

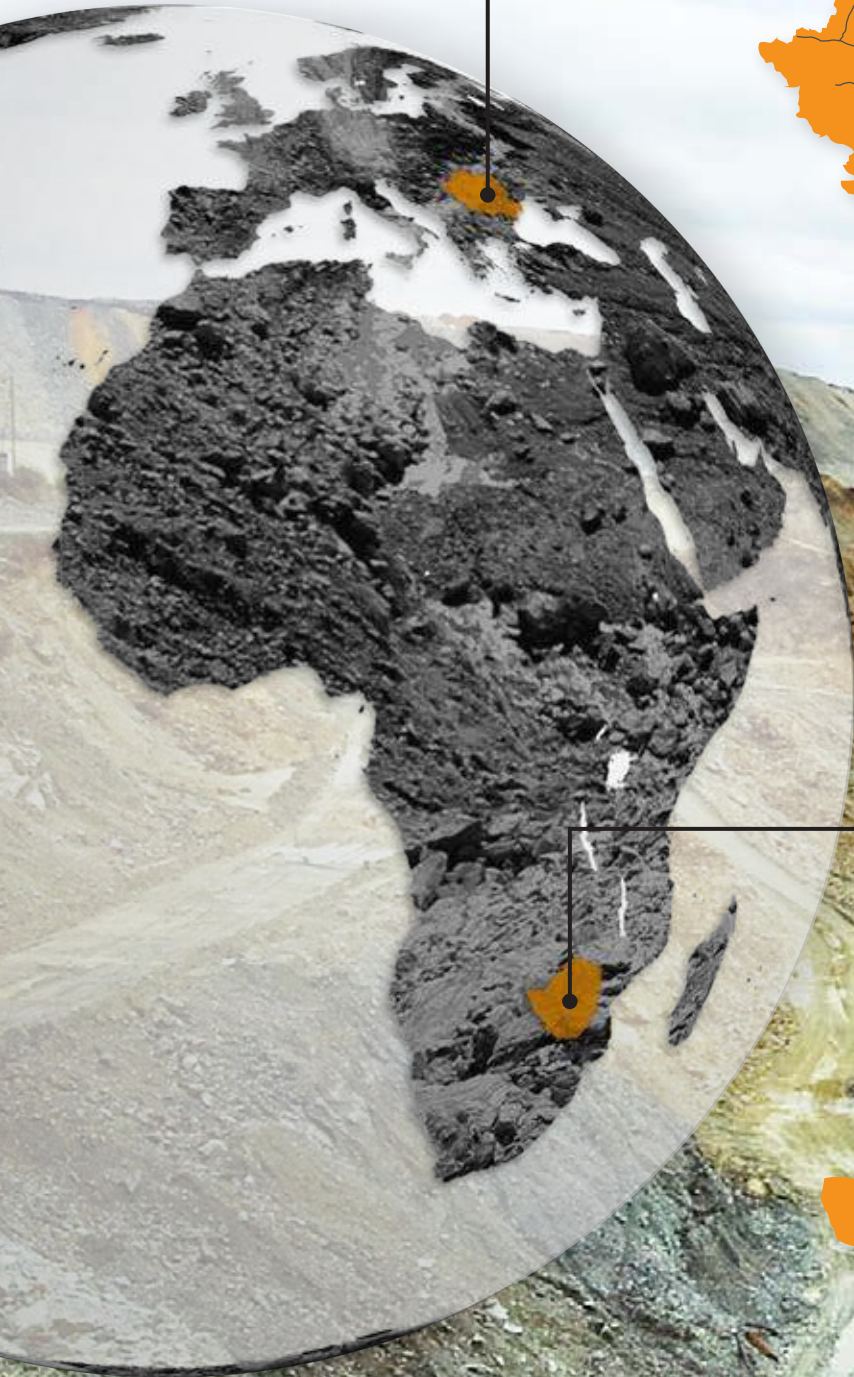


**VAST**  
RESOURCES

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Report & Accounts  
**2017-2018**

# ROMANIA



# ZIMBABWE



# Mine Optimisation Resource Expansion

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# Overview of the Year

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Vast Resources plc ('Vast' or the 'Group') has refocused its strategy towards expanding its footprint in both Romania and Zimbabwe through the acquisition and development of complementary assets employing where possible non-dilutive financing structures. In Romania, the Group's polymetallic mining base has been expanded with resource upgrades and the development of existing licences and in addition, post period end, by a stake in a polymetallic gold project in the 'Golden Quadrilateral' of western Romania. In Zimbabwe, post year end, a stake was acquired in a historic gold mine and also initiatives were taken to resuscitate the Group's diamond interests. Production at Vast's two operational mines, the Manaila Polymetallic Mine ('MPM') in Romania and the Pickstone-Peerless Gold Mine ('PPGM') in Zimbabwe increased over prior year levels.

## Financial

- 29% increase in revenue to US\$30.7 million (2017: US\$23.8 million).
- Profit from operations of US\$2.017 million (2017: Loss of US\$1.661 million).
- A loss of US\$12.5 million on the sale of a Zimbabwe subsidiary's loans contributed to the US\$18.7 million comprehensive loss attributable to shareholders.
- Romania operations continued to be a net cash absorber as delays in the award of the Baita licence adversely impacted the Group's financial results.
- Cash balance at period end of US\$1.300 million (2017: US\$1.326 million).

### Post period end:

- Cash balance at 25 September 2018 of US\$0.632 million in the Group. There was an overdraft of US\$1.464 million in the account of Breckridge Investments (Private) Limited ('Breckridge') in Zimbabwe.

## Operational Development

- JORC Resource estimate published at MPM upgraded to 4.6Mt (Indicated and Inferred) of which 3.589Mt was Indicated, representing an increase of 209% over previous estimates.
- Teething problems in commissioning the sulphide processing plant at PPGM resolved.
- PPGM registered a record volume of milled ore at 295,424Mt and produced a record 20,938oz of gold.
- MPM processed a mill feed of 106,488 tonnes, 9% higher than the prior year.
- Planning underway to progress the Carlibaba extension to the MPM open-pit operation.

### Post period end:

- 23.75% economic interest was acquired in the Eureka Gold mine in Zimbabwe.
- 29.41% economic interest was acquired in the Blueberry Polymetallic Gold project in Romania.
- Plan approved to upgrade the truck-and-shovel fleet at MPM which is expected to significantly improve delivered ore volumes.
- 6,969 Troy Ounces of gold produced at PPGM in quarter ended June 2018.
- 911 and 151 tonnes of copper and zinc concentrate respectively produced at MPM in quarter ended June 2018.
- Access agreement with a view to concluding joint venture on Heritage Concession in Marange Diamond Fields.
- All documentation concerning Baita Plai Association Licence giving the right to mine at Baita Plai pre-agreed and submitted to ANRM. Formal approval awaited.

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## Funding

### 1 – Equity:

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

\$	£	Shares issued	Issued to
296,391	185,722	37,144,457	Exercise of warrants
1,250,844	1,000,000	190,476,190	Issued to investors
1,628,716	1,229,875	234,261,876	Open offer to existing shareholders
3,175,951	2,415,597	461,882,523	

### 2 – Debt funding:

- US\$5.68 million was raised through loans from SSCG Africa Holdings Limited.
- US\$4.0 million was secured through a pre-payment offtake debt financing instrument with Mercuria Trading SA ('Mercuria') as the first tranche of a US\$9.5 million conditional facility.
- US\$1.68 million of debt was repaid to SSCG Africa Holdings Limited.

## Management

- Brian Basham did not seek re-election as a director at AGM 20 October 2017.
- Resignation of Roy Pitchford as director and chief executive officer 31 December 2017.
- Appointment of Andrew Prelea as Chief Executive Officer 1 January 2018.
- Appointment of Will Maberly as Country Manager Zimbabwe 26 February 2018.
- Appointments of Andrew Prelea and Craig Harvey as Executive Directors on 1 March 2018.

### Post period end:

- Appointment of Nicholas Hatch as non-executive director on 9 May 2018.

## Political

- Improved business environment in Zimbabwe following the appointment of new government.
- Abolition of indigenisation laws in Zimbabwe for gold mining.

# Chairman's Report

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It gives me great pleasure to present my chairman's report for the year ended 31 March 2018.

## Strategic Highlights

This reporting year has seen an increase in turnover from US\$23.8 million in 2017 to US\$30.7 million. The operating loss of US\$1.6 million in 2017 has changed to a profit of US\$2.0 million in 2018. The comprehensive loss attributable to shareholders rose from US\$3.7 million in 2017 to US\$18.7 million of which US\$12.5 million was attributable to the loss on the sale of a Zimbabwe subsidiary's loans.

The reporting year and the subsequent period have been very active. During the year we completed the effective disposal of a 25% interest in the Pickstone-Peerless Gold Mine ('PPGM') and the acquisition of the remaining 49.9% of the Manaila Polymetallic Mine ('Manaila'). Post year end we acquired a 23.75% interest in the Eureka Gold Mine (Eureka') in Zimbabwe which is planned to be in production by June 2019. We have also acquired an effective 29.41% interest in the Blueberry Polymetallic Gold Project ('Blueberry') Romania and have agreed in principle, subject to due diligence, to enter into a potentially significant joint venture on the Heritage Concession in the Marange diamond fields in Zimbabwe.

We believe that we are at the point of finally being awarded the association licence giving us the right to mine at Baita Plai Polymetallic Mine ('BBPM'). The legal and bureaucratic delays in obtaining this have been extremely frustrating and expensive for us. BBPM has significantly higher grade than Manaila and cash surpluses from BBPM had been expected to fund the Group's head office and administrative expense as well as to assist with the re-capitalisation of Manaila. Instead BBPM itself has incurred a significant cost in the form of dewatering and health and safety costs, and, more particularly in early periods, legal costs.

With the award of the Baita Plai association licence we believe we will immediately be able to complete the second \$5.5 million tranche of the \$9.5 million prepayment offtake agreement with Mercuria Energy Trading SA ('Mercuria'). This is a milestone for the Group and has enabled us to reduce significantly the sums that we would otherwise have needed to raise through equity.

The reporting year has seen the appointment of a new government in Zimbabwe which, post year end, has been confirmed in office following a general election. Although there is yet much to be done in order for the country to be on a firm financial footing, the arrival of the new government has created a more positive business environment. Importantly for Vast, as a practical step, the indigenisation laws for all mining other than for platinum and diamonds have been abolished - clearly significant for our interest in PPGM and Giant, and also, following its acquisition, for Eureka. Indigenisation laws for diamonds are still in place, although amended, but following a Presidential statement the law is widely expected to be either abolished or made more investor friendly.

## Romania

The improving trend experienced at Manaila in the first three quarters of the reporting year was interrupted by extremely cold weather. The focus of activity at Manaila then moved to pre-stripping and plant maintenance and repairs, in order to ensure a sustainable supply of product to satisfy the Mercuria offtake agreement concluded on 21 March 2018. Mining operations at Manaila have suffered from intermittent slow-downs due to periodic funding shortages; deficient excavating; inadequate transport assets and insufficient pre-stripping. Post the year end conditions returned to normal and the improvement in production resumed, supported by easier access to larger volumes of higher grade ores exposed by the high levels of pre-stripping. Production has however still been restrained by breakdowns in the old equipment and, particularly, by a shortage of dumpers and excavators in good working order. Management have approved a plan to upgrade the dumper and excavator fleet and are confident once they are all delivered of improving the performance of Manaila such that concentrate production targets agreed with Mercuria will be achieved.

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## Zimbabwe

At PPGM, the volume of ore milled was adversely affected by heavy rainfall during February and also by a planned slowdown to allow for experimentation with a new form of mill liner which in the event it was decided not to use. Over the course of the year 295,424 tons of ore were milled compared to a target of 334,446 tons and 239,199 tons of ore milled in the prior year period. Gold production was 20,938 ounces compared to the target of 26,774 ounces and 16,500 ounces in the prior year period. Post year end gold produced and sold at PPGM rose to their highest recorded levels exceeding the record levels previously achieved. The plant is currently processing ore at a steady state in excess of 30,000 tonnes per month.

## Directors and Management

### *Executives*

Roy Pitchford resigned as Chief Executive Officer and from the Board with effect from 31 December 2017.

Andrew Prelea was appointed as Chief Executive Officer on the same date, and was appointed a Director on 1 March 2018. Andrew has managed the Group's Romanian operations since they were acquired and has been involved with the Group since 2013 spearheading the development of the Group's Romanian portfolio. He 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 in Europe and southern Africa, and in addition also to policy makers and governmental authorities.

Craig Harvey was appointed to the Board on 1 March 2018 and has continued his existing role as Chief Operating Officer of the Group. He now has a critical role to perform with the commissioning of the Baita Plai Mine and also to bringing performance at Manaila up to its full potential.

Will Maberly was appointed as Country Manager for Zimbabwe on 26 February 2018. Will's appointment is in line with the Group's updated strategy to increase its footprint in Zimbabwe, following the improved business environment in the country after the appointment of the new government. Will, a full-time resident of Zimbabwe, is one of Vast's original shareholders, and since 2012 has acted as a consultant to the Group on community and mining related issues.

### *Non-Executives*

Mr Brian Basham did not seek re-election at the 2017 AGM, and therefore ceased to be a Director with effect from 20 October 2017.

Nicholas ("Nick") Hatch was appointed to the Board on 9 May 2018 as an Independent 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 began his career with BP Minerals and Rustenburg Platinum Mines. Nick is a Chartered Engineer and is a Fellow of the Institute of Materials, Minerals & Mining, the Geological Society (London) and the Chartered Institute for Securities & Investment.

## Funding

US\$3.1 million was secured during the year through a share placing and open offer and supplemented by share issues by way of the conversion of warrants issued in association with former capital raisings. US\$4.0 million was raised through the effective disposal of 25% of PPGM and Giant; US\$1.0 million was raised as the balance of a loan from Sub-Sahara agreed during the prior reporting year; and \$1.68 million was raised from a further short-term loan from Sub-Sahara. In addition, US\$4.0 million was secured during the year through the Mercuria pre-payment offtake agreement with US\$1.68 million of debt being repaid therefrom.

# Chairman's Report

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## Corporate structure and strategy

Following the changes effected to the Board and the appointment of Andrew Prelea as CEO of the Group a strategic review was undertaken. The Group is committed to and will expand its presence in both Romania and Zimbabwe through the acquisition and development of complementary assets financed, except where there is a very good reason to the contrary, by non-dilutive financing structures. Joint venture partnerships will be pursued where strategically imperative and minority equity stakes will be held where appropriate. In Romania the Group is poised to become a 'first mover' in re-establishing large-scale mining operations. In Zimbabwe, in the light of the improved business climate the footprint will be expanded and we anticipate resuscitating abandoned but potentially lucrative opportunities there. The Group will rely on its management expertise, extensive local knowledge and contacts in both countries to develop greenfield and particularly brownfield mining opportunities. The post year end acquisitions of stakes in Eureka and in Blueberry and also the JV agreement on the Heritage Concession are examples of this strategy.

There is no current plan to establish separate listed companies in Romania and Zimbabwe although of course all opportunities will be kept constantly under review.

## Appreciation

The continued support of shareholders is appreciated. Following the award of the BBPM association licence the Group expects that operations in Romania will become cash generative soon after BBPM is commissioned. In addition, the Board is cognisant of the need to remit funds from Zimbabwe in the coming years.

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

**Brian Moritz**

*Chairman*



# Strategic Report

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## 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) producers in Eastern Europe; and a major player in the re-emergence of the mining industry in Zimbabwe, where the Group intends to retain and expand an interest in a growing gold and diamond production portfolio.

### Principal activities

The Group is a diversified mining group with, in Romania, an operating open-pit polymetallic mine and an underground polymetallic mine in the course of being commissioned, and, in Zimbabwe, an operating open pit gold mine, an historic gold mine in development prior to re-opening and a diamond concession under due diligence review in preparation for a joint venture. In both jurisdictions the group holds further mineral claims or other interests which are under investigation.

## Review of business

### Romania

#### *Manaila Polymetallic Mine together with extensions ('Manaila') (100% effective interest)*

Insufficient funding for pre-stripping activity together with a planned stoppage of operations depressed mill feed volumes to below the targeted 15,000 tonnes per month. Plant overheads were not fully recovered resulting in cash costs of concentrate exceeding realisable sales values per tonne.

The Manaila copper head grade was in decline in the final quarter of calendar 2017. A decision was made to limit normal activities in favour of reconsolidation work in December and January. To facilitate a steady supply of ore at an acceptable head grade a programme of intensive drilling, blasting and pre-stripping to gain access to the high-grade massive sulphide orebody was undertaken. Normal mining activities resumed in March.

Management has highlighted inadequate in pit ore haulage capacity as a key issue in need of remedial action. Cost effective conveyance of the required ore volumes from the pit operations to the on-site stockpiles at the mine has been sporadic and often unreliable. Measures agreed post year end for a new dumper and excavator fleet will ensure, when fully implemented, that ore and waste excavation activities will no longer be a limiting factor in achieving the targeted mill feed of 15,000 tonnes per month.

A key strategic objective is to significantly increase the Group's resource base. A programme of drilling undertaken in 2017 has proven the potential of opening a second open-pit mining operation at the Carlibaba section of Manaila. A JORC-compliant Resource statement confirmed an Indicated and Inferred mineral resource of 4.6Mt suitable for open-pit mining. This is an increase of 78% over the July 2016 estimate. Open-pit mineral resources in the Indicated category increased 209% to 3.589Mt. The total underground Indicated and Inferred mineral resource was determined at 1.081Mt, an overall increase of 249% compared to the July 2016 estimate. Underground mineral resources in the Measured and Indicated category were determined at 0.399Mt, an increase of 299% over July 2016. The implied mine life is 11 years based on the open-pit and underground Indicated mineral resources at a rate of 30,000 tonnes per month.

The February 2018 JORC statement and expansion plans were major contributory factors in securing the US\$9.5 m financing Pre-Payment Offtake Agreement concluded on 21 March 2018 with global energy and commodity trading company, Mercuria Energy Trading SA ('Mercuria').

Plans are underway to configure and construct a cost-effective metallurgical processing facility proximal to future mining operations to deal with the projected increased ore supply at Manaila both from the original pit and from the Carlibaba extension. Geological studies, a topographical survey and documentation for the expansion of the mine in to the Carlibaba area have been completed. New equipment will also be required once the new metallurgical processing plant at Manaila is built and the new open pits in the Carlibaba extension are operational. The tender file for civil works design, technical design and environmental impact study related to the new metallurgical plant has been completed. Land acquisition and consolidation is also in progress.

# Strategic Report

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## *Baita Plai Polymetallic Mine ('BPPM') (Group 80% effective interest; Directors 10%)*

The protracted delays in the grant of the BPPM mining association licence have negatively impacted the Group's results in Romania and have been a major cause of the need to raise supplemental debt and equity funds in the course of the reporting year and subsequently thereto. Following intensive negotiations between the Government, related agencies and Baita SA, holder of the head licence, it is believed that the Association Licence is at the point of final approval from the State Mining Regularity Body (ANRM). Management now anticipates that mining will be able to start within three months, and processing within six months. Funding required to rehabilitate the infrastructure, improve safety, and expand the galleries will be covered by part of the 'Tranche B' US\$5.5 million draw down of the Pre-Payment Offtake Agreement with Mercuria.

During the reporting year expenditure at BPPM has been incurred for care and maintenance requirements (particularly dewatering) to meet health and safety regulations, and also for some capital refurbishment and expenditure in order to reduce the time period required to start mining.

## *Blueberry Polymetallic Gold Project ('Blueberry') (29.41% effective interest)*

Post year end the Group has acquired an effective 29.41% interest through EMA Resources Ltd 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 directing exploration on the perimeter with a view to establishing a JORC Resource sufficient to justify an independent IPO. The Group is in the process of arranging third party finance for this.

## *Other Romania prospects*

Work is in progress on extending our footprint in Romania through our current claims at Magura Neagra and Piciorul Zimbrului (also collectively known as 'Zagra') where we are preparing a drilling programme to commence in Q4 calendar 2018 in order to finalise the prospecting licence with a view to obtaining the exploration license in Q1 2019 and developing deposits into future sources of ore.

The Group believes exploitation of the many mining opportunities that have become dormant over the last two decades should be an attractive prospect for global mining players seeking to capitalise 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 been in evidence in attracting interest in resuscitating the large-scale polymetallic resource projects in Romania. Discussions have been held with global mining players to leverage off their financial strength and expertise to jointly exploit these considerable opportunities.

## **Zimbabwe**

### *Pickstone-Peerless Gold Mine ('PPGM') (25.01% effective interest)*

PPGM continued to generate free cash flow. This has largely been re-invested in expansion of plant capacity, and post year end in Eureka. Profit before tax exceeded the prior year level by 4%. A substantial increase over prior year level was recorded in tonnage milled and gold production despite some weather-related disruptions and a planned downturn due to experimentation with rubber liner mill technology. Cash costs per ounce of gold produced rose to \$880/oz from the \$819/oz registered in the prior year period which increase was due to a higher stripping ratio producing higher volumes of waste in the reporting year. As the mine approaches the end of the payable oxide ore body, mill feed grades are declining compared to the prior year necessitating increased stripping activity.

Post year end the new sulphide plant was completed but has not yet been hot commissioned as there has continued to be sufficient supply of oxide ore - the mine has been processing oxide ore at levels between 31,000 and 35,000 tonnes per month. Elevated levels of pre-stripping currently are being undertaken to expose the sulphide ore bodies.

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#### *Eureka Gold Mine ('Eureka') (23.75% effective interest)*

Eureka is a modern gold mine originally designed to produce up to 70,000oz of gold ('Au') per annum from an open-pit operation. The mine has significant resources: a NI43-101 compliant Mineral Resource (dated 2012) of 22.3Mt at an average grade of 1.90g/t Au for 1,367,600oz Au contained, of which 13.4Mt is an Indicated Mineral Resource at an average grade of 1.78g/t Au for 1,081,700oz Au contained. The mine has a 1.8Mtpa processing plant and associated infrastructure in-situ. Prior to acquisition the mine was on care-and-maintenance.

Multiple work programmes have been undertaken post year end in preparation for restoring Eureka to production. Design plans for the mine and processing operation have been finalised, and it is planned that production should commence by the end of June 2019. The start-up is being funded by surplus cash from PPGM and will be further funded by credit facilities that are in the course of being established.

#### *Giant Gold Mine ('GGM') (25.01%)*

Evaluation of GGM, located 28km from PPGM, which has a current JORC-compliant inferred resource of 500,000oz of gold, continued in the year under review.

#### *Heritage Concession – Marange Diamond Fields*

Post year end following an exclusive access agreement with a view to concluding a joint venture the Group is carrying out due diligence on the Heritage Concession where the Group's prospective joint venture partner has an undertaking from the Government of Zimbabwe for a licence to mine diamonds. The Heritage Concession is close to the Group's historic Marange Diamond Field claims and is understood to be an extension of the same geological system.

## **Corporate**

The past year was marked by intensive corporate activity to secure funding with as little dilution to shareholders as possible in order to unlock the considerable potential of the Group's footprint in Romania. In addition, opportunities to pursue deals accretive to shareholder value were researched in Zimbabwe and concluded post year end.

The funding package with Sub-Sahara Goldia Investments ('Sub-Sahara') and which included an effective divestment of 25% of PPGM and GGM reported in the last reporting year was completed in June 2017. Following the completion of the acquisition of the remaining 49.9% of Sinarom Mining Group SRL, the owner of Manaila, in May 2017 a further short-term loan from Sub-Sahara for \$1.68 million was obtained pending negotiations that were in progress for a two stage investment from a potential Romanian investment partner of \$10 million. This transaction in the event never proceeded. There was then a placing and an open offer of \$2.25 million in aggregate and the investment transaction was replaced by the Mercuria prepayment offtake transaction which comprised:

- exclusive off-take for up to 100% of the copper and zinc concentrate produced at Manaila and BPPM on pricing terms significantly more attractive than those in the previous off-take contract, and
- pre-payment finance of US\$9.5 million drawn down as tranche A US\$4 million in March 2018 and subject to due diligence, tranche B US\$5.5 million at such later date as agreed.

Part of Tranche A of the Mercuria finance was used to repay the Sub-Sahara \$1.68 million short term loan, and partial early repayment terms of the \$4 million long term Sub-Sahara loan were also agreed with Sub-Sahara who in turn agreed to release some of its security for the \$4 million loan in favour of Mercuria in order to allow the Mercuria transaction to proceed.

# Strategic Report

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## **Post year end**

In Zimbabwe, the Group leveraged off its holding in PPGM to acquire an effective 23.75% economic interest in Eureka. The Group's management in Zimbabwe played a key role in sourcing this deal.

The acquisition was through the Group's 25.01% subsidiary Dallaglio Investments (Pvt) Ltd ('Dallaglio') which acquired a 95% interest in Delta Gold (Pvt) Ltd ('Delta') which owns Eureka. The US\$4.485 million purchase price was financed by a loan from Sub-Sahara to Dallaglio secured on the shares of Dallaglio, and so was without recourse to the Group's assets outside Zimbabwe. The results of Delta are expected to be consolidated in the Group accounts but this acquisition is not expected to have a material impact on the Group's financial results over the current reporting period.

Following a long held historic diamond mining interest in Zimbabwe, in May 2018 a Memorandum of Understanding was signed with Botswana Diamonds plc to jointly develop and exploit diamond resources in Zimbabwe. The Group possesses a Zimbabwe diamond data base whereas Botswana Diamonds plc has expertise in diamond exploration, development and mining.

In August 2018 a Memorandum of Understanding was concluded with Red Mercury (Pvt) Ltd, a company owned by a Community Share Ownership Trust under the laws of Zimbabwe for exclusive access to a diamond concession ('the Heritage Concession') in the Marange Diamond Fields which is unmined.

In August 2018 a 29.41% economic interest in Blueberry was acquired via EMA Resources Ltd. The Group is not required to provide funding for this project and the acquisition is not expected to have a material impact on the Group's financial results over the next 18 months. This equity holding is not expected to be classified a subsidiary of the Group.

## **Strategy**

The Group's strategy is to:

- grow organically; through acquisitions financed principally by third parties into a mid-tier mining company;
- focus on optimising operations to produce positive cash flow;
- create a base where it is cash flow positive;
- add value to operations by increasing resources and reserves;
- attract appropriate joint venture partners and public institutions to invest in the Group and projects of mutual interest;
- if expedient, hold significant minority stakes in new ventures;
- finance growth, where possible in a non-dilutive manner;
- maintain exposure to Zimbabwe and Romania where the Group has acquired in-depth country knowledge; and
- follow up on a long held historic diamond mining interest in Zimbabwe.

The funding plans of the Group have been severely compromised by the major delay in obtaining the BBPM association licence. The Group continues to require funding to support a US\$2.0 million per annum UK corporate overhead (which includes considerable project related expenditure), the local office in Romania, and operations at Manaila until all the new dumpers and excavators are in commission. The overhead cost is likely to increase in the light of new projects being undertaken although this cost should be partly financed by fees from new projects such as Blueberry.

Management believes that delivering in the next two years on a fully operational BPPM and a second open-pit at Manaila with a new metallurgical processing facility will increase production volumes appreciably and reduce ore transportation and processing costs per tonne. These initiatives will contribute towards achieving economies of scale and favourably transform the financial metrics of the Group.

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Capex for the new metallurgical processing facility at Manaila and for BBPM will be provided by the Mercuria facility.

PPGM, unlike Manaila, has had the benefit of 'state of the art plant' and on account of local banking facilities has been self-financing and is generating significant cash flow which, as mentioned above, is at present effectively ring fenced to support the acquisition of and capital expenditure on Eureka.

Eureka is not expected to require funding other than from PPGM and from local credit facilities.

In the light of the new climate in Zimbabwe the Group is increasingly looking at new projects which are likely to require a management cost in Zimbabwe not covered by PPGM, and also seed costs, including in some cases cash deposits, on potential new projects. To the extent that this cannot be financed from fees from new projects this may have to be financed from new equity. In the case of the joint venture on the Heritage Concession, should the due diligence result favourably as management expects, then it may be decided that it is in the interest of shareholders that initial capital expenditure will be financed by the Group rather than through third parties. Should the Heritage Concession develop positively, cash surpluses should arise, some of which the Group is confident should be capable of repatriation so as to be paid to the Group as dividends.

## Key performance indicators

In executing its strategy, the Board considers the Group's key performance indicators to be:

- 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 year was \$62/t, 8% higher than the 2017 result;
  - For Manaila the cash cost for the year was \$42/t, 12% lower than the 2017 result.
- Cash costs per ounce sold for gold and per tonne sold for concentrate
  - Cash cost per ounce sold is calculated by dividing aggregate cash cost by gold ounces produced or concentrate tonnes produced.
  - For PPGM the cash cost was \$880/t, 7% higher than the 2017 result;
  - For MPM the cash cost was \$1471/t, 12% lower than the 2017 result.
- Plant utilisation as in targeted production volumes processed
  - PPGM processed a mill feed of 295,424 tonnes for the year, 23% higher than the 2017 level. The targeted plant throughput in 2018 was 334,446 tonnes per annum;
  - Manaila processed a mill feed of 106,488 tonnes for the year, 9% higher than the 2017 level.
- Total resources and reserves.
  - These 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.
  - In Zimbabwe, continual evaluation of dormant operations takes place with a view to supplementing the mineral resource base in that country. The Group is also pursuing a strategy of acquiring mining assets with defined resources and reserves.
  - In the year under review at Manaila, the drilling programme proved up the potential for a second open pit. Details of resources have been set out in a JORC statement.
  - A drilling programme is planned in Q4 calendar 2018 to extend the Group's resource foot print beyond the bounds of the present Carlibaba Manaila extension licence areas.
- The rate of utilisation of the Group's cash resources. This is discussed further below.

# Strategic Report

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continued

## Cash resources

As can be seen from the statement of financial position, cash resources for the Group at 31 March 2018 were approximately US\$1.3 million (2017: US\$1.3 million). During the year, the cash outflows from operations were US\$0.6 million (2017: US\$2.9 million inflow) and the inflows from financing activities were a net US\$8.1 million (2017: US\$6.1 million), after the repayment of borrowings of US\$4.1 million (2017: US\$3.4 million). Against this, the outflows from investing activities were US\$7.5 million (2017: US\$9.0 million). The Directors monitor the cash position of the Group closely and seek to ensure that there are sufficient funds within the business to allow the Group to meet its commitments and continue the development of the assets. During the year to 31 March 2018, of the US\$12.2 million (2017: US\$9.4 million) of financing raised from share issues and loan drawdowns, US\$9.2 million (2017: US\$8.8 million), or 75%, was spent on directly developing the three mining properties in Romania and Zimbabwe. (Manaila, PPGM and BPPM).

- The Directors closely monitor the development of the Group's assets and focus on ensuring that the regulatory requirements of the licences are in good standing always and that any capital expenditure on the assets is closely controlled and monitored. Details of the Group's spend on capital items in the year are set out in note 10 of the financial statements.
- The loss after tax arising from continuing operations during the year was US\$15.5 million (2017: US\$3.6 million) including a US\$12.5 million loss on the sale of a subsidiary's loan which did not impact cash flow. However, over the year there was net cash used by operations of US\$0.6 million as a result of a US\$4.4 million net investment in working capital. The Group raised fresh share capital of US\$3.1 million (2017: US\$4.2 million), raised new loan finance of US\$9.2 million (2017: US\$5.3 million) and retired debt of US\$4.1 million (2017: US\$3.4 million). The net capital expenditure on the development of mine properties was US\$9.2 million (2017: US\$8.8 million). There was no overall increase in cash available to the Group. (2017: US\$0.5 million increase).

## Principal risks and Uncertainties

The Board has identified the following as being the principal strategic and operational risks (in no particular order of priority):

- **Risk – Going concern**

The Group will require more cash for its near term investment purposes – particularly for the development of BPPM and for the expansion of Manaila operations to achieve planned increases in mining and production capacity and also possibly for Zimbabwe diamond investment. The Group is expecting Tranche B of the Mercuria Pre-Payment Agreement very shortly and is otherwise confident that it will be able to raise cash whether by offtake; debt finance, joint venture partner equity, share issues or otherwise.

However, these initiatives could fail. The inability to have funds externalised from Zimbabwe to the Group's treasury in the United Kingdom exacerbates the Group's dependence on equity and debt raises to fund corporate overheads and funding shortfalls in Romania. These factors together with unseasonal severe climatic conditions, unforeseen delays in permitting for new mining or plant capacity, cost overruns or adverse commodity price movements are indicative of the material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

*Mitigation/Comments*

The Board will continue to engage providers of commodity trader 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 has demonstrated a prowess in fund raising over the last two years. The Board also will, whenever possible, retain sufficient cash margin to offset contingencies.
- **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.

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*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. Mining and production shortcomings mentioned above have been addressed in Romania and once output has stabilised at satisfactory levels, it will be possible to hedge future price fluctuations by entering forward selling contracts. Beyond that, the Group aims to become a low-cost producer of copper and zinc concentrate in Romania by adopting the expansion strategy for Romania.

- **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. To retain key personnel, the Company has introduced a "Share Appreciation Right Scheme" for directors and senior executives which it will shortly, once again, review to take account of all current circumstances.

- **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, the Group is exposed to tax risks in both Romania and Zimbabwe which can arise from tax investigations such as that referred to in note 27. In addition, there are risks particular to Zimbabwe arising from a scarcity of foreign exchange, difficulty with externalisation of funds and the, now albeit 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. In addition, in Zimbabwe our co-investors, Grayfox and Sub-Sahara are well established locally and also experienced and skilled in dealing with the authorities and local communities. 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.

# Strategic Report

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continued

## Outlook

In Romania it is believed that the position will be transformed by the commissioning of BBPM and the cash that will be generated therefrom to support the Group's activities. After the completion of the metallurgical processing facility at Manaila, Manaila should also be transformed. The Group also looks forward to partnerships with well funded partners on much larger projects which are currently under discussion.

In Zimbabwe, the Group is expanding its production profile by increasing processing capacity at PPGM. An increase in annual milling tonnage to a sustainable 33,000 tonnes per month with a forecast grade increase to 3.0 g/t as oxide resources are depleted. The Group, in the course of the next year, will resuscitate the productive capacity of dormant mining operations at Eureka. Management is also excited about reactivating the Group's interest in its diamond resources potentially unlocking considerable value to shareholders over time. In addition, further gold and other mining opportunities are being examined.

The persistent shortage of funding in order to avoid shareholder dilution for the Group's operations in Romania has been a growth-limiting factor. We are determined that this issue will be overcome.

The short to medium term objective of the Group in Romania is to achieve economies of scale by having two cash generating mines and in Zimbabwe to have three cash generative mines, whilst seeking to develop or acquire additional and potentially larger mining operations in both countries, a large part of which to be financed by third parties.

Trading in the Group's shares is dominated by day traders and market makers. Our objective near term is to encourage institutional investors to acquire meaningful stakes in the Group to mitigate share price volatility.

The outlook for the Group's two main commodities, copper and gold, is encouraging.

The forecast global growth in electric vehicles is likely to create, over the next decade, a shortage of copper. Whereas global supply and demand for copper is currently broadly balanced, world-wide there is a decline in ore grades, while community resistance and water supply issues are holding back discovery and exploitation such that management believes 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.

In a world of political and economic uncertainty we believe the gold price will continue to be well supported in coming years.

My 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*



# Report of the Directors

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The Directors present their report together with the audited financial statements for the year ended 31 March 2018.

## Results and dividends

The Group statement of comprehensive income is set out on page 25 and shows the loss for the year.

The Directors do not recommend the payment of a dividend (2017: nil).

## Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 21 of the financial statements.

## Directors

The Directors who served during the year and up to the date hereof were as follows:-

	Date of Appointment	Date of resignation
Roy Tucker	5 April 2005	
Roy Pitchford	7 April 2014	31 December 2017
Eric Diack	30 May 2014	
Brian Moritz	3 October 2016	
Brian Basham	30 June 2017	20 October 2017
Andrew Prelea	1 March 2018	
Craig Harvey	1 March 2018	

## Directors' interests

The interests in the shares of the Company of the Directors who served during the year were as follows:

	31 March 2018		31 March 2017	
	Ordinary shares	Share options	Ordinary shares	Share options
Brian Basham *	–	–	–	–
Eric Diack	–	–	–	–
Craig Harvey	5,650,000	–	5,650,000	–
Brian Moritz	–	–	–	–
Roy Pitchford*	–	–	–	–
Andrew Prelea	18,438,736	–	18,438,736	–
Roy Tucker	31,607,029	–	31,607,029	–
Total	55,695,765	–	55,695,765	–

\* Former director

# Report of the Directors

continued

## Employee Benefit Trust

The following shares are held in an unapproved Employee Benefit Trust. The Directors' beneficial interest in these shares is as follows:

	Subscription price	Outstanding at 31 March 2017	Exercised during last 12 months	Granted during last 12 months	Outstanding at 31 March 2018	Exercisable from
Roy Tucker	8.75p	1,500,000	–	–	1,500,000	50% Jul 2010 50% Jul 2011
	9.00p	750,000	–	–	750,000	50% Aug 2011 50% Aug 2012
	6.00p	2,750,000	–	–	2,750,000	50% Aug 2012 50% Aug 2013
<b>Total</b>		<b>5,000,000</b>	<b>–</b>	<b>–</b>	<b>5,000,000</b>	

See note 23 for further details of the EBT.

## Share Appreciation Rights Scheme

The following Directors have been granted rights under the Company's Share Appreciation Rights Scheme:

	In issue at 31 March 2017	Grant date	Awarded during year	Grant date	Exercised / lapsed during year	In issue at 31 March 2018	Vesting period	
							Start	Finish
William Battershill *	12,000,000	1 Jun 2015	–		(12,000,000)	–	31 Mar 2016	31 Mar 2019
Eric Diack	12,000,000	1 Jun 2015	–		–	12,000,000	31 Mar 2016	31 Mar 2019
	–		5,000,000	1 Mar 2018	–	5,000,000	31 Mar 2019	31 Mar 2022
	–		5,000,000	1 Mar 2018	–	5,000,000	31 Mar 2020	31 Mar 2023
Craig Harvey	1,250,000	1 Jun 2015	–		–	1,250,000	31 Mar 2016	31 Mar 2019
	1,250,000	1 Jun 2015	–		–	1,250,000	31 Mar 2017	31 Mar 2020
	–		9,000,000	1 Mar 2018	–	9,000,000	31 Mar 2019	31 Mar 2022
	–		9,000,000	1 Mar 2018	–	9,000,000	31 Mar 2020	31 Mar 2023
Roy Pitchford *	20,000,000	1 Jun 2015	–		(20,000,000)	–	31 Mar 2016	31 Mar 2019
	12,000,000	1 Jun 2015	–		(12,000,000)	–	31 Mar 2017	31 Mar 2020
Andrew Prelea	18,000,000	1 Jun 2015	–		–	18,000,000	31 Mar 2017	31 Mar 2020
	–		18,000,000	1 Mar 2018	–	18,000,000	31 Mar 2019	31 Mar 2022
	–		18,000,000	1 Mar 2018	–	18,000,000	31 Mar 2020	31 Mar 2023
Roy Tucker	10,000,000	1 Jun 2015	–		–	10,000,000	31 Mar 2016	31 Mar 2019
	8,000,000	1 Jun 2015	–		–	8,000,000	31 Mar 2017	31 Mar 2020
	–		9,000,000	1 Mar 2018	–	9,000,000	31 Mar 2019	31 Mar 2022
	–		9,000,000	1 Mar 2018	–	9,000,000	31 Mar 2020	31 Mar 2023
	<b>94,500,000</b>		<b>82,000,000</b>		<b>(44,000,000)</b>	<b>132,500,000</b>		

\* former director

See note 23 for further details of the SARS.

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## Directors' remuneration

	2018 \$'000	2017 \$'000
William Battershill*	–	35
Graham Briggs*	–	15
Brian Basham^	9	–
Eric Diack	30	15
Craig Harvey	15	–
Brian Moritz	26	15
Roy Pitchford *	173	215
Andrew Prelea	18	–
Roy Tucker	145	145
	416	440

^ did not seek re-election at the 2017 AGM

\* resigned during year

No part of the remuneration paid, (2017: nil) has been settled by issuing shares.

The Company has qualifying third party indemnity provisions for the benefit of the Directors.

## Future developments

The Company's plans for future developments are more fully set down in the Strategic Report, on pages 7 to 13.

## Research and development

The area referred to as Carlibaba represents an extension of the existing Manaila ('MPM') orebody to the north west. A surface diamond drilling campaign was completed during the period under review within this extension area. This resulted in an increase in the mineral resources for the MPM/Carlibaba project as a whole and represents the future of MPM going forward.

Preliminary studies have been completed and indicated the potential for an extension of the open mining to the north west. Currently approvals for land acquisition and permits for the construction of a new polymetallic processing plant adjacent to the open pits are being sought.

The economic potential of the Fanatea tailings storage facility was deemed to be marginal, and with the granting of the right to mine underground at Baita Plai anticipated, the project was closed.

## Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

## Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware. Vast's auditor, Crowe U.K. LLP, was initially appointed on 25 April 2016 and it is proposed by the Board that they be reappointed as auditors at the forthcoming AGM.

# Report of the Directors

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continued

## Events after the reporting date

These are more fully disclosed in Note 29.

By order of the Board

**Ben Harber**

*Secretary*

27 September 2018

# Statement of Directors' Responsibilities

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Group's website is the responsibility of the Directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

# Independent Auditor's Report to the Members of Vast Resources Plc

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## Opinion

We have audited the financial statements of Vast Resources plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2018, which comprise:

- the Group statement of comprehensive income for the year ended 31 March 2018;
- the Group and parent company statements of financial position as at 31 March 2018;
- the Group and parent company statements of cash flows for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2018 and of the Group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in 'Basis of preparation and going concern assessment' and 'Areas of estimates and judgement' in the financial statements concerning the Group's and Company's ability to continue as a going concern. Further funds will be required to finance the Group's and Company's working capital requirements and the development of the Group's Romanian assets. If cash flow from existing sources was not sufficient to meet the Group's commitments the Directors are confident that additional funds could be successfully raised from other sources. However, there are no binding agreements in place to date. These conditions indicate the existence of a 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 adjustments that would result if the Group and Company were unable to continue as a going concern.

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## Overview of our audit approach

### *Materiality*

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be \$400,000, based on 1% of the Group's assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of \$12,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

### *Overview of the scope of our audit*

Of the group's reporting components, in addition to the Parent Company, we identified four components to full scope audits for group purposes located in Romania and Zimbabwe. The components within the scope of our work accounted for 98% of total assets and 100% of total revenue. The work on these components was performed by component auditors.

We issued instructions to the component auditors which included the significant areas to be covered, including the key audit matters detailed below, and the information to be reported back. We directly reviewed the audit work performed by the component auditors, communicate the findings from our review and concluded on the group reporting process.

We directly reviewed the audit work performed by the component auditors. We communicated our findings to the component auditors and any further work required by us was then performed by the component auditor.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the 'Material uncertainty related to going concern section, we have determined the following key audit matters. This is not a complete list of all risks identified by our audit.

# Independent Auditor's Report to the Members of Vast Resources Plc

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continued

## Key audit matter

## How the scope of our audit addressed the key audit matter

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### Revenue recognition

Revenue is recognised when the goods are delivered to the buyer. Where the buyer has a right of return, or if the buyer has a right to adjust the quantum of payment following assay or similar quality checking procedures, the Group defers recognition of an appropriate portion of revenue until the right to return or adjust has lapsed.

There is a risk of revenue misstatement particularly in relation to the judgement involved in deferring the appropriate portion of revenue.

Our procedures included:

- Detailed transaction testing for a sample of sales during the year agreeing them to the underlying documentation and confirmation of adjusted revenues following assay;
- Reviewing sales either side of the year end ensuring that the income has been appropriately accounted for within the correct period;
- Obtained and re-performed the calculations for deferred revenue challenging management on the assumptions made.

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### Laws and regulations

As disclosed in Note 27 the Group is involved in a number of disputes with taxation authorities. We considered the risk that liabilities arising from such disputes are not recognised in accordance with accounting standards.

We obtained and reviewed management's assessment of the likely outcome of on-going legal disputes, this included:

- Assessment of the progress of the outstanding cases;
- Reviewed board minutes and legal invoices for evidence of additional legal disputes which we were not previously made aware; and
- Obtaining confirmations from the Group's legal and professional advisors where appropriate.

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### Carrying value of mining assets

The group holds mining assets in both of its locations in Romania and Zimbabwe.

We have considered the risk that the mining assets are incorrectly capitalised or impaired.

We have agreed a sample of additions during the year to underlying supporting documentation considering whether they have been appropriately capitalised.

We have obtained and reviewed management's impairment assessment which comprises discounted cash flow projections for each of the locations. We challenged the key assumptions made by management which has included:

- benchmarking of key assumptions to other available market information; and
- performing scenario analysis of the various underlying assumptions.

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Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.



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## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report to the Members of Vast Resources Plc

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continued

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Stephen Bullock**  
**(Senior Statutory Auditor)**

for and on behalf of Crowe U.K. LLP

*Statutory Auditor*  
London

27 September 2018

# Group Statement of Comprehensive Income

for the year ended 31 March 2018

	Note	31 Mar 2018 Group \$'000	31 Mar 2017 Group \$'000
Revenue		30,688	23,767
Cost of sales		(23,412)	(17,381)
Gross profit		7,276	6,386
Overhead expenses		(5,259)	(8,047)
Depreciation and impairment of property, plant and equipment	2	(2,862)	(2,593)
Profit (loss) on sale of property, plant and equipment		(22)	81
Share option and warrant expense	23	(27)	(1,648)
Other administrative and overhead expenses		(2,348)	(3,887)
<b>Profit (loss) from operations</b>		2,017	(1,661)
Finance income		42	105
Finance expense	4	(1,202)	(812)
Loss on disposal of interest in subsidiary loans	13	(12,538)	–
<b>Loss before taxation from continuing operations</b>		(11,681)	(2,368)
Taxation charge	5	(3,794)	(1,193)
<b>Total Loss after taxation for the year</b>		(15,475)	(3,561)
<b>Other comprehensive income</b>			
Items that may be subsequently reclassified to either profit or loss			
Gain on available for sale financial assets		3	3
Exchange gain (loss) on translation of foreign operations		(1,435)	750
<b>Total comprehensive loss for the year</b>		(16,907)	(2,808)
<b>Total loss attributable to:</b>			
– the equity holders of the parent company		(17,295)	(4,437)
– non-controlling interests		1,820	876
		(15,475)	(3,561)
<b>Total comprehensive profit (loss) attributable to:</b>			
– the equity holders of the parent company		(18,727)	(3,684)
– non-controlling interests		1,820	876
		(16,907)	(2,808)
<b>Loss per share</b> – basic and diluted	8	(0.36)	(0.13)

The accompanying accounting policies and notes on pages 30 to 65 form an integral part of these financial statements.

# Group Statement of Changes in Equity

for the year ended 31 March 2018

	Share capital \$'000	Share premium \$'000	Share option reserve \$'000	Share currency translation reserve \$'000	Available for sale reserve \$'000	EBT reserve \$'000	Retained deficit \$'000	Total \$'000	Non-controlling interests \$'000	Total \$'000
At 31 March 2016	16,105	71,652	2,099	(1,978)	(3)	(3,942)	(67,471)	16,462	11,518	27,980
<b>Total comprehensive loss for the period</b>										
Share option and warrant charges	-	-	-	750	3	-	(4,437)	(3,684)	876	(2,808)
Share options and warrants lapsed	-	-	1,648	-	-	-	-	1,648	-	1,648
Convertible loan fair value adjustment	-	-	(1,857)	-	-	-	1,857	-	-	-
Shares issued:										
- for cash consideration	2,064	2,112	-	-	-	-	-	4,176	-	4,176
- to settle liabilities	1,251	1,038	-	-	-	-	-	2,289	-	2,289
At 31 March 2017	19,420	74,802	1,890	(1,228)	-	(3,942)	(69,828)	21,114	12,394	33,508
<b>Total comprehensive loss for the period</b>										
Share option and warrant charges	-	-	-	(1,435)	3	-	(17,295)	(18,727)	1,820	(16,907)
Share options and warrants lapsed	-	-	27	-	-	-	-	27	-	27
Investment received in subsidiary	-	-	(337)	-	-	-	337	-	-	-
- Ronquil Enterprises (Pvt) Ltd	-	-	-	-	-	-	(757)	(757)	2,457	1,700
Interest in mining asset	-	-	-	-	-	-	(4,604)	(4,604)	4,604	-
Acquisition of NCI in subsidiary	-	-	-	-	-	-	(4,073)	(4,073)	1,772	(2,301)
- Sinarom Mining Group SRL	-	-	-	-	-	-	-	-	-	-
Shares issued:										
- for cash consideration	620	2,435	-	-	-	-	-	3,055	-	3,055
At 31 March 2018	20,040	77,237	1,580	(2,663)	3	(3,942)	(96,220)	(3,965)	23,047	19,082

The accompanying accounting policies and notes on pages 30 to 65 form an integral part of these financial statements.

# Company Statement of Changes in Equity

for the year ended 31 March 2018

	Share capital \$'000	Share premium \$'000	Share option reserve \$'000	Foreign currency translation reserve \$'000	Available for sale reserve \$'000	EBT reserve \$'000	Retained deficit \$'000	Total \$'000
At 31 March 2016	16,105	71,652	2,099	(4,954)	-	(3,942)	(46,098)	34,862
<b>Total comprehensive loss for the year</b>	-	-	-	-	-	-	(4,615)	(4,615)
Share option and warrant charges	-	-	1,648	-	-	-	-	1,648
Share options and warrants lapsed	-	-	(1,857)	-	-	-	1,857	-
Convertible loan fair value adjustment	-	-	-	-	-	-	223	223
Shares issued:								
- for cash consideration	3,294	3,116	-	-	-	-	-	6,410
- to settle liabilities	21	34	-	-	-	-	-	55
At 31 March 2017	19,420	74,802	1,890	(4,954)	-	(3,942)	(48,633)	38,583
<b>Total comprehensive loss for the year</b>	-	-	-	-	(2)	-	(14,917)	(14,919)
Share option and warrant charges	-	-	27	-	-	-	-	27
Share options and warrants lapsed	-	-	(337)	-	-	-	337	-
Shares issued:								
- for cash consideration	620	2,435	-	-	-	-	-	3,055
At 31 March 2018	20,040	77,237	1,580	(4,954)	(2)	(3,942)	(63,213)	26,746

The accompanying accounting policies and notes on pages 30 to 65 form an integral part of these financial statements.

# Group and Company Statements of Financial Position

As at 31 March 2018

	Note	31 Mar 2018 Group \$'000	31 Mar 2017 Group \$'000	31 Mar 2018 Company \$'000	31 Mar 2017 Company \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	45,534	38,563	–	–
Investment in subsidiaries	11	–	–	1,583	218
Investment in Joint venture	12	559	457	–	–
Loans to group companies	15	–	–	25,179	35,962
Deferred tax asset	–	–	465	–	–
		46,093	39,485	26,762	36,180
<b>Current assets</b>					
Inventory	16	4,054	2,811	–	–
Receivables	17	5,406	5,503	93	1,606
Available for sale investments		13	10	3	5
Cash and cash equivalents		1,300	1,326	208	1,239
<b>Total current assets</b>		10,773	9,650	304	2,850
<b>Total Assets</b>		56,866	49,135	27,066	39,030
<b>Equity and Liabilities</b>					
Capital and reserves attributable to equity holders of the Parent					
Share capital	22	20,040	19,420	20,040	19,420
Share premium		77,237	74,802	77,237	74,802
Share option reserve		1,580	1,890	1,580	1,890
Foreign currency translation reserve		(2,663)	(1,228)	(4,954)	(4,954)
Available for sale reserve		3	–	(2)	–
EBT reserve		(3,942)	(3,942)	(3,942)	(3,942)
Retained deficit		(96,220)	(69,828)	(63,213)	(48,633)
		(3,965)	21,114	26,746	38,583
Non-controlling interests	25	23,047	12,394	–	–
<b>Total equity</b>		19,082	33,508	26,746	38,583
<b>Non-current liabilities</b>					
Loans and borrowings	18	22,635	3,166	–	–
Provisions	20	1,397	1,095	–	–
Deferred tax liability		3,330	–	–	–
		27,362	4,261	–	–
<b>Current liabilities</b>					
Loans and borrowings	18	4,331	3,935	–	–
Trade and other payables	19	6,091	7,431	320	447
<b>Total current liabilities</b>		10,422	11,366	320	447
<b>Total liabilities</b>		37,784	15,627	320	447
<b>Total Equity and Liabilities</b>		56,866	49,135	27,066	39,030

The accompanying accounting policies and notes on pages 30 to 65 form an integral part of these financial statements. The parent Company reported a loss after taxation for the year of \$2.378 million (2017: \$4.615 million). The financial statements on pages 25 to 29 were approved and authorised for issue by the Board of Directors on 27 September 2018 and were signed on its behalf by:

**Roy C. Tucker**  
Director

Registered number 5414325

27 September 2018

# Group and Company Statements of Cash Flow

for the year ended 31 March 2018

	31 Mar 2018 Group \$'000	31 Mar 2017 Group \$'000	31 Mar 2018 Company \$'000	31 Mar 2017 Company \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Profit (loss) before taxation for the period</b>	(11,681)	(2,368)	(14,917)	(4,615)
<b>Adjustments for:</b>				
Depreciation and impairment charges	2,862	2,593	–	–
(Profit) loss on sale of property, plant and equipment	22	(81)	–	–
Loss on disposal of interest in loans	12,538	–	12,538	–
Convertible loan FV adjustment	–	223	–	223
Liabilities settled in shares	–	2,289	–	2,289
Share option expense	27	1,648	27	1,648
	3,768	4,304	(2,352)	(455)
<b>Changes in working capital:</b>				
Decrease (increase) in receivables	8	(1,201)	1,513	(1,194)
Decrease (increase) in inventories	(2,392)	(722)	–	–
Increase (decrease) in payables	(1,998)	1,010	(127)	96
	(4,382)	(1,370)	1,386	(1,098)
<b>Cash used in operations</b>	(614)	2,934	(966)	(1,553)
<b>Investing activities:</b>				
Payments to acquire property, plant and equipment	(9,197)	(8,769)	–	–
Proceeds on disposal of property, plant and equipment	107	234	–	–
Proceeds of third party investment in subsidiary	1,700	–	–	–
Payments to acquire controlling interest in subsidiary	(2,303)	–	(2,303)	–
Proceeds of loan assignment	2,300	–	2,300	–
Increase in investment in joint venture	(102)	(457)	–	–
Increase in loans to group companies	–	–	(3,117)	(1,999)
<b>Total cash used in investing activities</b>	(7,495)	(8,992)	(3,120)	(1,999)
<b>Financing Activities:</b>				
Proceeds from the issue of ordinary shares, net of issue costs	3,055	4,176	3,055	4,176
Proceeds from loans and borrowings granted	9,177	5,272	–	–
Repayment of loans and borrowings	(4,149)	(3,352)	–	–
<b>Total proceeds from financing activities</b>	8,083	6,096	3,055	4,176
Increase (decrease) in cash and cash equivalents	(26)	495	(1,031)	624
Cash and cash equivalents at beginning of period	1,326	831	1,239	615
<b>Cash and cash equivalents at end of period</b>	1,300	1,326	208	1,239

The accompanying accounting policies and notes on pages 30 to 65 form an integral part of these financial statements.

# Statement of Accounting Policies

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## 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 Zimbabwe and more recently in Romania. The Company’s ordinary shares are listed on the AIM market of the London Stock Exchange.

Vast Resources plc was incorporated on 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.

The consolidated financial statements incorporate the results of Vast Resources plc and its subsidiary undertakings as at 31 March 2018.

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

At the date of these financial statements the Directors expect that the Group’s Zimbabwean operations, together with a locally agreed overdraft facility and joint venture partner finance, will provide it with sufficient cash flow to support its capital requirements in Zimbabwe. However, the Group will require further funding for the Group’s United Kingdom entity overheads; Romania working capital requirements; the development of the BPPM association licence, once it is received, and for the expansion of Manaila operations to achieve planned increases in mining and production capacity. In addition, although no commitments have been made, it is likely that the Group will seek funding for Zimbabwe for its prospective diamond interests and for seed capital for other projects. 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, as part of a supplementary prepayment offtake debt facility or part of the facility currently in place; debt finance, joint venture partner equity, share issues or otherwise. Other than for an agreement for the Group to avail itself of an unutilised prepayment offtake debt facility for US\$5.5 million no binding funding agreement is in place at the date of this Report. The constraints on externalisation of funds from Zimbabwe to the Group’s treasury in the United Kingdom exacerbates the Group’s dependence on equity and debt raises to fund corporate overheads and funding shortfalls in Romania. 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:



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

The Group reviews, on an annual basis, whether deferred exploration costs, acquired as intangible assets or PP&E, mining options and 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 BPPM (Baita) licence is not awarded or insufficient funding is raised for development of Baita a US\$2.6 million mining asset and US\$0.58 million in VAT receivable would be impaired. The disposal value of the remaining fixed assets held by Baita 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, 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) Consolidation of Zimbabwean operations**

During the period the Group's effective interest in Dallaglio Investments (Private) Limited was reduced from 50% to 25.01%. The Zimbabwean operations continue to be consolidated because although the Company's shareholding in this subsidiary is now less than 50% the Company has effective control of this entity by virtue of its casting vote and therefore control of the Board of Directors through the operation of a shareholders' agreement which allows the Company to appoint the Chairman.

**d) 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 relate 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.

**e) 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.

# Statement of Accounting Policies

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continued

## **f) 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, which can take some considerable time, particularly in the case of Zimbabwe. In Romania the refund of VAT in respect of BBPM is dependent on the award of the Baita licence.

The amount carried as a receivable is determined in accordance with the returns submitted to the taxation authorities. While every effort is made by Management to ensure these returns are correct, the aggressive taxation regime in Zimbabwe, coupled with that nation's Government's ongoing and critical fiscal crisis, may give rise to circumstances where part of these amounts may subsequently prove to be irrecoverable, or only recoverable after a prolonged period.

## **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 the mining asset. 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.

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## Employee Benefit Trust (“EBT”)

The Company has established an Employee Benefit Trust. The assets and liabilities of this trust comprise shares in the Company and loan balances due to the Company. The Company includes the EBT within its accounts and therefore recognises an EBT reserve in respect of the amounts loaned to the EBT and used to purchase shares in the Company. Any cash received by the EBT on disposal of the shares it holds will be recognised directly in equity. Any shares held by the EBT are treated as cancelled for the purposes of calculating earnings per share.

## Financial assets

The Group’s financial assets consist of cash and cash equivalents, other receivables and available for sale investments. The Group’s accounting policy for each category of financial asset is as follows:

### Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 loans and receivables 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.

### Available for sale

Non-derivative financial assets not included in the categories above are classified as available-for-sale and comprise the Group’s strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes evidence of impairment, for example if the decline is significant or prolonged, the amount of the loss is removed from equity and recognised in the profit or loss for the year.

### 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.

# Statement of Accounting Policies

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continued

## 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:

- 31 March 2018 \$1.4012: £1 and \$1: RON 3.7779
- 31 March 2017 \$1.2253: £1 and \$1: RON 4.2615
- 31 March 2016 \$1.4367: £1 and \$1: RON 3.9349

## 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 interchangeable 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.

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## 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. The same policy applies to warranties.

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, including depreciation of property plant and equipment involved in the mining process, but excluding 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

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.

# Statement of Accounting Policies

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continued

## 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 the EBT (see below and Note 23). A liability is recognised in respect of the fair-value of the benefit received under the EBT 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.

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### **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 2018:

#### **IFRS 15 Revenue from Contracts with Customers**

The Group's revenue is primarily derived from commodity sales. In terms of IFRS15 Insurance and Freight (CIF) and Cost and Freight (CFR) the seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. Consequently, the freight service on export commodity contracts with CIF/CFR terms represents a separate performance obligation as defined under the new standard, 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, its sole buyer of concentrates, require that the buyer 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 change during the year ended 31 March 2018 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 are also not affected by this standard.

#### **IFRS 9 Financial Instruments**

The impact of adopting IFRS 9 on the Group results for the year ended 31 March 2018 would have been materially unchanged on application of the new standard.

IFRS 15 and IFRS 9 became effective for the Group from 1 January 2018. As the effects of applying these standards are considered immaterial to the Group, the Group has elected not to restate prior periods on adoption of the new standards in 2018.

#### **IFRS 16 Leases**

IFRS 16 will be effective for the Group from 1 January 2019. 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. Consequently, on adoption of IFRS 16 it is not expected that there will be a material increase in the Group's lease liabilities representing the present value of future payments under arrangements currently classified as operating leases, along with a corresponding increase in property, plant and equipment right of use assets as the Group's exposure to leasing is negligible. The effects of applying this standard are considered to be immaterial to the Group.

# Notes to Financial Statements

## 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.

	Mining, exploration and development		Administration and corporate	Total
	Europe \$'000	Africa \$'000	\$'000	\$'000
<b>Year to 31 March 2018</b>				
Revenue	3,098	27,590	–	30,688
Production costs	(4,298)	(19,114)	–	(23,412)
Gross profit (loss)	(1,200)	8,476	–	7,276
Impairment of intangible assets	–	–	–	–
Depreciation	(1,398)	(1,461)	(3)	(2,862)
Profit (loss) on sale of property, plant and equipment	(23)	1	–	(22)
Share option and warrant expense	–	–	(27)	(27)
Other administrative and overhead expenses	(119)	(398)	(1,831)	(2,348)
Finance income	–	42	–	42
Finance expense	(11)	(1,159)	(32)	(1,202)
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	(2,751)	1,707	(14,431)	(15,475)
Total assets	15,359	41,306	201	56,866
Total non-current assets	12,173	33,850	(489)	45,534
Additions to non-current assets	3,134	6,063	–	9,197
Total current assets	3,186	7,456	690	11,332
Total liabilities	8,218	14,381	15,186	37,785



	Mining, exploration and development		Administration and corporate	Total
	Europe \$'000	Africa \$'000	\$'000	\$'000
<b>Year to 31 March 2017</b>				
Revenue	2,629	21,138	–	23,767
Production costs	(3,746)	(13,635)	–	(17,381)
Gross profit (loss)	(1,117)	7,503	–	6,386
Depreciation and impairment	(1,338)	(1,251)	(4)	(2,593)
Profit (loss) on sale of property, plant and equipment	81	–	–	81
Share option and warrant expense	–	–	(1,648)	(1,648)
Other administrative and overhead expenses	(769)	(457)	(2,661)	(3,887)
Finance income	1	104	–	105
Finance expense	–	(89)	(724)	(812)
Taxation (charge)	–	(1,193)	–	(1,193)
Profit (loss) for the year from continuing operations	(3,141)	4,617	(5,037)	(3,561)
Total assets	10,878	34,860	3,397	49,135
Total non-current assets	9,001	29,720	307	39,028
Additions to non-current assets	2,681	6,386	–	9,067
Total current assets	1,876	5,141	3,090	10,107
Total liabilities	7,362	6,213	2,052	15,627
Total current assets	2,469	5,908	989	9,366
Total liabilities	6,204	3,038	2,808	12,050

There are no non-current assets held in the Company's country of domicile, being the United Kingdom (2017: \$nil).

#### Revenue analysis by geographical location, product and customer

	2018		2017	
	Romania	Zimbabwe	Romania	Zimbabwe
Gold bullion	–	27,590	–	21,137
Mineral concentrates	3,261	–	2,629	–
	3,261	27,590	2,629	21,137

100% of sales (2017: 100%) in both Romania and Zimbabwe were made to a single customer in each respective country.

## 2. Group loss from operations

	2018 Group \$'000	2017 Group \$'000
Operating loss is stated after charging/(crediting):		
Auditors' remuneration (note 3)	151	114
Depreciation	2,862	2,017
Employee pension costs	214	139
Share option expense	27	1,648
Foreign exchange (gain)	(2,301)	(285)
Loss on disposal of property, plant and equipment	22	103

# Notes to Financial Statements

continued

## 3. Auditor's remuneration

	<b>2018 Group \$'000</b>	<b>2017 Group \$'000</b>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	83	40
Fees payable to the Company's auditor for other services:		
– Audit of the accounts of subsidiaries	68	73
– Other services	–	1
	<b>151</b>	<b>114</b>

## 4. Finance expense

	<b>2018 Group \$'000</b>	<b>2017 Group \$'000</b>
Interest paid on secured borrowings	698	246
Interest paid on unsecured borrowings	43	58
Cost of convertible loan raising	–	473
Bank overdraft interest	461	35
	<b>1,202</b>	<b>812</b>

## 5. Taxation

	<b>2018 Group \$'000</b>	<b>2017 Group \$'000</b>
Income tax on profits	–	–
Deferred tax charge – current year	3,794	1,193
Tax charge (credit)	3,794	1,193

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained as follows:

	<b>2018 Group \$'000</b>	<b>2017 Group \$'000</b>
Loss before taxation	(11,681)	(2,368)
Loss before taxation at the standard rate of corporation tax in the UK of 19% (2017: 19%)	(2,336)	(474)
Difference in tax rates in foreign jurisdictions	690	(525)
Income not chargeable to tax	168	
Expenses not allowed for tax	(381)	(102)
Short term timing differences	(1,076)	–
Loss carried forward	(2,935)	(153)
Income tax charge on profits	–	–

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.

The asset arises in a subsidiary company which has allowable tax losses of \$3.230 million (2017: \$4.544 million), which are expected to be utilised in the immediate forthcoming periods.

Factors that may affect future tax charges:

<b>Tax losses</b>	<b>2018 Group \$'000</b>	<b>2017 Group \$'000</b>	<b>2018 Company \$'000</b>	<b>2017 Company \$'000</b>
Accumulated tax losses	61,423	22,005	28,903	13,987

However, of this total, only \$3.240 million is anticipated to be off settable against profits in the immediate future. The balance 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

	<b>2018 Group \$'000</b>	<b>2017 Group \$'000</b>
Staff costs (including directors) consist of:		
Wages and salaries – management	986	1,129
Wages and salaries – other	3,859	3,905
	4,845	5,034
Consultancy fees	1,419	1,456
Social Security costs	371	489
Healthcare costs	93	108
Pension costs	214	139
	6,942	7,226

The average number of employees (including directors) during the year was as follows:

Management	15	17
Other operations	371	365
	386	382

## 7. Directors' remuneration

	<b>2018 Group \$'000</b>	<b>2017 Group \$'000</b>
Directors' emoluments	402	428
Company contributions to social security	14	12
Healthcare costs	–	–
Termination payments	–	–
Directors and key management remuneration	416	440

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 \$196,359 (2017: \$210,000).

Included within the above remuneration are amounts accrued at 31 March 2018; please refer to the Directors' Report for full detail.

# Notes to Financial Statements

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## 8. Loss per share

Loss per ordinary share has been calculated using the weighted average number of ordinary shares in issue during the relevant financial year.

	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
	<b>Group</b>	<b>Group</b>
The weighted average number of ordinary shares in issue for the period is:	4,821,870,747	3,457,555,538
Losses for the period: (\$'000)	(17,295)	(4,437)
Loss per share basic and diluted (cents)	(0.36)	(0.13)

The effect of all potentially dilutive share options is anti-dilutive.

## 9. Loss for the financial year

The Company has adopted the exemption allowed under Section 408(1b) of the Companies Act 2006 and has not presented its own income statement in these financial statements.

## 10. Property, plant and equipment

### Group

	Plant and machinery \$'000	Fixtures, fittings and equipment \$'000	Computer assets \$'000	Motor vehicles \$'000	Buildings and Improve- ments \$'000	Mining assets \$'000	Capital Work in progress \$'000	Total \$'000
Cost at								
1 April 2016	7,997	165	174	487	3,559	22,184	1,623	36,189
Revaluation	23	(6)	–	72	318	–	–	407
Additions during the year	559	46	58	240	47	1,281	6,836	9,067
Reclassification	946	1	–	2	(470)	1,520	(1,999)	–
Disposals during the year	(97)	–	–	(159)	(17)	–	–	(273)
Impairment	(962)	–	–	–	–	–	–	(962)
Foreign exchange movements	(65)	(4)	(5)	(37)	(206)	(39)	(78)	(434)
<b>Cost at 31 March 2017</b>	<b>8,401</b>	<b>202</b>	<b>227</b>	<b>605</b>	<b>3,231</b>	<b>24,946</b>	<b>6,382</b>	<b>43,994</b>
Revaluation	–	–	–	–	–	–	–	–
Additions during the period	811	53	109	94	33	1,908	6,189	9,197
Reclassification	9,942	(30)	30	–	242	194	(10,377)	1
Disposals during the period	(131)	(62)	(78)	(60)	(28)	(2)	–	(361)
Impairment	–	–	–	–	(34)	–	–	(34)
Foreign exchange movements	224	7	3	60	296	385	49	1,024
<b>Cost at 31 March 2018</b>	<b>19,247</b>	<b>170</b>	<b>291</b>	<b>699</b>	<b>3,740</b>	<b>27,431</b>	<b>2,243</b>	<b>53,821</b>
Depreciation at 1 April 2016	2,157	92	116	296	234	151	604	3,650
Charge for the year	902	29	23	76	154	833	–	2,017
Disposals during the year	(55)	–	–	(61)	(3)	–	–	(119)
Foreign exchange movements	(41)	(2)	–	(28)	(40)	(6)	–	(117)
<b>Depreciation at 31 March 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 period	(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>
<b>Net book value at 31 March 2016</b>	<b>5,840</b>	<b>73</b>	<b>58</b>	<b>191</b>	<b>3,325</b>	<b>22,033</b>	<b>1,019</b>	<b>32,539</b>
<b>Net book value at 31 March 2017</b>	<b>5,438</b>	<b>83</b>	<b>88</b>	<b>322</b>	<b>2,886</b>	<b>23,968</b>	<b>5,778</b>	<b>38,563</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>

# Notes to Financial Statements

continued

## 10. Property, plant and equipment continued

### Company

	Plant and machinery \$'000	Fixtures, fittings and equipment \$'000	Computer assets \$'000	Motor vehicles \$'000	Buildings and improve- ments \$'000	Total \$'000
Cost at 31 March 2016	30	5	23	–	–	58
Additions during the year	–	–	–	–	–	–
Disposals during the year	–	–	–	–	–	–
<b>Cost at 31 March 2017</b>	30	5	23	–	–	58
Additions during the year	–	–	–	–	–	–
Disposals during the year	–	–	–	–	–	–
<b>Cost at 31 March 2018</b>	30	5	23	–	–	58
Depreciation at 31 March 2016	30	5	23	–	–	58
Charge for the year	–	–	–	–	–	–
Disposals during the year	–	–	–	–	–	–
<b>Depreciation at 31 March 2017</b>	30	5	23	–	–	58
Charge for the year	–	–	–	–	–	–
Disposals during the year	–	–	–	–	–	–
<b>Depreciation at 31 March 2018</b>	30	5	23	–	–	58
<b>Net book value at 31 March 2017</b>	–	–	–	–	–	–
<b>Net book value at 31 March 2018</b>	–	–	–	–	–	–

## 11. Investments in subsidiaries

	2018 Company \$'000	2017 Company \$'000
Cost at the beginning of the year	218	218
Additions during the year	1,365	–
Cost at the end of the year	1,583	218

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

<b>Company</b>	<b>Country of registration</b>	<b>Class</b>	<b>Proportion held by group 2018</b>	<b>Proportion held by group 2017</b>	<b>Nature of business</b>
African Consolidated Resources PTC Limited (note i)	BVI		–%	–%	Nominee company
African Consolidated Resources SRL	Romania	Ordinary	80%	80%	Mining exploration and development
Canape Investments (Private) Limited	Zimbabwe	Ordinary	100%	100%	Mining exploration and development
Dallaglio Investments (Private) Limited (notes ii, iii)	Zimbabwe	Ordinary	25.01%	50%	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%	50.1%	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 30, at the end of this report.

#### Notes

- i. The Company has effective control of this entity.
- ii. Although the Company's shareholding in this subsidiary is below 50% the Company has effective control of this entity by virtue of its casting vote and therefore control of the Board of Directors through the operation of a shareholders' agreement which allows the Company to appoint the Chairman of the entity.
- iii. See note 29 for details of post Reporting date events concerning the Company's holding in this subsidiary.

## 12. Investment in joint venture

The Group has an effective 25.01% interest in a Joint venture, Cordillera (Private) Limited (Cordillera), which is 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.

The operating results for the year have not been included separately in these financial statements as, in the opinion of the Directors, the Group's interest in the results for the year (loss \$27,735 – 2017: loss \$63,588) is immaterial.

The investment in the joint venture represents amounts advanced to the joint venture.

# Notes to Financial Statements

continued

## 13. Disposal of interest in subsidiary

On 29 May 2017 the Company completed a financing arrangement with Sub-Sahara Goldia Investments Ltd (SSGI) (part of the SSCG Africa Holdings Ltd group) originally announced on 30 January 2017. Under this arrangement the Company received gross proceeds of US\$8 million, principally to advance the Company's core activities in Romania. This comprised a US\$4 million loan, repayable on 30 January 2021 and a US\$4 million payment in respect of a 49.99% interest in the Company's principal Zimbabwean assets, consisting its 50% shareholding in Dallaglio Investments (Private) Limited, the holding company for the Pickstone Peerless Gold Mine, and the assignment of 49.9% of the intercompany loan owing by Canape Investments (Private) Limited to Vast Resources Plc.

The assignment of the intercompany loan, with a book value of \$14.838 million, for consideration of \$2.3 million (included in the \$4.0 million referred to above), gave rise to the recognition of a loss on disposal of \$12.538 million as reported in the Statement of Comprehensive Income.

## 14. Acquisition of remaining shareholding in Sinarom Mining Group SRL

On 22 March 2017 the Company announced it had concluded an agreement to acquire the remaining 49.9% interest in Sinarom Mining Group SRL ("Sinarom"). The purchase consideration for the shares and loan accounts comprising the assets acquired was a total of \$2.303 million and, all conditions precedent being met, the acquisition was concluded on 19 July 2017.

## 15. Loans to group companies

Loans to Group companies are repayable on demand, subject to relevant exchange control approvals being obtained. The treatment of this balance as non-current reflects the Company's expectation of the timing of receipt.

## 16. Inventory

	<b>Mar 2018 Group \$'000</b>	<b>Mar 2017 Group \$'000</b>	<b>Mar 2018 Company \$'000</b>	<b>Mar 2017 Company \$'000</b>
Minerals held for sale	1,484	1,369	–	–
Production stockpiles	1,425	606	–	–
Consumable stores	1,145	836	–	–
	<b>4,054</b>	<b>2,811</b>	<b>–</b>	<b>–</b>

There is no material difference between the replacement cost of stocks and the amount stated above.

## 17. Receivables

	<b>Mar 2018 Group \$'000</b>	<b>Mar 2017 Group \$'000</b>	<b>Mar 2018 Company \$'000</b>	<b>Mar 2017 Company \$'000</b>
Trade receivables	94	101	–	–
Other receivables	1,145	694	29	181
Short term loans	789	–	50	–
Prepayments	1,366	1,677	14	1,425
VAT	2,012	3,031	–	–
	<b>5,406</b>	<b>5,503</b>	<b>93</b>	<b>1,606</b>



	Carrying amount before deducting any impairment loss	Related impairment loss	Net carrying amount	Neither impaired nor past due on 31 March 2018	Of which: not impaired as at 31 March 2018 and past due Of which: in the following periods:		
					Not more than three months	More than three months and not more than six months	More than six months
Trade receivables	94	–	94	27	16	16	35
Other receivables	1,145	–	1,145	1,132	–	–	13
	1,239	–	1,239	1,159	16	16	48

At the reporting date, of the total amount carried as VAT receivable, \$1,229,544 (2017: \$2,374,058) relates to subsidiary companies in Zimbabwe where the ongoing fiscal crisis experienced by the State manifests itself in long delays in recovering input tax from the Zimbabwe Revenue Authority (ZIMRA). Of this \$1,229,544, \$250,918 (2017: \$247,582) is due to Canape Investments (Private) Limited (Canape) where it is part of an ongoing dispute with ZIMRA as to the allowability of the input tax. This dispute dates back to 2011 and has thus far resulted in the recovery of over \$500,000 of allowable input tax; the remaining balance due is subject to gaining final approval from ZIMRA.

Of the amount of \$978,626 (2017: \$2,126,476) due to Breckridge Investments (Private) Limited, \$59,571 (2017: \$1,430,483) is past due for repayment, with \$ nil (2017: \$324,481) being overdue for more than 12 months.

At the reporting date, of the total amount carried as VAT receivable, \$604,961 (RON2,001,770) relates to African Consolidated Resources SRL. The amount is in respect of the VAT paid on the Baita mine's care and maintenance operations. ANAF, the Romanian revenue authority refuses to accept aforesaid amount as a legitimate VAT receivable as a mining licence is not in place for Baita.

## 18. Loans and borrowings

	Mar 2018 Group \$'000	Mar 2017 Group \$'000	Mar 2018 Company \$'000	Mar 2017 Company \$'000
<b>Non current</b>				
Secured borrowings	8,149	4,839	–	–
Unsecured borrowings	14,838	–	–	–
less amounts payable in less than 12 months	(352)	(1,673)	–	–
	22,635	3,166	–	–
<b>Current</b>				
Bank overdrafts	1,315	859	–	–
Unsecured borrowings	2,664	1,403	–	–
Current portion of long term borrowings	352	1,673	–	–
	4,331	3,935	–	–
<b>Total loans and borrowings</b>	<b>26,966</b>	<b>7,101</b>	<b>–</b>	<b>–</b>

Non-current secured borrowings consist of:

- (i) \$4,000,000 (2017: nil) secured offtake finance from Mercuria Energy Trading SA. The loan is secured by a charge on all the Group's Romanian assets and bears interest at 9.5% p.a. Full details of the financing arrangement is given in the Strategic Report on page 9.
- (ii) \$4,080,000 (2017: \$3,106,182) loan from a third party secured by a pledge over the Company's shareholding in all its operating subsidiaries in Zimbabwe and Romania. The loan bears interest at 12% per annum and is repayable by March 2021.
- (iii) \$69,131 (2017: \$76,642) asset financing loans secured on the underlying movable assets belonging to ACR SRL.

# Notes to Financial Statements

continued

## 18. Loans and borrowings continued

Current unsecured borrowing consists of:

- (i) \$1,000,000 (2017: \$1,000,000) loan from the non-controlling interest in Dallaglio Investments (Private) Limited, the holding company for the Pickstone Peerless Gold Mine.
- (ii) \$1,443,467 (2017: nil) loans from companies controlled by the management of Breckridge Investments (Private) Limited, the operating company for the Pickstone Peerless Gold Mine.
- (iii) \$220,156 (2017: \$172,557) 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.

The overdraft is held in Breckridge Investments (Private) Limited. It bears interest at 12% per annum and is secured by a Special Notarial General Covering Bond over the plant and equipment of the Company, and guarantees given by the shareholders, which includes Canape Investments (Private) Limited.

## 19. Trade and other payables

	Mar 2018 Group \$'000	Mar 2017 Group \$'000	Mar 2018 Company \$'000	Mar 2017 Company \$'000
Trade payables	4,753	5,784	186	–
Other payables	769	1,325	106	447
Other taxes and social security taxes	478	237	28	–
Accrued expenses	91	85	–	–
	6,091	7,431	320	447

### Ageing of amounts payable: amounts due for:

	Amount	30 days	60 days	90 days	120 days	150 days or more
Trade payables	4,753	3,780	361	6	146	460
Other payables	769	429	–	–	–	340

Of the total of Trade and other payables \$0.504 million is payable on the grant of the Baita Plai association licence.

## 20. Provisions

	Mar 2018 Group \$'000	Mar 2017 Group \$'000	Mar 2018 Company \$'000	Mar 2017 Company \$'000
Provision for rehabilitation of mining properties				
– Provision brought forward from previous periods	1,095	954	–	–
– Liability recognised during period	302	141	–	–
	1,397	1,095	–	–

As more fully set out in the Statement of Accounting Policies on page 31, 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 mines at both Manaila and Pickstone Peerless 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 Group recognises a provision for the full cost to rehabilitate the mine and a matching asset accounted for within the non-current mining asset.

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## 21. Financial instruments – risk management

### Significant accounting policies

Details of the significant accounting policies in respect of financial instruments are disclosed on pages 33 and 34. 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.

	2018 Group \$'000	2017 Group \$'000	2018 Company \$'000	2017 Company \$'000
<b>Loans and receivables</b>				
Cash and cash equivalents	1,300	1,326	208	1,239
Receivables	5,406	5,503	93	1,556
Loans to Group Companies	–	–	25,179	35,962
<b>Available for sale financial assets</b>				
Available for sale investments (valuation level 1)	13	10	3	5
<b>Other liabilities</b>				
Trade and other payables (excl short term loans)	6,091	7,432	320	446
Loans and borrowings	26,966	7,101	–	–

### 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.

# Notes to Financial Statements

continued

## 21. Financial instruments – risk management continued

Inter-company loan amounts between the holding company and its Zimbabwean subsidiary, Canape Investments, are subject to credit risk in so far as the Zimbabwe's exchange control regulations, which change from time to time, may prevent timeous settlement.

### Maximum exposure to credit risk

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

	2018 Carrying value \$'000	2018 Maximum exposure \$'000	2017 Carrying value \$'000	2017 Maximum exposure \$'000
Cash and cash equivalents	1,300	1,817	1,326	1,551
Receivables	5,406	6,941	5,503	5,960
Loans and borrowings	26,966	27,299	7,101	7,101

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

	2018 Carrying value \$'000	2018 Maximum exposure \$'000	2017 Carrying value \$'000	2017 Maximum exposure \$'000
Cash and cash equivalents	208	1,663	1,239	1,478
Receivables	43	1,540	1,606	1,556
Loans to Group Companies *	25,179	40,132	35,962	38,135

\*Net of impairment charges on advances to Group companies of \$8.5 Million (2017 – \$8.5 million)

### 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 \$1.300 million (2017: \$1.326 million) which was made up as follows:

	2018 Group \$'000	2017 Group \$'000
Sterling	106	692
United States Dollar	1,131	612
Euro	1	2
Lei (Romania)	62	20
	1,300	1,326

At the reporting date, the Company had a cash balance of \$0.208 million (2017: \$1.239 million) which was made up as follows:

	2018 Company \$'000	2017 Company \$'000
Sterling	106	691
United States Dollar	102	547
Euro	–	1
Lei (Romania)	–	–
	208	1,239

The Group had interest bearing debts at the current year end of \$24,330 million (2017: \$5.698 million). These are made up as follows:

	Interest rate	2017 Group \$'000	2016 Group \$'000	2017 Company \$'000	2016 Company \$'000
Secured long term loans	4.5% – 12%	8,149	4,839	–	–
Bank overdraft	12%	1,315	859	–	–
		9,464	5,698	–	–

These loans are repayable as follows:

– Within 1 year	2,000	2,532	–	–
– Between 1 and 2 years	3,667	16	–	–
– In more than 2 years	3,797	3,150	–	–

### 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 31 March 2018 and 31 March 2017, the currency exposure of the Group was as follows:

	Sterling \$'000	US Dollar \$'000	Euro \$'000	Other \$'000	Total \$'000
<b>At 31 March 2018</b>					
Cash and cash equivalents	106	1,131	1	62	1,300
Trade and other receivables	14	4,026	–	1,366	5,406
Trade and other payables	(258)	(3,246)	(42)	(2,546)	(6,092)
Available for sale investments	–	13	–	–	13
<b>At 31 March 2017</b>					
Cash and cash equivalents	692	612	2	20	1,326
Trade and other receivables	110	4,776	–	1,074	5,960
Trade and other payables	(240)	(4,028)	(54)	(3,109)	(7,431)
Available for sale investments	–	10	–	–	10

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 \$13,527 (2017: \$56,690 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 \$13,527 (2017: \$56,690 decrease).

At 31 March 2018 and 31 March 2017, the currency exposure of the Company was as follows:

	Sterling \$'000	US Dollar \$'000	Euro \$'000	Other \$'000	Total \$'000
<b>At 31 March 2018</b>					
Cash and cash equivalents	106	102	–	–	208
Trade and 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
<b>At 31 March 2017</b>					
Cash and cash equivalents	692	546	1	–	1,239
Other receivables	85	1,471	–	–	1,556
Loans to Group companies	201	34,779	1,044	–	36,024
Trade and other payables	(240)	(206)	–	–	(446)
Available for sale investments	–	5	–	–	5

# Notes to Financial Statements

continued

## 21. Financial instruments – risk management continued

### 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 12.

As set out in Note 19, of the consolidated trade and other payables balance of \$5.522 million, \$4.570 million is due for payment within 60 days of the reporting date. Of the balance, \$0.504 million are payables conditional on the issue of the Baita Plai sub-licence.

### 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 134.5% (2017: 17.2%), calculated as follows:

	Mar 2018 \$000's	Mar 2017 \$'000
Loans and borrowings	26,966	7,101
Less: cash and cash equivalents	(1,300)	(1,326)
Net debt	25,666	5,775
Total equity	19,082	33,508
<b>Debt to capital ratio (%)</b>	134.5%	17.2%

## 22. Share capital

	Ordinary 0.1p		Deferred 0.9p		Share premium
	No of shares	Nominal value	No of shares	Nominal value	
As at 31 March 2016	2,079,908,596	3,255	863,562,664	12,850	71,652
Issued during the year *	2,583,495,863	3,315	–	–	3,150
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	–	–	2,558
As at 31 March 2018	5,125,286,982	7,190	863,562,664	12,850	77,360

\* 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 26 and 27.

There were no shares reserved for issue under share options at 31 March 2018 (2017: nil). The number of shares held by the EBT at 31 March 2018 was 32,500,000 (2017: 32,500,000), see note 23 for additional details about the EBT.

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 29 on page 62 for details of share issues after the reporting date.

<b>Date of issue</b>	<b>Number of shares</b>	<b>Issue price (pence)</b>	<b>Purpose of issue</b>
<b>2017</b>			
7 Apr 2016	120,000,000	0.1	Exercise of warrants – Crede Capital
12 Apr 2016	55,555,550	0.24	Issued for cash to investors
14 Apr 2016	60,140,493	0.1	Exercise of warrants – Crede Capital
25 Apr 2016	60,000,000	0.1	Exercise of warrants – Crede Capital
19 May 2016	84,284,277	0.1	Exercise of warrants – Crede Capital
27 Jun 2016	76,111,100	0.1	Exercise of warrants by investors
8 Jul 2016	37,037,036	0.63	Issued for cash to investors
11 Jul 2016	300,000,001	0.285	Issued for cash – general placing
2 Aug 2016	181,992,582	0.285	Issued for cash – open offer to existing shareholders
17 Aug 2016	101,719,298	0.285	Issued for cash – supplementary placing
17 Aug 2016	16,153,846	0.26	Settle liabilities
17 Aug 2016	26,315,789	0.285	Placing shares issued to broker
29 Sep 2016	120,691	0.5	Exercise of open offer warrants
13 Oct 2016	122,120	0.5	Exercise of open offer warrants
13 Oct 2016	47,619,046	0.28	Issued for cash to investors
26 Oct 2016	31,853,636	0.1	Exercise of management warrants
26 Oct 2016	428,571,428	0.21	Loan Notes converted by Bracknor Fund Ltd
3 Nov 2016	105,263,158	0.19	Loan Notes converted by Bracknor Fund Ltd
15 Nov 2016	58,823,529	0.17	Loan Notes converted by Bracknor Fund Ltd
21 Nov 2016	66,666,666	0.15	Loan Notes converted by Bracknor Fund Ltd
24 Nov 2016	66,666,666	0.15	Loan Notes converted by Bracknor Fund Ltd
25 Nov 2016	77,596	0.5	Exercise of open offer warrants
25 Nov 2016	127,548,940	0.1	Exercise of warrants by investors
28 Nov 2016	139,000,000	0.15	Loan Notes converted by Bracknor Fund Ltd
29 Nov 2016	134,040,666	0.15	Loan Notes converted by Bracknor Fund Ltd
9 Dec 2016	376,409	0.5	Exercise of open offer warrants
30 Dec 2016	129,716,169	0.1	Exercise of management warrants
22 Feb 2017	12,500,000	0.4	Exercise of warrants – Bracknor Fund Ltd
28 Feb 2017	37,500,000	0.4	Exercise of warrants – Bracknor Fund Ltd
6 Mar 2017	25,000,000	0.4	Exercise of warrants – Bracknor Fund Ltd
27 Mar 2017	52,631,578	0.5	Exercise of placing warrants issued to broker
28 Mar 2017	87,593	0.5	Exercise of open offer warrants
	2,583,495,863		

# Notes to Financial Statements

continued

## 22. Share capital continued

<b>Date of issue</b>	<b>Number of shares</b>	<b>Issue price (pence)</b>	<b>Purpose of issue</b>
<b>2018</b>			
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
	461,882,523		

### **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 2017, 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 31 March 2018. 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 2017 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 31 March 2018. The last date for exercise is 31 March 2021.



## 23. 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 Options	In issue at 31 March 2017	Issued during year	Lapsed during year	Exercised during year	In issue at 31 March 2018	Final exercise date
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
	97,000,000	106,000,000	(44,000,000)	–	159,000,000	

Exercise price Options	In issue at 31 March 2016	Issued during year	Lapsed during year	Exercised during year	In issue at 31 March 2017	Final exercise date
0.7p	56,500,000	–	–	–	56,500,000	March 2019
0.7p	40,500,000	–	–	–	40,500,000	March 2020
	97,000,000	–	–	–	97,000,000	

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

Exercise price Warrants	In issue at 31 March 2017	Issued during year	Lapsed during year	Exercised during year	In issue at 31 March 2018	Final exercise date
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
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). The Directors consider the probability of such default to be remote and the fair value of these warrants to be immaterial as a consequence.

# Notes to Financial Statements

continued

## 23. Share based payments continued

Exercise price Options	In issue at 31 March 2016	Issued during year	Lapsed during year	Exercised during year	In issue at 31 March 2017	Final exercise date
0.5p	6,809,709	–	6,809,709	–	–	
2.0p	500,000	–	500,000	–	–	
<b>Warrants</b>						
0.4p	–	80,425,000	75,000,000	5,425,000	October 2019	
0.5p	6,659,903	–	–	–	6,659,903	December 2017
0.5p	–	617,834,687	–	53,415,987	564,418,700	June 2019
0.5p	–	13,340,097	–	–	13,340,097	December 2017
variable	136,648,149	–	–	122,064,899	14,583,250	January 2021
variable	–	140,211,632	–	133,597,876	6,613,756	March 2021
	150,617,761	851,811,416	7,309,709	384,078,762	611,040,706	

	2018		2017	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	0.43	708,040,706	0.70	247,617,761
Granted during the year	0.50	106,000,000	0.12	851,811,416
Lapsed during the year	0.75	(44,000,000)	0.55	(7,309,709)
Exercised during the year	0.50	37,144,457	0.39	384,078,762
Outstanding at the end of the year	0.44	732,896,249	0.43	708,040,706
Exercisable at the end of the year	0.41	701,040,706	0.43	708,040,706

The weighted average remaining lives of the SARs, share options or warrants outstanding at the end of the period is 22 months (2017: 28 months). Of the 732,896,249 SARs, options and warrants outstanding at 31 March 2018 (2017: 708,040,706), 701,040,706 (2017: 708,040,706) are fully vested in the holders and are exercisable at that date. The Mercuria Warrants are not included in these calculations or figures as they are only exercisable in the event of a default.

### 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 \$26,747 (2017: \$1,648,400).

### Cash-settled share based payments

The Directors of the Company have set up an Employee Benefit Trust (EBT) in which a number of employees and directors are participants. The EBT holds shares on behalf of each participant until such time as the participant exercises their right to require the EBT to sell the shares. On the sale of the shares the participant receives 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 participant pays 0.01p per share to acquire their rights. The table below sets out the subscription price and the rights exercisable in respect of the EBT.

As set out in the EBT accounting policy note, the EBT has been included as part of the Company financial statements and consolidated as part of the Group financial statements.

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
8.75p	6,000,000	–	–	–	6,000,000	July 2010
8.75p	6,000,000	–	–	–	6,000,000	July 2011
9.00p	2,500,000	–	–	–	2,500,000	August 2011
9.00p	2,500,000	–	–	–	2,500,000	August 2012
6.00p	7,750,000	–	–	–	7,750,000	August 2012
6.00p	7,750,000	–	–	–	7,750,000	August 2013
	32,500,000	–	–	–	32,500,000	

As at 31 March 2017 a total of 32,500,000 of the EBT participation rights were exercisable.

Exercise price	Outstanding at 31 March 2016	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2017	Date exercisable from
8.75p	6,000,000	–	–	–	6,000,000	July 2010
8.75p	6,000,000	–	–	–	6,000,000	July 2011
9.00p	2,500,000	–	–	–	2,500,000	August 2011
9.00p	2,500,000	–	–	–	2,500,000	August 2012
6.00p	7,750,000	–	–	–	7,750,000	August 2012
6.00p	7,750,000	–	–	–	7,750,000	August 2013
	32,500,000	–	–	–	32,500,000	

As at 31 March 2017 a total of 32,500,000 of the EBT participation rights were exercisable.

### Fair value of EBT participant 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

# Notes to Financial Statements

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## 23. Share based payments continued

The Group has recorded liabilities in respect of the EBT of \$nil and \$nil in 2017 and 2018. Fair value of the EBT 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 2017 and 2018, respectively. The total intrinsic value at 31 December 2017 and 2018 was \$nil and \$nil, respectively.

Volatility has been calculated by reference to historical share price information

### Warrant and Share option expense

	<b>2016</b>	<b>2017</b>
	<b>Group</b>	<b>Group</b>
	<b>\$'000</b>	<b>\$'000</b>
Warrant and share option expense:		
– In respect of remuneration contracts	27	198
– In respect of financing arrangements	–	1,450
Total expense/(credit)	27	1,648

## 24. 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 34, 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 EBT reserve has been recognised in respect of the shares in the Company purchased by the EBT; the reserve serves to offset against the increased share capital and share premium arising from the Company effectively purchasing its own shares.
- The retained deficit reserve represents the cumulative net gains and losses recognised in the Group statement of comprehensive income.

## 25. Non-controlling Interests

Dallaglio Investments (Private) Limited (Dallaglio) together with its subsidiaries are subsidiaries of the Company that has material non-controlling interests (NCI). The Company's effective shareholding in Dallaglio amounts to 25.01% (see also below) and control is exercised by the Group by virtue of a casting vote held by the Chairman of the Company, who is an appointee of the Company.

Ronquil Enterprises (Private) Limited is a subsidiary of the Company which also has an NCI. This Company was formed as an intermediate holding company for the Group's interest in Dallaglio. The Company's shareholding is 50.01%.

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.

Sinarom Mining Group SRL was a 50.1% owned subsidiary of the Company which also had a NCI. On 19 July 2017 the Group acquired the remaining shareholding of this subsidiary at which point the non-controlling interest was extinguished.

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

	<b>Dallaglio and subsidiaries \$000's</b>	<b>African Consolidated Resources SRL \$000's</b>	<b>Sinarom Mining Group SA \$000's</b>	<b>Ronquil Enterprises (Private) Limited \$000's</b>	<b>Total NCI \$000's</b>
<b>For the year ended 31 March 2018</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

# Notes to Financial Statements

continued

## 25. Non-controlling Interests continued

	Dallaglio and subsidiaries \$000's	African Consolidated Resources SRL \$000's	Sinarom Mining Group SA \$000's	Total NCI \$000's
<b>For the year ended 31 March 2017</b>				
Revenue	21,137	–	2,628	23,765
Cost of sales	(13,635)	–	(3,745)	(17,380)
Gross profit (loss)	7,502	–	(1,117)	6,385
Administrative expenses	(1,418)	(563)	(1,461)	(3,442)
Operating profit (loss)	6,084	(563)	(2,578)	2,943
Finance expense	61	–	–	61
Profit (loss) before tax	6,145	(563)	(2,578)	3,004
Tax expense/credit	(1,193)	–	–	(1,193)
Profit (loss) after tax	4,952	(563)	(2,578)	1,811
Total comprehensive profit (loss) allocated to NCI	(2,427)	11	1,540	(876)
Cash flows from operating activities	7,231	(364)	(1,914)	4,953
Cash flows from investing activities	(6,320)	(1,211)	(1,235)	(8,766)
Cash flows from financing activities	–	1,506	3,175	4,681
Net cash inflows/(outflows)	911	(69)	26	868
<b>As at 31 March 2017</b>				
<i>Assets:</i>				
Property plant and equipment	10,764	5,399	3,890	20,053
Investment in joint venture	457	–	–	457
Deferred tax asset	465	–	–	465
Inventory	2,065	14	733	2,812
Receivables	2,597	640	459	3,696
Cash and cash equivalents	22	1	31	54
<i>Liabilities:</i>				
Loans and other borrowings	3,044	5,894	7,292	16,230
Trade and other payables	4,204	1,361	2,053	7,618
Accumulated non-controlling interests	14,040	250	(1,897)	12,393

## 26. 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 \$165,399 (2017: \$117,303)

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At the reporting date, there was an amount owing by African Consolidated Resources SRL to the individual related members of the AP Group, totalling \$78,348 (2017: \$23,233).

At the reporting date, there was an amount owing by African Consolidated Resources SRL to Ozone Homes SRL (Ozone) of \$16,727 (2017: \$52,448) 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.

At the reporting date, there was an amount owing by Breckridge Investments (Private) Limited (Breckridge) to Hopina Investments (Private) Limited (Hopina) of \$1,000,000 (2017: \$1,150,000) in respect of plant and equipment disposed of to Breckridge at the commencement of operations at Pickstone Peerless Gold Mine. Hopina is a company controlled by the non-controlling interest in Breckridge.

At the reporting date, there was an aggregate amount of \$1,444,467 (2017: nil) owing by Breckridge Investments (Private) Limited (Breckridge) to Ambridge Investments (Private) Limited and H.M. Barbour (Private) Limited, both of which are companies under the control of a director of Breckridge. The loans are interest free and have no fixed terms of repayment.

## 27. Contingent liabilities and capital commitments

### **Contingent liability – Tax Investigation in Zimbabwe**

As previously reported, in January 2017 the Zimbabwe Revenue Authority (ZIMRA) issued assessments for Value Added Tax, penalties and interest against Canape Investments (Private) Limited (Canape) for a total of \$2,998,363 for the years 2009 to 2015. Canape entered a formal objection to these assessments and the assessments were withdrawn in September 2017 with ZIMRA accepting that the basis on which the assessments had been raised had no validity. While the case is not yet concluded and a number of correspondence items with ZIMRA remain open relating to VAT and other local taxes, the management of Canape, advised by its professional advisors, consider that little, if any, of the amounts under review are due and that any amounts which may become payable are fully provided for.

## 28. Litigation

### **Marange**

In 2006 the Group registered several mining claims in Marange under shelf companies. At that time the Group was not aware that the shelf companies had not actually been registered. In Zimbabwe the registration process had started but the companies were only registered a short period after the claims were registered in their names. After the registration of the claims 120,031.87 carats of diamonds were acquired from the claims. The Zimbabwe Mining Commissioner subsequently cancelled the registration of the claims on the instructions of the Minister of Mines. The Group instituted proceedings in the Zimbabwe High Court challenging the cancellations of the registration of the claims. The Zimbabwe High Court handed down a judgement declaring that the cancellations were invalid and that the Group legally held the claims. The High Court also ordered that the diamonds, which had been seized from the Group's offices in Harare, should be returned.

The Minister of Mines instructed the Attorney General to note an appeal to the Supreme Court. The appeal was noted but the Attorney General renounced agency because he considered that there were no valid grounds of appeal. The diamonds that were seized from the Group were not returned. They are being held in the vault of the Reserve Bank of Zimbabwe.

The Minister of Mines subsequently wrote to the High Court judge asking him to rescind his judgement on the basis that the Group had fraudulently withheld information in order to get a favourable judgement. Although the Judge had no jurisdiction to deal with the matter because it was on appeal to the Supreme Court, he did issue a judgement rescinding his earlier judgement. The Group has appealed against that judgement. Legal opinion is to the effect that the Rescission Judgement is fatally flawed. The Minister withdrew his appeal to the Supreme Court so if the Supreme Court upholds the appeal against the Rescission Judgement the claims will revert to the Group.

# Notes to Financial Statements

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continued

## 28. Litigation continued

In 2010, soon after the issue of the Rescission Judgement, the Attorney General laid criminal charges against the Group, the allegations being that registration of the claims in the names of the non-registered companies was prejudicial to the Ministry of Mines; alternatively, the Group was illegally in possession of the diamonds above. The Group applied to the High Court for the charges to be quashed. More than 2 years later, in May 2013, the Judge handed down his judgement. He ruled that he could not quash the charges and that the Group should have applied for a stay of proceedings until the appeal had been determined. The suggested application has since been made to the Attorney General. Legal opinion is to the effect that the possibility of conviction on any of the charges is very remote. However, the Attorney General has now withdrawn the charges because, instead of the charges being laid against the parent company or any active group subsidiary, they were laid against African Consolidated Resources (Private) Limited, a company registered in Zimbabwe, which is a shelf company and not a Group company. It could not have been involved because it had no staff.

The above-mentioned appeal by the Group to the Supreme Court against the judgement rescinding the original Zimbabwe High Court judgement which had upheld the Group's claims remains open and is capable of being set down by the Group for hearing at any time.

## 29. Events after the reporting date

### **Acquisition of 95% interest in Eureka Gold Mine, Zimbabwe**

The Company announced on 20 April 2018 the acquisition by 25.01% owned Dallaglio from Alpha Resources Ltd and Industrial Corporation of South Africa Ltd of a 95% interest in Delta Gold Zimbabwe (Pvt) Ltd ('Delta Gold'), the owner of the Eureka Gold Mine in Zimbabwe. Eureka is a modern gold mine originally designed to produce up to 70,000oz of gold per annum for an open pit operation and was on care and maintenance at the time of the acquisition. The historical investment is \$30 million which investment includes a 1.8 million tpm processing plant and associated infrastructure which remains in a serviceable condition. The mine has an NI43-101 Mineral Resource Compliant Resource dated 2012 of 22.3Mt at an average grade of 1.90g/t gold for 1,367.600 gold. The mine is planned to be commissioned by June 2019.

The consideration for the acquisition was \$4.485 million cash plus an obligation to finance Delta Gold's creditors, being £1.8 million. The purchase price was financed by a loan from SSGI repayable in 24 equal monthly instalments, with loan repayments and finance for the Delta Gold creditors to be provided from cash flow from the Pickstone-Peerless Mine.

The loan from SSGI is secured by a pledge over 100% of shares of Dallaglio and of the shares of Delta Gold.

SSGI has the option to acquire a 25% interest in Delta Gold at \$4.6 million plus interest.

Reliable up to date accounting information on Eureka and Delta Gold was not available at the time of compilation of this report. It is anticipated that the results of Eureka will be consolidated with the Group. However, not all the disclosures required in terms of IFRS3 can be made.

### **Memorandum of Understanding for exploitation of diamonds in Zimbabwe**

The Company announced on 1 May 2018 that it had signed a Memorandum of Understanding with Botswana Diamonds plc to exchange information derived from past exploration on areas prospective for diamonds in Zimbabwe and to form a special purpose jointly owned company for the purpose of developing and exploiting diamond resources in Zimbabwe:

### **Acquisition of 29.41% interest in Blueberry Project, Romania**

The Company announced on 15th August 2018 that the Company's newly formed subsidiary EMA Resources Ltd (EMA) had contracted to acquire the entire share capital of the Romanian company Blueberry Ridge SRL (BRL) (the owner of the Blueberry Project) in consideration of an undertaking by EMA to issue the vendors shares in EMA which will constitute 70.59% of the enlarged ordinary share capital of EMA, the Company thus retaining 29.41% of such capital subject to a possible reduction to 26.41% on account of the entitlement by Andrew Prelea to 10% of the Company's share of Blueberry.



The Blueberry Project is a brown field perimeter covering 7.285km<sup>2</sup> in the 'Golden Quadrilateral' of Romania and is adjacent to the previously producing Baia de Aries mine which is reported to have produced 20% of the historical gold production from the Golden Quadrilateral. Historical work across the perimeter has demonstrated prospectively for gold and polymetallic mineralisation.

It is not expected that the results of EMA will be consolidated with those of the Group as it is anticipated that EMA will be run as an independent company although with exploration and, subject to exploration results, in due course mining managed by the Company.

#### **Due diligence and joint venture terms on Heritage Concession in the Marange Diamond Fields in Zimbabwe**

The Company announced on 22 August 2018 that it had concluded an agreement with Red Mercury (Pvt) Ltd, a company owned by the Marange-Zimunya community, a Community Share Ownership Trust under the laws of Zimbabwe, for exclusive access to the Heritage Concession in the Marange Diamond Fields. The Heritage Concession is close to the area of Vast's historical Marange Diamond Fields claim and is understood to be an extension of the same geological system. The purpose of the agreement was to carry out initial due diligence with the view to a joint venture agreement for exploration, mining and marketing.

It is not known at present whether the results of the joint venture agreement if concluded will be consolidated with those of the Group.

#### **Baita Plai Association Licence**

The Company announced on 20 September 2018 that, following a request to amend the association licence submission documents in accordance with the mining legislation, all formalities required to effect the required changes had been addressed and completed, and the documentation had been submitted to Romania's National Agency for Mineral Resources (ANRM) for formal approval.

#### **Exercise of warrants**

Warrants were exercised, and shares issued, as follows:

<b>Date</b>	<b>Warrants exercised</b>	<b>Shares issued</b>
5 April 2018	8,200,000	8,200,000
10 May 2018	244,240	244,240
15 May 2018	513,456	513,456
23 May 2018	300,000	300,000
31 May 2018	539,280	539,280
22 June 2018	78,701	78,701
24 July 2018	2,426,640	2,426,640
2 August 2018	400,000	400,000
6 August 2018	1,384,087	1,384,087
28 August 2018	3,000,000	3,000,000
29 August 2018	14,043	14,043
10 September 2018	354,006	354,006

#### **Share placing and subscription**

On 27 June 2018 the Company announced that it had concluded a placing of 238,095,238 ordinary 0.1p shares in the Company at a price of 0.525p each. The gross proceeds of the placing amounted to \$1.652 million (£1.250 million) and the net proceeds, after the costs of the placing, were \$1.487 million (£1.113 million)

On 29 August 2018, the Company announced that it had successfully concluded a subscription of 133,914,127 ordinary shares of 0.1 pence in the Company at a price of 0.645 pence per ordinary share raising in aggregate, £863,750 (approximately \$1,112,510). No costs were incurred in this subscription.

#### **Appointment of non-executive director**

On 9 May 2018 Mr Nicholas Hatch was appointed to the board as a non-executive director.

# Notes to Financial Statements

continued

## 30. 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%	50%	Mining Production
Cadex Investments (Private) Limited	Zimbabwe	5	100%	100%	Claim holding
Canape Investments (Private) Limited	Zimbabwe	6	100%	100%	Mining investment
Conneire Mining (Private) Limited	Zimbabwe	6	100%	100%	Claim holding
Dallaglio Investments (Private) Limited	Zimbabwe	5	25.05%	50%	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%	50%	Claim holding
Lafton Investments (Private) Limited	Zimbabwe	5	100%	100%	Claim holding
Lescaut Investments (Private) Limited	Zimbabwe	5	25.05%	50%	Claim holding
Lomite Investments (Private) Limited	Zimbabwe	5	100%	100%	Claim holding
Lotaven Investments (Private) Limited	Zimbabwe	5	25.05%	50%	Claim holding
Mayback Investments (Private) Limited	Zimbabwe	5	25.05%	50%	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%	50%	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%	50%	Claim holding
Ronquill Enterprises (Private) Limited	Zimbabwe	6	50.01%	100%	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%	50.1%	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
Elfman Investment Services (Private) Limited	Zimbabwe	6	–	100%	Dormant
Febrim Investments (Private) Limited	Zimbabwe	6	100%	100%	Dormant

Company	Country of registration	Reg. office note	Group Interest		Nature of business
			2018	2017	
Filkins Investment Services (Private) Limited	Zimbabwe	6	–	100%	Dormant
Gerry Investment Company (Private) Limited	Zimbabwe	6	–	100%	Dormant
Gigli Investment Services (Private) Limited	Zimbabwe	6	–	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
Kielty Investments (Private) Limited	Zimbabwe	6	–	100%	Dormant
Lucciola Investment Services (Private) Limited	Zimbabwe	6	100%	100%	Dormant
Lyndock Investment Company (Private) Limited	Zimbabwe	6	–	100%	Dormant
Maglev Investment Services (Private) Limited	Zimbabwe	6	–	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
Nemies Investment Services (Private) Limited	Zimbabwe	6	–	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
Re-Energised Investments (Private) Limited	Zimbabwe	6	–	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
Warkworth Investment Services (Private) Limited	Zimbabwe	6	–	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

# Company information

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<b>Directors</b>	Brian Moritz Richard Andrew Prelea Roy Clifford Tucker Craig Harvey Eric Kevin Diack Nicholas Hatch	Non-Executive Chairman Chief Executive Officer Finance Director Chief Operations Officer Non-Executive Director Non-Executive Director
<b>Secretary and registered office</b>	Ben Harber 60 Gracechurch Street London EC3V 0HR	
<b>Country of incorporation</b>	United Kingdom	
<b>Legal form</b>	Public Limited Company	
<b>Website</b>	<a href="http://www.vastresourcesplc.com">www.vastresourcesplc.com</a>	
<b>Auditors</b>	Crowe UK LLP St Bride's House 10 Salisbury Square London EC4Y 8EH	
<b>Nominated &amp; Financial Adviser</b>	Beaumont Cornish Limited 10th Floor 30, Crown Place London EC2A 4EB	
<b>Joint Corporate Brokers</b>	Brandon Hill Capital Limited 1 Tudor Street London EC4Y 0AH  SVS Securities Plc 2nd Floor, 20 Ropemaker Street London EC2Y 9AR	
<b>Bankers</b>	Barclays Bank plc 1 Churchill Place London E14 5HP  Standard Bank Isle of Man Limited Standard Bank House 1 Circular Road Douglas Isle of Man 1M1 1SB	
<b>Registrars</b>	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
<b>Registered number</b>	5414325	





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