Of the many resource companies listed on AIM, very few can claim to be producers. Vast Resources Plc LON:VAST is a rare exception that is not only a producer, but will soon have three mining operations up and running, which are being placed back into production for only modest CAPEX
requirements.
– Initial production commenced at the Manaila 50.1% owned polymetallic mine in Romania in August 2015, as part of a Phase 1 open pit operation with a targeted 10,000 tonnes per month production rate.
– Pending the award of a licence, Vast hopes to shortly commence production from a second Romanian polymetallic mine at Baita Plai (80% owned).
– Other near term mining development opportunities are being evaluated in Romania, following a ‘Memorandum of Understanding’ with state owned Remin.
– Gold production from the Pickstone-Peerless mine in Zimbabwe (50%) should start later this month, with annual output anticipated to be 10,000 to 12,000 ounces per annum, from a project area containing an estimated 4.1m ounces of gold.
– Considerable exploration upside exists on all three of the Group‘s key projects, which is likely to be funded from internal cash flow sources generated from its new mining operations.
We have taken an asset valuation approach to determine a value for Vast Resources. Once production has been established by the end of this year, we shall provide further guidance and valuation from a cash flow perspective, which should enhance the valuation. In this report, for the more well understood and advanced assets such as Baita Plai and gold reserves at Pickstone-Peerless, we have made some adjustments to previously published NPV models and applied further discount/risk factors. For gold resources that do not form part of the current mine model in Zimbabwe, certain ‘in-the ground’ values per ounce are applied, corresponding to the potential method of extraction (underground or open pit) or JORC confidence category (i.e. Inferred or Measured). The Romanian assets at Baita Plai ($53.1m) and Manaila ($18.8m) make up the bulk of the valuation, with the Zimbabwe Pickstone-Peerless project valued at $38.5m. The Zimbabwe assets have been heavily discounted by 40% to take into account political and economic risks of operating in the country.
The total valuation comes to $110.4m (£72.6m) or 4.3p per share, based upon the current shares in issue and a notional capitalisation of estimated debt. This does not include any value to potential exploration upside from Baita Plai and Manaila or value accretive mining asset additions in Romania that could arise in the near future from the strong relationship

with Remin. We believe the market is still unfairly valuing Vast as an exploration/development concern rather than a mining company that should be producing positive cash flow within the very near future. To this end, we place a value of 4.3p per share on Vast Resources plc and therefore initiate coverage with a ‘Buy’ recommendation.
source: directorstalkinterviews.com