>Ronquil Enterprise s (Private) Limited</b>	<b>Total NCI</b>
<b>For the period ended 30 April 2019</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Revenue	31,243	418	-	31,661
Cost of sales	(18,527)	(219)	-	(18,746)
Gross Profit (loss)	12,716	199	-	12,915
Overhead expenses	(750)	(1,764)	(17)	(2,531)
Operating profit (loss)	11,966	(1,565)	(17)	10,384
Finance expense	(1,012)	(3)	-	(1,015)
Loss before tax	10,954	(1,568)	(17)	9,369
Tax expense / credit	(1,408)	-	-	(1,408)
Profit (loss) after tax	9,546	(1,568)	(17)	7,961

Total comprehensive profit (loss) allocated to NCI	7,155	(293)	(9)	6,853
Cash flows from operating activities	13,226	(574)	-	12,652
Cash flows from investing activities	(13,575)	(1,690)	-	(15,265)
Cash flows from financing activities	1,985	2,264	-	4,249
Net cash inflows/(outflows)	1,636	-	-	1,636

<b>As at 30 April 2019</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<i>Assets:</i>				
Property plant and equipment	-	7,125	-	7,125
Inventory	-	8	-	8
Receivables	-	830	-	830
<i>Liabilities:</i>				
Loans and other borrowings	-	700	-	700
Trade and other payables	-	1,479	-	1,479
Accumulated non-controlling interests	-	(41)	-	(41)

	Dallaglio and subsidiaries	African Consolidated Resources SRL	Sinarom Mining Group SA	Ronquil Enterprises (Private) Limited	Total NCI
<b>For the year ended 31 March 2018</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Revenue	27,590	664	3,098	-	31,352
Cost of sales	(19,114)	-	(4,298)	-	(23,412)
Gross Profit (loss)	8,475	664	(1,200)	-	7,939
Administrative expenses	(1,567)	(653)	(1,514)	-	(3,734)
Operating profit (loss)	6,908	11	(2,714)	-	4,205
Finance expense	(419)	(1)	(10)	(21)	(451)
Loss before tax	6,489	10	(2,724)	(21)	3,754
Tax expense / credit	(3,794)	-	-	-	(3,794)
Profit (loss) after tax	2,695	10	(2,724)	(21)	(40)
Total comprehensive profit (loss) allocated to NCI	1,702	3	125	(10)	1,820
Cash flows from operating activities	5,984	(1,720)	1,105	-	5,369
Cash flows from investing activities	(6,190)	(1,023)	(2,036)	-	(9,249)
Cash flows from financing activities	-	2,745	1,663	-	4,408
Net cash inflows/(outflows)	(206)	2	732	-	528

<b>As at 31 March 2018</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<i>Assets:</i>					
Intangible assets	-	(1)	-	-	(1)

Property plant and equipment	15,905	6,501	5,184	-	27,590
Investment in joint venture	559	-	-	-	559
Inventory	2,883	12	1,094	-	3,989
Receivables	4,302	845	521	25	5,693
Cash and cash equivalents	272	3	763	-	1,038
<i>Liabilities:</i>					
Loans and other borrowings	4,730	8,719	12,487	-	25,936
Trade and other payables	2,336	835	2,572	-	5,743
Deferred tax liability	3,330	-	-	-	3,330
Provisions	877	-	521	-	1,398
Accumulated non-controlling interests	20,348	252	-	2,447	23,047

## 25 Related party transactions

### Company and group

Directors and key management emoluments are disclosed in notes 6 and 7.

### Group

The non-controlling interest in African Consolidated Resources SRL, where 20% of the shareholding of the subsidiary is held by third parties (the "AP Group"), consisting as to a majority of a director and senior executives of the group, namely:

Roy Tucker	(Director)	2%
Andrew Prelea	(Director)	8%
Senior Romanian management		2%
Non-related party		8%

At the reporting date, there was an amount owing by African Consolidated Resources SRL to the AP Group of \$91,656 (2018: \$165,399). At the reporting date, there was an amount owing by African Consolidated Resources SRL to the individual related members of the AP Group, totalling \$65,606 (2018: \$78,348).

At the reporting date, there was an amount owing by African Consolidated Resources SRL to Ozone Homes SRL (Ozone) of US\$ 9,568 (2018: US\$16,727) in respect of transactions undertaken by Ozone in 2014. Ozone is a company controlled by Andrew Prelea, the Group CEO and senior Group executive in Romania.

During the year, the company had a service contract with Roy Tucker to provide office premises and associated services totalling US\$ 25,420 including VAT.

## 26 Contingent liabilities and capital commitments

### Capital commitments

The Group acquired an effective 29.41% economic interest through EMA Resources Ltd ('EMA') in a brown field perimeter in the 'Golden Quadrilateral' of Western Romania on which historic work has demonstrated prospectivity for gold and polymetallic minerals. The Group is undertaking exploration on behalf of the perimeter owners with a view to establishing a JORC resource sufficient to justify an independent IPO. To date the Group has arranged US\$ 1 million third party financing on behalf of the venture in the form of convertible debt to fund a drilling and assay programme. This programme is underway and is anticipated to deliver sufficient information to support an Inferred JORC Mineral Resource for gold and other polymetallic minerals including silver, copper, lead and zinc in one or more of several distinct breccia pipes.

Of the US\$ 1 million convertible funding, the Company has committed to repay US\$ 750,000 to a convertible debt investor in EMA Resources Limited ('EMA') (the owner of the Blueberry Project)

on 31<sup>st</sup> December 2019 in the event the investor elects not to convert into shares in EMA. Such an event might arise if the assay results are unsatisfactory and / or the planned IPO of EMA has not taken place. As explained in more detail in the Strategic Report, current indications are that the assays are encouraging and it is anticipated that the project will continue to support the necessary third-party financing beyond 31 December 2019 and to the conclusion of the drilling and assay programme.

## **27 Events after the reporting date**

### **Exercise of warrants**

Warrants were exercised, and shares issued, as follows:

<b>Date</b>	<b>Warrants exercised</b>	<b>Shares issued</b>
21 June 2019	1,221	1,221
7 August 2019	244	244

### **Warrant security to Mercuria**

Pursuant to the terms of the Warrant Instrument between the Company and Mercuria dated 13 March 2018, warrants were issued to Mercuria to subscribe for shares in the Company up to a further aggregate nominal amount of £1,750,000 (in addition to the existing warrants to subscribe for shares in the Company for a nominal amount of £565,000 already granted in connection with the Warrant Instrument). These warrants have been issued to Mercuria as security for the Tranche A advance of US\$4,500,000 under the Mercuria Pre-payment Agreement and are only exercisable in the event of a default thereunder.

### **Share placings and subscriptions**

On 30 May the Company announced that it had raised, in aggregate, £900,000 before costs through a placing of 775,862,068 ordinary shares of 0.1p in the Company at a price of 0.116p per share.

On 8 August the Company announced that it had raised, in aggregate, £655,000 (£625,000 after costs) through a placing of 595,454,545 ordinary shares of 0.1p in the Company at a price of 0.11p per share. The Subscription was undertaken by a new institutional investor, to whom it has been agreed to issue 17,000,000 warrants to subscribe for Ordinary Shares in the Company at an exercise price of 0.13p per share and 17,000,000 warrants at an exercise price of 0.15p per share. All warrants will expire on 8 August 2022.

### **Historical diamond claims**

The Company announced on 26 September that it had settled its historical claims by mutual consent and that the Company would update the matter further as this matter progressed.

### **Chiadzwa Community joint venture**

The Company announced on 26 September that it had signed a Joint Venture Agreement with a company designated to represent the Chiadzwa Community in relation to the Chiadzwa Diamond Concession in Zimbabwe.

### **Corporate broker**

On 5 August 2019 the Company was informed that one of its joint corporate brokers, SVS Securities plc, had been placed into Special Administration.

## 28 Group subsidiaries

A full list of all subsidiary companies and their registered offices is given below:

Company	Country of registration	Reg. office note	Group Interest		Nature of business
			2018	2017	
African Consolidated Resources SRL	Romania	1	80%	80%	Mining development
African Consolidated Resources PTC Ltd *	BVI	3	nil	nil	Nominee company
Breckridge Investments (Private) Limited	Zimbabwe	5	- 25.05%		Mining Production
Cadex Investments (Private) Limited	Zimbabwe	5	100%	100%	Claim holding
Canape Investments (Private) Limited	Zimbabwe	6	-	100%	Mining investment
Conneire Mining (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Dallaglio Investments (Private) Limited	Zimbabwe	5	- 25.05%		Holding Company for Breckridge Investments (Private) Limited
Dashaloo Investments (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Exchequer Mining Services (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Fisherman Mining Limited	Zambia	7	49.6%	100%	Mining exploration and development
Heavystuff Investment Company (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Kleton Investments (Private) Limited	Zimbabwe	5	- 25.05%		Claim holding
Lafton Investments (Private) Limited	Zimbabwe	5	100%	100%	Claim holding
Lescaut Investments (Private) Limited	Zimbabwe	5	- 25.05%		Claim holding
Lomite Investments (Private) Limited	Zimbabwe	5	100%	100%	Claim holding
Lotaven Investments (Private) Limited	Zimbabwe	5	- 25.05%		Claim holding
Mayback Investments (Private) Limited	Zimbabwe	5	- 25.05%		Claim holding
Millwall International Investments Limited	BVI	3	100%	100%	Holding company
Moorestown Limited	BVI	3	100%	100%	Mining exploration and development
Mystical Mining (Private) Limited	Zimbabwe	6	100%	100%	Claim holding

Naxten Investments (Private) Limited	Zimbabwe	6	100%	100%	Asset holding
Nivola Mining (Private) Limited	Zimbabwe	6		- 25.05%	Claim holding
Olebile Investments (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Perkinson Investments (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Possession Investment Services (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Rabame Investments (Private) Limited	Zimbabwe	6		- 25.05%	Claim holding
Ronquil Enterprises (Private) Limited	Zimbabwe	6		- 50.01%	Holding company
Sackler Investments (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Schont Mining Services (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Sinarom Mining Group SRL	Romania	2	100%	100%	Mining production
Vast Resources Nominees Limited **	UK	4	100%	100%	Nominee company
Vast Resources Romania Limited	UK	4	100%	100%	Mining investment
Vast Resources Zimbabwe (Private) Limited	Zimbabwe	6	100%	100%	Mining investment
Accufin Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Aeromags (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Campstar Mining (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Chaperon Manufacturing (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Charmed Technical Mining (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Chianty Mining Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Corampian Technical Mining (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Deep Burg Mining Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Deft Mining Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Febrim Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Hemihelp Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant

Isiyala Mining (Private) Limited	Zimbabwe	6	100%	100% Dormant
Katanga Mining (Private) Limited	Zimbabwe	6	100%	100% Dormant
Kengen Trading (Private) Limited	Zimbabwe	6	100%	100% Dormant
Kiely Investments (Private) Limited	Zimbabwe	6	100%	100% Dormant
Lucciola Investment Services (Private) Limited	Zimbabwe	6	100%	100% Dormant
Malaghan Investments (Private) Limited	Zimbabwe	6	100%	100% Dormant
Methven Investment Company (Private) Limited	Zimbabwe	6	100%	100% Dormant
Mimic Mining (Private) Limited	Zimbabwe	6	100%	100% Dormant
Monteiro Investments (Private) Limited	Zimbabwe	6	100%	100% Dormant
Nedziwe Mining (Private) Limited	Zimbabwe	6	100%	100% Dormant
Notebridge Investments (Private) Limited	Zimbabwe	6	100%	100% Dormant
Pickstone-Peerless Mining (Private) Limited	Zimbabwe	6	100%	100% Dormant
Prudent Mining (Private) Limited	Zimbabwe	6	100%	100% Dormant
Rania Haulage (Private) Limited	Zimbabwe	6	100%	100% Dormant
Regsite Mining Services (Private) Limited	Zimbabwe	6	100%	100% Dormant
Riberio Mining Services (Private) Limited	Zimbabwe	6	100%	100% Dormant
Swadini Miners (Private) Limited	Zimbabwe	6	100%	100% Dormant
Tamahine Investments (Private) Limited	Zimbabwe	6	100%	100% Dormant
The Salon Investments (Private) Limited	Zimbabwe	6	100%	100% Dormant
Vono Trading (Private) Limited	Zimbabwe	6	100%	100% Dormant
Wynton Investment Company (Private) Limited	Zimbabwe	6	100%	100% Dormant
Zimchew Investments (Private) Limited	Zimbabwe	6	100%	100% Dormant

\* The company has effective control of this entity

\*\* Formerly ACR Nominees Ltd

Notes - Addresses of Registered offices:

- 1 Sat Iacobeni, Str. Minelor Nr.20, Jud. Suceava, Romania
- 2 Str.9 Mai, Nr.20, Baia Mare, Jud.Maramures, 430274 Romania
- 3 Nerine Chambers, PO Box 906, Road Town, Tortola, British Virgin Islands
- 4 Nettlestead Place, Nettlestead, Maidstone, Kent ME18 6HE, United Kingdom
- 5 121 Borrowdale Road, Gun Hill, Harare, Zimbabwe
- 6 6, John Plagis Avenue, Alexandra Park, Harare, Zimbabwe
- 7 Suite 2, Diplomatic Centre, Mass Media, Off Alick Nkhata Road, Lusaka, Zambia

The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 30 April 2019 or 31 March 2018, but is derived from these financial statements. The financial statements for the year ended 31 March 2018 have been delivered to the Registrar of Companies. The financial statements for the 13 months ended 30 April 2019 will be forwarded to the Registrar of Companies. The Auditors have reported on these financial statements; their reports were unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

## Company information

Directors	Brian Moritz Richard Andrew Prelea Roy Clifford Tucker Craig Harvey Eric Kevin Diack Nick Hatch	Non-Executive Chairman Chief Executive Officer Finance Director Chief Operations Officer Non-Executive Director Non-Executive Director
Secretary and registered office	Ben Harber 60 Gracechurch Street, London, EC3V 0HR	
Country of incorporation	United Kingdom	
Legal form	Public Limited Company	
Website	<a href="http://www.vastplc.com">www.vastplc.com</a>	
Auditors	Crowe UK LLP St Bride's House 10 Salisbury Square London EC4Y 8EH	
Nominated & Financial Adviser	Beaumont Cornish Limited 10th Floor, 30, Crown Place London EC2A 4EB	
Corporate Broker	SP Angel Corporate Finance LLP Price Frederick House 35-39 Maddox Street London W1S 2PP	

Registrars

Link Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

Registered number

5414325

### **Attachment**

- [Posting of Annual Report](#)