VAST RESOURCES

REPORT/ACCOUNTS

2015/2016


Manaila
Polymetallic Mine
Remin Precious Metal*
+Polymetallic Mines
Iacobeni
(Processing Plant)
Baita Plai
Polymetallic Mine
ROMANIA
BUCHAREST
* Area of interest following memorandum of understanding with state owned Remin SA
HARARE
Giant Gold Mine
Pickstone-Peerless
Gold Mine
ZIMBABWE

AN EMERGING MULTI-COMMODITY PRODUCER WITH TWO OPERATIONAL MINES AND A PIPELINE OF EXCEPTIONAL PROSPECTS.

\ INDEX

Overview of the year

Vast Resources plc (“Vast” or the “Company”) transitioned into a mining production company during the year under review, with commercial production commencing at two mines, the Manaila Polymetallic Mine in Romania (‘Manaila’) and the Pickstone-Peerless Gold Mine in Zimbabwe (‘Pickstone-Peerless’).

Financial

- Maiden revenue of $7.2 million generated with the advent of mining at Manaila and Pickstone-Peerless as mining production commences
- Significant investment made into mining operations to achieve production and improve operational efficiencies resulting in a loss of $6.9 million from continuing operations (2015: $6.0 million)
- Loss of $8.7 million from discontinued operations (2015: $1.0 million) following discontinuance of all greenfield exploration projects
- Cash balance at period end of $0.8 million (2015: $3.7 million)

Post period end:

- Cash balance of $0.5 million, plus $1.8 million is held in Breckridge Investments (Private) Limited in Zimbabwe as at 31 August 2016

Operational Development

- Acquired a 50.1% interest and effective control in Sinarom Mining Group, the operating company of Manaila, on 22 July 2015
    - o Mining operations commenced at Manaila in August 2015, with production output of 1,567 tonnes of concentrate in period to 31 March 2016
- Construction of processing plant at Pickstone-Peerless in July 2015
    - o Gold mining and processing commenced in August 2015; 5,406 Troy Ounces of gold produced in period to 31 March 2016
- Merger of Mineral Mining SA with African Consolidated Resources SRL (Romania) completed in February 2016; final legal obstacles removed in process to re-issue mining sub-licence to Baita Plai Polymetallic Mine (Baita Plai) by Romanian state mining corporation

Post period end:

- 4,542 Troy Ounces of gold produced at Pickstone-Peerless in first quarter of FY17
- 727 tonnes of concentrate produced at Manaila in first quarter of FY17
- Significant enhanced JORC Resource declared at Manaila in September 2016

Funding

- Fundraising share issues during the year:

Date	Issue proceeds US$	Issue proceeds Sterling	Shares issued	Issued to
August 2015	$2,003,839	£1,292,415	107,701,662	Investors
August 2015	$54,840	£35,000	7,000,000	Warrants exercised
October 2015	$64,380	£42,000	7,500,000	Warrants exercised
January 2016	$1,813,697	£1,250,000	156,250,000	Crede Capital Group*
January 2016	$725,900	£500,000	62,500,000	Directors & Senior Management of the Company
March 2016	$575,420	£400,000	50,000,000	Investors

* For full details of this arrangement see Note 22

Post period end:

- Approximately $2.66 million (£1,738,578) raised from issues of 610,027,669 shares to investors through placings and an open offer to shareholders in July and August 2016

Management

- Appointment of Graham Briggs as non-executive director on 22 December 2015
- Post period end appointment of Carl Kindinger as chief financial officer on 26 September 2016

Chairman's Report

Strategic Highlights

During the financial year ended 31 March 2016 the Company succeeded in commissioning two mines; the Pickstone-Peerless Gold Mine ('Pickstone-Peerless') in Zimbabwe, and the Manaila Polymetallic Mine ('Manaila') in Romania. Our ambition to begin production at a third mine, the Baita Plai Polymetallic Mine in Romania ("Baita Plai"), has been frustrated by unusual circumstances surrounding the issue of the sub-licence, however it remains our objective to begin mining at this, our third operation, in the near future.

In Romania, Manaila was acquired in July 2015 and has been in production under Vast's control since August 2015. Since beginning production, the Vast team has been monitoring performance and recoveries as there were unexpected issues regarding processing efficiencies and relating to problems associated with separating the zinc from the copper, despite prior laboratory testing which showed more positive results. A copper concentrate containing zinc results in penalties, hence lower prices achieved for the copper concentrate sold and no value for the zinc, which impacted the financial performance of the mine. However, significant progress has been made post period end; we have upgraded our production facilities in order to separate the copper and zinc, which will yield full value for both metals. In addition, we have retained the services of two consultancy companies to implement their proposed solutions following their test work which replicated the original test work undertaken in Romania. This will make a material difference to the economics of the mine, which we expect to reach profitability during August and September 2016. Moreover we have just declared a maiden JORC resource at Manaila which replaces the resource previously reported under the Russian system. The open pittable ore JORC resource is approximately eight times larger than the previously estimated resources under the Russian classification, thus securing much enhanced open pit mine life.

As part of our strategy to increase our operational footprint in Romania, we have continued to progress the grant of the Baita Plai sub-licence. This has been a long and frustrating affair, however the executive team has assured the Board that we are very close to success. As a consequence, the cost of holding the mine and lack of expected income stream has undermined our F2016 budget and resulted in the Company having to raise funds to remain liquid. However, progress was made with the grant of a prospecting licence over the 4.6Mt tailings dam at Faneata, which is comprised of approximately 40 years of tailings from the high grade Baita Plai mine located 7km away. This licence constitutes a separate right from the right to mine at Baita Plai itself, offering a relatively quick, cheap and technically simple route to monetising our interests at this site. A 825m auger drilling campaign is anticipated to commence at Faneata in the coming months.

In Zimbabwe, Pickstone-Peerless has been delivering outstanding results. We are well ahead of budget, with both milling tonnages and gold yield above target. There remain numerous opportunities in Zimbabwe, which we are assessing whilst always being cognisant of the political situation in Zimbabwe, which in isolation, presents both risk and opportunity. The Giant Gold Mine ('Giant'), which is located about 50km from Pickstone-Peerless, remains a target with significant potential value for Vast, in addition to expansion efforts at Pickstone-Peerless itself, in the form of the development of the high-grade sulphide mineralisation below the oxidised ore on which mining is currently focussed.

Leadership group

Our CEO, Roy Pitchford, has been focussing his energies largely in Romania, where he relocated during the year. Roy's key objective is to secure the grant of the Baita Plai sub-licence, ensure Manaila continues its positive operational trajectory and meet profit expectations, in addition to the continued evaluation of further value accretive and complementary opportunities.

Graham Briggs joined the business as a non-executive director on 22 December 2015. Graham, who was previously the CEO of JSE and NYSE listed Harmony Gold Company Limited, and has extensive experience in mining. Since his appointment, Graham has made a valued contribution both from an operational and corporate standpoint.

Eric Diack continues to play a valued role as independent non-exec director and chairman of the audit committee.

Moving forward, the board intends to appoint a full-time COO, to be based in Romania. However we have made the decision to await the formal grant of the Baita Plai sub-licence, and this, together with the uptick in performance at Manaila, should deliver a strong financial platform for future expansion.

Regrettably our CFO Pierre Joubert resigned in August 2016. As announced on 26 September 2016, we are pleased to have now appointed Carl Kindinger as Chief Financial Officer in his stead. Carl is a well-experienced accountant and importantly has agreed to spend a good deal of time in Romania, where we are short on high-level administrative and managerial resources.

Roy Tucker will continue to serve on the Board as Finance Director, as well as covering the Company Secretary role. Roy has indicated he wishes to wind down his involvement in the company once Carl has settled down and appropriate steps are taken to cover the secretarial role and reposition of the company offices.

Funding

The period has been marked by number of small equity placings with investors and directors/senior management in addition to the agreement with Crede Capital ('Crede') to raise up to £5 million. The deal with Crede was not received well by shareholders and resulted in a significant drop in share price and high dilution when Crede opted to cash in their warrants using the Black Scholes valuation method. Subsequent to this, the shareholders voted against issuing further head room to support further funding by Crede, effectively terminating the contract.

Looking at our current cash resources and forecast expenditure, currency shortages in Zimbabwe may cause delays in drawing income from Zimbabwe notwithstanding our official permission to repatriate substantial sums. However Vast plans to use its profits from Pickstone-Peerless to support the on-going development in Zimbabwe.

The Group is not yet cash generative; Zimbabwe is currently self-financing and will not require financial support until the expansion at Pickstone-Peerless is approved; and/or the development of Giant is approved. The performance of Pickstone-Peerless could facilitate local debt financing if retained cash flow is insufficient and this is certainly an area which we would explore at the appropriate time.

There is a budgeted cost of approximately $3.0 million (capital expenditure, working capital and contingencies) to develop Baita Plai on receipt of the sub-licence. Once the sub-licence is granted, the Board will actively explore opportunities to source the funds required to develop what will be the Group's third operational mine.

Romanian Medium Term Strategy

Whilst Romania has proved to be challenging, we have learned a great deal about the operating environment and culture. Vast has proven to the Romanian government we are a capable and committed mining investor and operator, which we believe will pave the way for new opportunities. We have identified four closed mines which have interesting ore resources (under the Russian system) and significant infrastructure in place – these mines are currently owned by the Government of Romania. Discussions have commenced with the authorities to explore options on how Vast may play a role in resurrecting these mines. We are optimistic these talks will lead to some interesting prospects for the company.

Shareholding

I would like to thank the shareholders for their on-going support through what has been a challenging year. Rest assured the Board are doing their utmost to get the business to a cash positive position, from where we can build long-term value. Further news regarding our progress will be communicated to you during the course of the year.

William Battershill
Group Chairman

Strategic Report

Principal activities, review of business and future developments

I am delighted to report that the transformation of the Company from a junior exploration company to a junior mining company is now complete. We now have two mining operations successfully underway and our sights remain set on expanding our operational footprint and increasing efficiencies, recoveries and financial performance. With the successful progress of these two initial mines over recent months, the Company has now moved into positive cash generation at the operating level at current metal prices thus providing a solid platform for future profitability.

The two mines are Peerless-Pickstone, which continues to return good cash generation and Manaila which is moving towards efficient steady state production. In line with our strategy to prioritise revenue generative operations all green field exploration work has ceased with the exception of our farmed-out rare earths interests at Nkombwa Hill in Zambia. Mine site exploration work continues at Manaila and is due to begin shortly at the Faneata Tailing Dam, located 7km from the Baita Plai mine.

Our safety record has been very pleasing, without any lost time injuries at either of the mines. Manaila now has a four-year record without any injuries at the Manaila Open Pit or the Iacobeni Metallurgical Complex.

The cessation of exploration activities has resulted in management reviewing the carrying cost of all former exploration assets. This resulted in the impairment of the Blue Rock (gold) and the Chishanya (phosphate) prospects in Zimbabwe, and the Nkombwa Hills rare earths and phosphate project, although our earn-in partner is still developing this prospect. Future results will therefore not be negatively impacted by the impairment of exploration assets.

Romania remains the current focus of attention, although expansion at Pickstone-Peerless and the possible development of Giant Gold Mine (Giant) are also actively being reviewed by the Company and our co-investor Grayfox Investments (Private) Limited (Grayfox).

While further investment opportunities are available in both Romania and Zimbabwe, the Board's near term focus is squarely on increasing efficiencies and achieving profitability at Manaila. An important aspect of this will be the diversification of our product range. Although to date Manaila has been selling a copper concentrate, the physical zinc tonnage content is almost the same as the copper tonnage content, and following commission of the zinc line the zinc concentrate sales are expected to deliver a significant portion of future revenue. In addition, a third revenue stream from Manaila is achievable through the production of a silver and gold concentrate. Silver and gold credits currently represent up to 30% of the current revenue from Manaila, demonstrating the potential for this to represent a considerable source of value once capitalised on.

In tandem with this, we will continue to seek to advance the issue of the sub-licence at Baita Plai, whilst simultaneously making progress to exploit the Faneata Dam.

The Zambian assets have been sold with the Company retaining a residual minority interest in Nkombwa Hill. The exploration results at Nkombwa Hill have been encouraging and Vast remains in regular contact with the earn-in partner in evaluating the way forward for this project.

Improvements at Manaila and the development of Baita Plai in Romania are designed to put the Company in a cash generative position that will cover the operational and overhead costs relating to Romania and the UK, while the cash generated at Pickstone Peerless in so far as it is not used to repay our loan to Grayfox will be retained to fund expansion of Pickstone-Peerless and future development work at Giant.

With regard to management, we are delighted to welcome Carl Kindinger to the Company as Chief Financial Officer. He has 25 years Board level experience of which the last ten have been in the resource sector with AIM listed companies. He has proven experience in information systems, cost saving, fund raising and corporate governance. We are confident that Carl has the requisite skillset to support the Company's active growth plans as we look to increase production and profitability at our operational mines.

Significant transactions have been undertaken and are highlighted below.

The Directors consider the Group's key performance indicators to be:

- Production volumes and recovery rates
- On-going control of its mining costs and production facilities
- The rate of utilisation of the Group's cash resources. This is discussed further below.

Cash resources

As can be seen from the statement of financial position, cash resources for the Group at 31 March 2016 were approximately $0.8 million (2015: $3.1 million). During the year, the cash outflows from operations were $1.8 million (2015: $4.2 million) and from investing activities were $8.0 million (2015: $80,000). 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 2016, over 80% of all expenditure was spent on directly developing the three mining properties in Romania and Zimbabwe.

The Directors closely monitor the development of the Group's assets and focus in particular on ensuring that the regulatory requirements of the licences are in good standing at all times 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 notes 10 and 11 of the financial statements.

The loss after tax arising from continuing operations during the year was $6.9 million (2015: $6.0 million). However, over the year the cash absorbed by operations was only $1.8 million as a result of $5.1 million of non-cash items, principally, depreciation, share option and other share based payment charges and a deferred tax credit. The loss recognised on discontinued operations did not involve any cash outflow. The Group raised fresh share capital of $5.2 million and raised loan finance of $2.4 million. Capital expenditure on the development on mine properties was $8.6 million. The overall reduction in cash available to the Group was therefore $2.3 million.

A summary of the cash movement in the holding company for the year is as follows:

	$'000
Opening cash balance	2,330
Source of cash	
Issue of shares	*5,008
Funds remitted from Zimbabwe	472
Total cash available	**7,810**
Utilisation of cash	
Manaila Polymetallic Mine (capex and working capital)	(3,048)
Baita Plai Polymetallic Mine (capex & care/maintenance costs)	(1,001)
Romania Overheads	(641)
Zimbabwe and Zambia overheads	(71)
UK overheads	
Legal, audit, NOMAD and other professional fees	(660)
Salaries	(1,468)
Other overhead costs	(233)
Net interest paid	(73)
Total cash utilised	**(7,195)**
Closing balance	**615**

* new share capital raised $5.2 million, but $5.008 million cash physically received during the period.

Projects update

Romania

Manaila continues to improve the quality and quantity of the concentrates it produces. Post year-end, good progress has been made towards producing separate copper and zinc concentrates. Previously, an excessive amount of zinc was being recovered in the copper concentrate thereby incurring a penalty, while unrecovered zinc was being lost in the tailings disposal. As announced on 6 September 2016, zinc now has been successfully removed from the copper concentrate and the second phase of producing a zinc concentrate is now underway. The sale of two separate better quality concentrates will enhance revenues. Once the production of the copper and zinc concentrates has achieved steady state, the recovery of gold and silver not recovered in the copper and zinc concentrates will be evaluated. If successful this will provide Manaila with a third income stream.

Manaila has, in March 2016, obtained a new prospecting licence which will provide a 20 fold increase in its prospecting area, and as announced on 26 September 2016 now has a maiden JORC Resource covering the original mining licence and exploration done on the extension. The JORC open pittable ore resource is 2.60Mt which replaces the previous Russian system resource of 0.35Mt thus securing a material increase in the open pit life of the mine.

At Baita Plai the primary objective remains the securing of the association sub-licence from the state mining company S.C. Baita S.A. All legal and regulatory requirements have been fulfilled by Vast and the Company has a contractual right to receive the sub-licence. High-level discussions are now in place to resolve the quantum of the outstanding obligation between S.C. Baita S.A. and the Company's Romanian subsidiary. The courts have determined the final amount subject to a technical confirmation currently being completed. Vast remains confident that the sub-licence will follow in accordance with the contract.

In the interim, expenditure at Baita Plai has been limited to the required care and maintenance requirements and some capital expenditure to comply with health and safety regulations that permit continued access to the important areas of the mine such as the pumping stations. Part of the capital expenditure has reduced the pumping costs at the mine by 50%. Further capital expenditure will be restricted in part until after receipt of the sub-licence, and in part until after the test work on the processing of the ore has been completed.

The Company is planning to commission a drilling campaign targeting the Faneata Tailings Dam, which is comprised of approximately 40 years of tailings from the high grade Baita Plai mine. It is anticipated that Faneata could become a stand-alone mining operation with the application of enhanced processing technologies that have the ability to enable the economic extraction of the metalliferous content of the tailings.

The experience and knowledge gained at Manaila will be invaluable when reopening Baita Plai. The success of the test-work undertaken by SGS (UK) and Minxcon at Manaila is likely to see these consultants actively involved in the reopening process at Baita Plai. The marketing experience of the Manaila concentrates will also be of value to the marketing of the Baita Plai concentrates.

Zimbabwe

Pickstone-Peerless Gold Mine

The highly experienced management team running this mine have consistently improved its performance since operations commenced. The mine is now consistently milling circa 20,000 tonnes a month with a grade of greater than 2 grammes/tonne (g/t) of gold.

Mine plan drilling has enhanced the understanding of the ore body derived from the resource drilling and in excess of two years mill feed at a grade exceeding 2g/t gold has been identified.

Evaluation of the sulphide ore body and the processing of this expected higher-grade ore has commenced and will lead to detailed planning and costing of this next phase of development.

The robust gold price gives further encouragement to investing and expanding Pickstone-Peerless.

Giant Gold Mine
Currently there is an inferred resource at Giant of circa 500,000 ozs gold for the mine. Historically, Giant was a significant producer and like Pickstone-Peerless it is believed that a world-class resource could be delineated at this mine. Artisanal mining at Giant, like Pickstone-Peerless, indicates significant mineralisation giving further encouragement to fully evaluate the gold resource potential of this prospect.

Other:
Significant new projects are potentially available in Zimbabwe, but limited efforts have been directed towards these due to constraints in resources, regarding both financial and personnel.

Zambia
The earn-in partner on Nkombwa Hill, who now holds a 50.6% interest in the prospect, has achieved good exploration progress. A JORC compliant resource statement will be released soon. Work on the second phase of the exploration programme is expected to begin shortly. When the earn-in reaches 65%, Vast will be entitled to retain this level of participation by contributing its share of future development funding for the project.

Fund raising

At the time of reporting, taking into consideration the Group's existing funds, the receipt of the Baita Plai sub-licence will trigger the process of restarting the mine requiring the Company to secure approximately $4 million in additional funding over the period to December 2016. Various funding options, including conventional debt finance, are being considered.

Impairment of projects

A comprehensive review for impairment on all the projects was undertaken. As the Group has ceased all greenfield exploration activities, all intangibles previously held have been classified as discontinued operations. Further details contained in note 10.

Risk management

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

- **Risk – Going concern**
  The Group will require more cash for its near term investment purposes – particularly for the development of the Baita Plai sub-licence, once it is received – but is confident that it will be able to raise cash from investors as it is required; $2.66 million (before issue costs) has already been raised from share issues since the year end. However, this position could be undermined by change of investor appetite, unforeseen delays, cost overruns or adverse commodity price movements and therefore indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

  Mitigation/Comments
  The Board will continue to engage potential investors to aid understanding of the fundamental strength of the Group's business so as to be in a position to attract additional funding when required. The Board will also 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.

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 remains economic at all times. Once output stabilises beyond the initial development phase, it will be possible to hedge future price fluctuations by entering into forward selling contracts. Beyond that the Group aims to remain a low cost producer.

- **Risk – Retention of Key Personnel**
  The successful achievement of the Group's strategies, business plans and objectives depends upon its ability to attract and retain certain key personnel.

  Mitigation/Comments
  The Group is committed to the fostering of a management culture where management is empowered and where innovation and creativity in the workplace is encouraged. In order to retain key personnel, it has introduced a "Share Appreciation Right Scheme" for directors and senior executives, and will address a bonus scheme for others.

- **Risk – Country and Political**
  The Group's operations are based in Zimbabwe and Romania. Emerging market economies could be subject to greater risks, including legal, regulatory, economic and political risks, and are potentially subject to rapid change. These risks exist particularly in Zimbabwe where the Group is affected by that country's Indigenisation Regulations which are subject to change and are of uncertain effect. Further information on the Indigenisation Regulations is given in Note 27.

  Mitigation/Comments
  The Group's management team is highly experienced in its areas of operation. 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 in order to keep abreast of all key legal and regulatory developments applicable to its operations. The Group has a number of internal processes and checks in place to ensure that it is wholly compliant with all relevant regulations in order to maintain its mining or exploration licences within each country of operation. In Zimbabwe the Group will take the necessary steps to comply with the Indigenisation Regulations. These country risks are further addressed in the Notes to the Financial Statements.

- **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.

- **Risk – Impairment of intangible assets**
  The Group has licences or claims over a number of discrete areas of exploration. Review of deferred exploration expenses involves significant judgement and this increases the risk of misstatement.

  Mitigation/Comments
  It is the Group's policy for the Board to review progress every quarter on each area in order to approve the timing and amount of further expenditure or to decide that no further expenditure is warranted. If no further expenditure is warranted for any area, then the related costs will be written off. The board measures progression in each of its claim areas based on a number of factors including specific technical results, international commodity markets, claim holding costs and economic considerations. Further details are included in Note 10 of the Financial Statements.

Outlook

The period under review has seen significant progress from an operation standpoint, with our team overcoming several hurdles which places us in a strong position moving forward.

The excellent performance of Pickstone-Peerless is testament to the expertise and hard work of the management team, often working in difficult conditions. A comprehensive mine plan has been established that will provide the mill with good grade ore for the next two to three years. Longer term, the resource drilling and improved knowledge of the ore body, has indicated the strong potential for a robust and financially attractive mining operation for many years to come.

Exploration at Giant is expected to commence in the coming year and it is hoped this will lead to the delineation of sufficient resources to enable pre-feasibility study work to commence.

The programme to improve the quality, quantity, and variety of concentrate produced at Manaila has begun to bear fruit. Separation of copper and zinc into their respective concentrates has been achieved and the mine is now building up its production volumes of copper and zinc concentrates.

The award of the Baita Plai sub-licence will see the commencement of certain refurbishment work on the mine and processing plant. The full capital investment to restart the mine will be finalised once the planned test work has been completed.

The continued good cash generation at Pickstone-Peerless, the steady state production at Manaila, and the commencement of production at Baita Plai is expected to put the Company into positive cash generation at current metal prices.

To the management and staff at Pickstone-Peerless, a special vote of thanks for the excellent results achieved at the mine this year. At Manaila, the resilience and persistence of the staff and management during a particularly difficult period of implementing new and additional processes to achieve separate copper and zinc concentrates is also much appreciated. The patience and commitment of the small team of care and maintenance staff at Baita Plai is appreciated and it is hoped that new members of staff will soon join them when the reopening of the mine commences.

I am grateful to my fellow directors and senior management at Vast for their continued support and commitment to the Company. The commitment and support of the co-owners of Pickstone-Peerless, Grayfox, is also appreciated and a special thank you for their contribution to the success of the mine. The initial successes achieved by our earn-in partners at Nkombwa Hill is due to their hard work and commitment to the project, for which Vast is grateful.

On behalf of the Board

Roy A. Pitchford
Group Chief Executive Officer

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 March 2016.

Results and dividends

The Group statement of comprehensive income is set out on page 18 and shows the loss for the year.

The Directors do not recommend the payment of a dividend (2015: 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
Roy Tucker	5 April 2005
Roy Pitchford	7 April 2014
William Battershill	30 May 2014
Eric Diack	30 May 2014
Graham Briggs	22 December 2015

Directors' interests

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

	31 March 2016		**31 March 2015**	
	Ordinary Shares	**Share Options**	**Ordinary Shares**	**Share Options**
William Battershill	28,750,659	–	28,750,659	–
Graham Briggs	4,166,625	–	–	–
Eric Diack	–	–	–	–
Roy Pitchford	–	–	–	–
Roy Tucker	31,607,029	–	26,398,717	3,500,000
Total	64,524,313	–	55,149,376	3,500,000

Share Options

		Movements during year		
Exercise price	**Outstanding at 31 March 2015**	**Issued**	**Lapsed**	**Outstanding at 31 March 2016**
Roy Tucker				
5.0p	3,500,000	–	3,500,000	–
Total	3,500,000	–	3,500,000	–

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 2015	Exercised during last 12 months	Granted during last 12 months	Outstanding at 31 March 2016	Exercise date
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
Total		5,000,000	–	–	5,000,000	

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 (SARS):

			Vesting period	
	Grant date	SARs awarded	Start	Finish
William Battershill	1 Jun 2015	12,000,000	31 Mar 2016	31 Mar 2019
Eric Diack	1 Jun 2015	12,000,000	31 Mar 2016	31 Mar 2019
Roy Pitchford	1 Jun 2015	20,000,000	31 Mar 2016	31 Mar 2019
	1 Jun 2015	12,000,000	31 Mar 2017	31 Mar 2020
Roy Tucker	1 Jun 2015	10,000,000	31 Mar 2016	31 Mar 2019
	1 Jun 2015	8,000,000	31 Mar 2017	31 Mar 2020

See note 23 for further details of the SARS

Report of the Directors

continued

Directors' remuneration

2016	Salary/ Fees $'000	Termination Payments $'000	Pension $'000	Medical aid $'000	Total $'000
William Battershill	75	–	–	–	75
Graham Briggs	8	–	–	–	8
Eric Diack	60	–	–	–	60
Roy Pitchford	210	–	–	–	210
Roy Tucker	187	–	–	–	187
Total	540	–	–	–	540
2015					
Stuart Bottomley *	16	–	–	–	16
William Battershill	81	–	–	–	81
Eric Diack	73	–	–	–	73
Michael Kellow *	28	–	3	–	31
Neville Nicolau *	11	–	–	–	11
Roy Pitchford	188	–	–	–	188
Roy Tucker	165	–	–	–	165
Total	562	–	3	–	565

* Former Director

Part of the remuneration of Roy Tucker represents payment for UK office services that are provided by Roy Tucker under his consultancy contract at his expense. His remuneration also includes irrecoverable VAT. No part of the remuneration paid, (2015: $11,800) has been settled by issuing shares.

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

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 Company'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. The Company's auditor, Crowe Clark Whitehill 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.

Events after the reporting date

These are more fully disclosed in Note 29.

By order of the Board

Roy C. Tucker
Secretary

28 September 2016

Statement of Directors' responsibilities

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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company 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 Company'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

Independent Auditor’s Report to the Members of Vast Resources Plc

We have audited the financial statements of Vast Resources Plc for the year ended 31 March 2016 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flow and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors’ Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report, the Directors’ Report and any other surround information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2016 and of the group‘s loss for the year 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.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the statement of accounting policies 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 Company was unable to continue as a going concern.

Emphasis of Matter – Indigenisation Regulation Zimbabwe

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the Directors' disclosure of the impacts of the Indigenisation Regulation in Zimbabwe, (see basis of preparation in the statement of accounting policies and in note 27 in the financial statements). This Regulation, as set in its present format would require transfer of 51% of all Zimbabwean projects to designated local entities, and as explained in Note 27, this gives rise to a significant uncertainty over the ability of the Group and Company to realise the value of the Group's assets. The financial statements do not include the adjustments that would result if 51% of the Zimbabwean projects were required to be transferred. These adjustments would principally be significant impairment of the Group's Zimbabwean exploration assets and the Company's investment in subsidiaries.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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.

Stephen Bullock
Senior Statutory Auditor
For and on behalf of Crowe Clark Whitehill LLP

Statutory Auditor
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Dated: 28 September 2016

Group statement of comprehensive income

for the year ended 31 March 2016

	Note	31 Mar 2016 Group $'000	31 Mar 2015 Group $'000
Revenue		7,200	–
Cost of sales		(5,608)	–
Gross profit		1,592	–
Overhead expenses		(9,615)	(5,993)
Depreciation of property, plant and equipment		(2,151)	–
Loss on sale of property, plant and equipment		(57)	–
Share option (expense) / credit		(3,368)	25
Other administrative and overhead expenses		(4,039)	(6,018)
Loss from operations		(8,023)	(5,993)
Finance income	4	1	3
Finance expense		(509)	–
Loss before taxation from continuing operations		(8,531)	(5,990)
Tax credit	5	1,658	–
Loss after taxation from continuing operations		(6,873)	(5,990)
Gain on business combination	14	41	169
Loss on discontinued operations, net of tax	14	(8,739)	(1,033)
Total loss for the year		(15,571)	(6,854)
Other comprehensive income			
Gain on available for sale financial assets		10	18
Exchange loss on translation of foreign operations		(135)	–
Total comprehensive loss for the period		(15,696)	(6,836)
Total loss attributable to:			
– the equity holders of the parent company		(16,100)	(6,617)
– non-controlling interests		529	(237)
		(15,571)	(6,854)
Total comprehensive loss attributable to:			
– the equity holders of the parent company		(16,225)	(6,599)
– non-controlling interests		529	(237)
		(15,696)	(6,836)
Loss per share – basic and diluted	8	(1.02)	(0.75)
Loss per share from continuing operations – basic and diluted		(0.44)	(0.68)

The accompanying accounting policies and notes on pages 32 to 64 form an integral part of these financial statements.

Group Statement of Changes in Equity

for the year ended 31 March 2016

	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	Non-controlling interests $'000	Total $'000
At 31 March 2014	14,075	62,893	504	(1,843)	(31)	(3,942)	(39,078)	32,578	–	32,578
Total comprehensive loss for the year	–	–	–	–	18	–	(6,617)	(6,599)	(236)	(6,835)
Share option charges	–	–	(25)	–	–	–	–	(25)	–	(25)
Interest in mining asset	–	–	–	–	–	–	(7,404)	(7,404)	9,403	1,999
Acquired through business combination:										
– Dallaglio Investments (Pvt) Ltd	–	–	–	–	–	–	–	–	2,000	2,000
– Mineral Mining SA	–	–	–	–	–	–	–	–	(198)	(198)
Shares issued:										
– for cash consideration	715	3,089	–	–	–	–	–	3,804	–	3,804
– to settle liabilities (including Directors)	245	123	–	–	–	–	–	368	–	368
At 31 March 2015	15,035	66,105	479	(1,843)	(13)	(3,942)	(53,099)	22,722	10,969	33,691
Total comprehensive loss for the year	–	–	–	(135)	10	–	(16,100)	(16,225)	529	(15,696)
Share options charge	–	–	3,368	–	–	–	–	3,368	–	3,368
Share options lapsed	–	–	(1,748)	–	–	–	1,748	–	–	–
Acquired through business combination										
– Sinarom Mining Group SA	–	–	–	–	–	–	(20)	(20)	20	–
Shares issued:										
– for cash consideration	796	4,364	–	–	–	–	–	5,160	–	5,160
– to settle liabilities	274	1,183	–	–	–	–	–	1,457	–	1,457
At 31 March 2016	16,105	71,652	2,099	(1,978)	(3)	(3,942)	(67,471)	16,462	11,518	27,980

The accompanying accounting policies and notes on pages 32 to 64 form an integral part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 March 2016

	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 2014	14,075	62,893	504	(4,954)	1	(3,942)	(36,000)	32,577
Total comprehensive loss for the year	–	–	–	–	4	–	(6,039)	(6,035)
Share option charges (credit)	–	–	(25)	–	–	–	–	(25)
Shares issued:								
– for cash consideration	715	3,089	–	–	–	–	–	3,804
– to settle liabilities (including Directors)	245	123	–	–	–	–	–	368
At 31 March 2015	15,035	66,105	479	(4,954)	5	(3,942)	(42,039)	30,689
Total comprehensive loss for the year	–	–	–	–	(5)	–	(5,807)	(5,812)
Share option charges	–	–	3,368	–		–	–	3,368
Share options lapsed	–	–	(1,748)	–	–	–	1,748	–
Shares issued:								
– for cash consideration	796	4,364	–	–	–	–	–	5,160
– to settle liabilities	274	1,183	–	–	–	–	–	1,457
At 31 March 2016	16,105	71,652	2,099	(4,954)	–	(3,942)	(46,098)	34,862

The accompanying accounting policies and notes on pages 32 to 64 form an integral part of these financial statements.

Group and Company statements of financial position

As at 31 March 2016

	Note	31 Mar 2016 Group $'000	31 Mar 2015 Group $'000	31 Mar 2016 Company $'000	31 Mar 2015 Company $'000
Assets					
Non-current assets					
Intangible assets	10	–	8,739	–	185
Property, plant and equipment	11	32,539	22,621	–	75
Investment in subsidiaries	12	–	–	218	218
Loans to group companies	13	–	–	33,963	29,256
Deferred tax asset	5	1,658	–	–	–
		34,197	31,360	34,181	29,734
Current assets					
Inventory	15	1,912	65	–	–
Receivables	16	3,896	4,134	412	345
Available for sale investments	17	8	24	5	5
Cash and cash equivalents		831	3,090	615	2,330
Restricted cash		–	637	–	–
Total current assets		6,647	7,950	1,032	2,680
Total Assets		40,844	39,310	35,213	32,414
Equity and Liabilities					
Capital and reserves attributable to equity holders of the Parent					
Share capital	22	16,105	15,035	16,105	15,035
Share premium		71,652	66,105	71,652	66,105
Share option reserve		2,099	479	2,099	479
Foreign currency translation reserve		(1,978)	(1,843)	(4,954)	(4,954)
Available for sale reserve		(3)	(13)	–	5
EBT reserve		(3,942)	(3,942)	(3,942)	(3,942)
Retained deficit		(67,471)	(53,099)	(46,098)	(42,039)
		16,462	22,722	34,862	30,689
Non-controlling interests	25	11,518	10,969	–	–
Total equity		27,980	33,691	34,862	30,689
Non-current liabilities					
Loans and borrowings	18	911	1,555	–	–
Provisions	20	954	–	–	–
		1,865	1,555	–	–
Current liabilities					
Loans and borrowings	18	2,504	1,229	–	1,229
Trade and other payables	19	6,729	2,835	351	496
Bank overdraft		1,766	–	–	–
Total current liabilities		10,999	4,064	351	1,725
Total liabilities		12,864	5,619	351	1,725
Total Equity and Liabilities		40,844	39,310	35,213	32,414

The accompanying accounting policies and notes on pages 32 to 64 form an integral part of these financial statements.

The financial statements on pages 18 to 64 were approved and authorised for issue by the Board of Directors on 27 September 2016 and were signed on its behalf by:

Roy C. Tucker
Director

Registered number 05414325

28 September 2016

Group and Company statements of cash flow

for the year ended 31 March 2016

	31 Mar 2016 Group $'000	31 Mar 2015 Group $'000	31 Mar 2016 Company $'000	31 Mar 2015 Company $'000
CASH FLOW FROM OPERATING ACTIVITIES				
Loss before taxation for the year	(8,531)	(5,990)	(5,812)	(6,039)
Adjustments for:				
Depreciation	2,151	465	10	40
Loss (profit) on sale of property, plant and equipment	57	(120)	65	(168)
Liabilities settled in shares	1,457	368	1,457	368
Share option expense	3,368	(25)	3,368	(25)
	(1,498)	(5,302)	(912)	(5,824)
Changes in working capital:				
Decrease (increase) in receivables	670	(654)	(67)	(322)
Increase in inventories	(1,779)	(4)	–	–
Increase (decrease) in payables	867	1,503	(145)	1,258
	(242)	845	(212)	936
Cash used in operations	(1,740)	(4,457)	(1,124)	(4,888)
Investing activities:				
Payments to acquire intangible assets		(63)	–	(65)
Payments to acquire property, plant and equipment	(8,718)	(394)	–	–
Proceeds on disposal of property, plant and equipment	5	1,536	–	1,508
Payments to acquire subsidiary company	–	(522)	–	–
Restricted cash movement	637	(637)	–	–
(Increase) decrease in loans to group companies	–	–	(4,522)	1,504
Total cash used in investing activities	(8,076)	(80)	(4,522)	2,947
Financing Activities:				
Proceeds from the issue of ordinary shares, net of issue costs	5,160	3,804	5,160	3,804
Proceeds from investment by Grayfox (Private) Limited	–	–	1,700	–
Movement in loans and borrowings	2,397	1,555	(1,229)	–
Total proceeds from financing activities	7,557	7,059	3,931	3,804
Decrease in cash and cash equivalents	(2,259)	2,522	(1,715)	1,863
Cash and cash equivalents at beginning of year	3,090	568	2,330	467
Cash and cash equivalents at end of year	831	3,090	615	2,330

The accompanying accounting policies and notes on pages 32 to 64 form an integral part of these financial statements.

Statement of Accounting Policies

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 as a public limited company under UK Company Law with registered number 05414325. It is domiciled at, and is registered at Nettlestead Place, Nettlestead, Maidstone, Kent, ME18 5HA.

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 2016.

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 will provide it with sufficient cash flow to support its capital requirements in Zimbabwe. However, the Group will require further funding to finance the Group's and Company's working capital requirements and the development of the Group's Romanian assets. The Directors are confident that the Company will be able to raise funds for such requirements from investors as required although no binding funding agreement is in place at the date of this Report. 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 Company were unable to continue as a going concern.

The Zimbabwean Government's policy on indigenisation as set in its present format creates an obligation for the Group. The full effect that this legislation might have on the operations of the Group is yet to be quantified and is subject to significant uncertainty over the ability of the Group and Company to realise the value of the Group's assets. Further details on indigenisation are contained in note 27.

Changes in Accounting Policies

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

Areas of estimates and judgement

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

a) Useful lives of property, plant & equipment

Property, plant and equipment are depreciated over their useful economic lives. Useful economic lives are based on management's estimates of the period that the assets will be in operational use, which are periodically reviewed for continued appropriateness. Due to the long life of certain assets, changes to estimates used can result in significant variations in the carrying value. More details, including carrying values, are included in note 11 to the financial statements.

b) 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. More details, including carrying values, are included in note 10 to the financial statements.

c) Share based payments

The Group operates an equity settled and cash settled share based remuneration scheme for key employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of equity instruments at the date of grant.

In addition, the Group may frequently enter into financial arrangements that involve the convertibility of part or all of the liabilities assumed under these arrangements into shares in the parent Company, under an option arrangement.

The fair value of these share options is estimated by using the Black Scholes model on the date of grant based on certain assumptions. Those assumptions are described in note 23 and include, among others, the expected volatility and expected life of the options.

d) 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. Should the projections not be realised the Group's going concern would depend on the success of future fund raising initiatives. The recoverability of inter-Company loans advanced by the Company to subsidiaries depends also on the subsidiaries realising their cash flow projections.

e) 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 model. Inputs over which the Directors may be required to form judgements relate to, et al, volatility rates, vesting periods, risk free interest rates, commodity price assumptions and discount rate. 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.

f) 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.

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 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.

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
Comprises 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.

Foreign currency

The functional currency of the Company and all of its subsidiaries is the United States Dollar, which is the currency of the primary economic environment in which the Company and all of 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 2016 $1.4367: £1
- 31 March 2015 $1.4836: £1
- 31 March 2014 $1.6642: £1

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, re-measured subsequently through profit or loss. Any direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Intangible assets

Deferred development and exploration costs
Once a licence has been obtained, all costs associated with mining property development and investment are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining property development project is successful, the related expenditures are amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the Group, the related costs are written off.

Unevaluated mining properties are assessed at each year-end and where there are indications of impairment these costs are written off to the income statement. The recoverability of deferred mining property costs and interests is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

If commercial reserves are developed, the related deferred development and exploration costs are then reclassified as development and production assets within property, plant and equipment. Prior to any such reclassification costs are assessed for any potential impairment. Following re-classification as a development and production asset, the cost of these assets are then dealt with in accordance with the Group's policy for proved mining properties (see note on property, plant and equipment, below)

Mining options
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.

Leased assets

Where assets are financed by leasing agreements that do not give rights approximating ownership, these are treated as operating leases. The annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

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.

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

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.

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.

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.

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.

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.

Tax

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

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

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

Deferred tax
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet 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.

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 Eastern Europe (primarily Romania). The Group did not generate any revenue in the previous year and therefore no disclosures are provided with respect to revenues in the comparative figures.

The Group's operations are reviewed by the Board (which is considered to be the Chief Operating Decision Maker ('CODM')) and split between 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. Further information is provided on the non-current intangible assets attributable to exploration and development on a project by project basis in note 10.

	Mining, exploration and development Europe $'000	**Africa $'000**	**Administration and corporate $'000**	**Total $'000**
2016				
Revenue	1,812	5,388	–	7,200
Production costs	(1,436)	(4,172)	–	(5,608)
Gross profit (loss)	376	1,216	–	1,592
Impairment of intangible assets	–	–	–	–
Project evaluation expenses	–	–	–	–
Depreciation	(1,554)	(582)	(15)	(2,151)
Share option charge	–	–	(3,368)	(3,368)
Interest revenues	–	–	1	1
Profit (loss) for the year from continuing operations	(1,375)	949	(6,447)	(6,873)
Loss for the year from discontinued operations	–	(8,739)	–	(8,739)
Total assets	10,922	29,198	724	40,844
Total non-current assets	8,394	26,495	(692)	34,197
Additions to non-current assets	4,801	4,796	8	9,605
Total current assets	2,529	2,703	1,415	6,647
Total liabilities	6,086	4,449	2,329	12,864

	Mining, exploration and development Europe $'000	Africa $'000	Administration and corporate $'000	Total $'000
2015				
Impairment of intangible assets	–	–	–	–
Project evaluation expenses	(130)	–	–	(130)
Depreciation	(35)	(407)	(23)	(465)
Share option credit	–	–	25	25
Interest revenues	–	–	3	3
Loss for the year from continuing operations	(130)	–	(5,721)	(5,851)
Loss for the year from discontinued operations	–	–	(1,033)	(1,033)
Total assets	2,137	26,910	10,263	39,310
Total non-current assets	2,137	26,910	2,313	31,360
Additions to non-current assets	2,601	458	21	3,080
Total current assets	–	–	7,950	7,950
Total liabilities	–	–	5,622	5,622

There are no non-current assets held in the Company's country of domicile, being the UK (2015: $nil).

2. Group loss from operations

	2016 Group $'000	2015 Group $'000
Operating loss is stated after charging/(crediting):		
Auditors' remuneration (note 3)	110	111
Depreciation	2,151	465
Employee pension costs	16	42
Share option expense/(credit)	3,368	(25)
Foreign exchange (gain)/loss	(53)	217
Loss/(Profit) on disposal of property, plant and equipment	56	(120)

3. Auditor's remuneration

	2016 Group $'000	2015 Group $'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	40	65
Fees payable to the Company's auditor for other services:		
– Audit of the accounts of subsidiaries	70	46
	110	111

4. Finance income

	2016 Group $'000	2015 Group $'000
Interest received on bank deposits	1	3

5. Taxation

	2016 Group $'000	2015 Group $'000
Income tax on profits	–	–
Deferred tax credit	(1,658)	–
Tax charge (credit)	(1,658)	–

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 $6.4 million, which are expected to be utilised in the immediate forthcoming periods.

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

	2016 Group $'000	2015 Group $'000
Loss before taxation	15,696	6,836
Loss before taxation at the standard rate of corporation tax in the UK of 20% (2015: 21%)	3,139	1,436
Expenses disallowed for tax	(1,902)	(9)
Difference in tax rates in local jurisdiction	(1,900)	458
Loss carried forward	663	(1,885)
Income tax charge on profits	–	–

Factors that may affect future tax charges:

Tax losses	2016 Group $'000	2015 Group $'000	2016 Company $'000	2015 Company $'000
Accumulated tax losses	22,005	21,342	13,038	9,478

However, of this total, only $6.4 million are 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

Staff costs (including directors) consist of:

	2016 Group $'000	2015 Group $'000
Wages and salaries – management	1,531	517
Wages and salaries – other	746	764
	2,277	1,281
Consultancy fees	1,056	897
Social Security costs	160	14
Healthcare costs	131	–
Pension costs	67	42
	3,691	2,231

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

Management	13	9
Other operations	312	57
	325	66

7. Directors' remuneration

	2016 Group $'000	2015 Group $'000
Directors' emoluments	540	562
Company contributions to pension schemes	–	3
Directors and key management remuneration	540	565
Gain on share options exercised by directors (not charged to profit or loss as explained below)	–	–

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

One Director (2015: one) accrued benefits under a defined contribution pension scheme during the year. 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 $210,000 (2015: $187,500).

Included within the above remuneration are amounts accrued at 31 March 2016; please refer to the Directors' Report for full detail.

continued

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.

	31 Mar 2016 Group	31 Mar 2015 Group
The weighted average number of ordinary shares in issue for the period is:	1,579,576,275	884,682,217
Losses for the period: ($'000)	(16,100)	(6,617)
Loss per share basic and diluted (cents)	(1.02)	(0.75)

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. The Group loss for the year includes a loss after taxation of $5.807 million (2015: $6.039 million) for the Company, which is dealt with in the financial statements of the parent company.

10. Intangible assets

	$'000	$'000	$'000
Group			
Cost at 31 March 2014	24,410	4,300	28,710
Additions during the year	63	–	63
Amount provided for impairment	–	–	–
Reclassification of deferred costs	(95)	–	(95)
Discontinued operations	(1,132)	–	(1,132)
Transferred to property, plant and equipment	(15,654)	(3,153)	(18,807)
Cost at 31 March 2015	7,592	1,147	8,739
Additions during the year	–	–	–
Discontinued operations	(7,592)	(1,147)	(8,739)
Cost at 31 March 2016	–	–	–
Company			
Cost at 31 March 2014	1,191	389	1,580
Transfer to subsidiary	(1,071)	(389)	(1,460)
Additions during the year	65	–	65
Cost at 31 March 2015	185	–	185
Recognition of intangibles	113	–	113
Discontinued operations	(298)	–	(298)
Cost at 31 March 2016	–	–	–

	2016 Group $'000	2015 Group $'000
Intangible assets by project		
Gold		
Blue Rock	–	8,083
Phosphates		
Chishanya	–	542
Rare earths		
Nkombwa Hill	–	114
	–	8,739

	2016 Group $'000	2015 Group $'000
Discontinued operations		
Gold		
Blue Rock	8,083	–
Phosphates		
Chishanya	542	–
Rare earths		
Nkombwa Hill	114	–
	8,739	–

The treatment of the exploration projects as discontinued operations is as a result of the Group's decision to move away from green field exploration development. For more detail please refer to the Strategic Report on pages 6 to 11.

There was no impairment of intangible assets during the previous year.

11. 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 31 March 2014	2,718	141	216	419	1,490	–	–	4,984
Additions during the year	–	1	–	–	–	–	393	394
Acquired through business combination	481	2	1	17	2,121	–	–	2,622
Transferred from intangibles	–	–	–	–	–	18,807	–	18,807
Disposals during the year	(706)	(39)	(3)	(167)	(1,418)	–	–	(2,333)
Cost at 31 March 2015	2,493	105	214	269	2,193	18,807	393	24,474
Additions during the year	3,908	77	62	188	376	3,372	1,622	9,605
Acquired through business combination	1,442	6	–	47	936	–	–	2,432
Reclassification	392	–	–	–	–	–	(392)	–
Disposals during the year	(257)	(23)	(102)	(30)	(17)	–	–	(429)
Foreign exchange movements	18	–	–	13	71	5	–	107
Cost at 31 March 2016	7,996	165	174	487	3,559	22,184	1,623	36,189
Depreciation at 31 March 2014	1,489	124	186	419	83	–	–	2,301
Charge for the year	432	10	15	–	8	–	–	465
Disposals during the year	(626)	(33)	(1)	(166)	(87)	–	–	(913)
Depreciation at 31 March 2015	1,295	101	200	253	4	–	–	1,853
Charge for the year	1,069	13	17	72	225	151	604	2,151
Disposals during the year	(214)	(22)	(101)	(30)	(1)	–	–	(368)
Foreign exchange movements	7	–	–	1	6	–	–	14
Depreciation at 31 March 2016	2,157	92	116	296	234	151	604	3,650
Net book value at 31 March 2015	1,198	4	14	16	2,189	18,807	393	22,621
Net book value at 31 March 2016	5,839	73	58	191	3,325	22,033	1,019	32,539

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 2014	323	19	89	11	1,400	1,842
Additions during the year	–	–	–	–	–	–
Disposals during the year	(126)	–	–	(11)	(1,400)	(1,537)
Cost at 31 March 2015	197	19	89	–	–	305
Additions during the year	–	–	–	–	–	–
Disposals during the year	(167)	(14)	(66)	–	–	(247)
Cost at 31 March 2016	30	5	23	–	–	58
Depreciation at 31 March 2014	205	19	71	11	81	387
Charge for the year	26	–	8	–	6	40
Disposals during the year	(99)	–	–	(11)	(87)	(197)
Depreciation at 31 March 2015	132	19	79	–	–	230
Charge for the year	–	–	10	–	–	10
Disposals during the year	(102)	(14)	(66)	–	–	(182)
Depreciation at 31 March 2016	30	5	23	–	–	58
Net book value at 31 March 2015	65	–	10	–	–	75
Net book value at 31 March 2016	–	–	–	–	–	–

12. Investments in subsidiaries

	2016 Company $'000	2015 Company $'000
Cost at the beginning of the year	218	218
Disposal during the year	–	–
Cost at the end of the year	218	218

12. Investments in subsidiaries continued

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

Company	Country of registration	Class	Proportion held by group 2016	Proportion held by group 2015	Nature of business
African Consolidated Resources PTC Limited [i]	BVI		–%	–%	Nominee company
African Consolidated Resources SRL [ii]	Romania	Ordinary	80%	100%	Mining exploration and development
Canape Investments (Private) Limited	Zimbabwe	Ordinary	100%	100%	Mining exploration and development
Dallaglio Investments (Private) Limited [iii]	Zimbabwe	Ordinary	50%	50%	Mining exploration and development
Fisherman Mining Limited	Zambia	Ordinary	100%	100%	Mining exploration and development
Millwall International Investments Limited	BVI	Ordinary	100%	100%	Holding company
Mineral Mining SA [ii]	Romania	Ordinary	nil	80%	Mining exploration and development
Moorestown Limited	BVI	Ordinary	100%	100%	Mining exploration and development
Sinarom Mining Group SRL [iv]	Romania	Ordinary	50.1%	nil	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.

i The Company has effective control of this entity. The voting rights are equal to the proportion of the shares held.

ii Mineral Mining was formally merged with African Consolidated Resources SRL in February 2016 and the company was delisted with effect from 19 February. An 80% shareholding in Mineral Mining was acquired in March 2015 and was accounted for as a business combination in the year to 31 March 2015. See also Note 14 for further details.

iii The Company has effective control of this entity by virtue of its casting vote.

iv On 7 July 2015 the Group announced that it had concluded an agreement to purchase 50.1% of the issued share capital of Sinarom Mining Group SRL, a company which operates the open pit Manaila subject to certain conditions precedent. Fulfilment of all conditions precedent was announced on 22 July 2015. See also note 14 for more detail of this transaction.

13. 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.

14. Business combinations during the year

Sinarom Mining Group

On 22 July 2015 the Group acquired 50.1% of the voting equity instruments of Sinarom Mining Group SA (SMG), a Romanian company whose principal activity is ownership and operation of the Manaila in Romania. The principal reason for this acquisition was to expand the Group's mining operations.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and gain arising are as follows:

	2016 Sinarom Mining Group SA			2015 Mineral Mining SA
	Book value $000's	Adjustment $000's	Fair value $000's	Fair value $000's
Property, plant and equipment	1,448	985	2,433	2,621
Mining asset	943	(943)	–	–
Inventories	68	–	68	61
Receivables	432	–	432	–
Cash and cash equivalents	1	–	1	–
	2,892		2,934	2,682
Less: Payables	(2,892)	–	(2,892)	(1,244)
Net assets	–		42	1,438
Fair value of consideration paid				
– Cash			–	1,269
Gain on acquisition			42	169

Mineral Mining SA merger

As was reported in the Annual Report for the year to 31 March 2015, on 23 March 2015 the Group acquired 80% of the voting equity instruments of Mineral Mining, a Romanian company which was in administration and whose principal activity is ownership of the Baita Plai. The principal reason for this acquisition was to reopen and operate Baita Plai.

Mineral Mining had been subject to insolvency proceedings and as a result of those proceedings the mining licence was transferred to a state company, Baita SA, through a protocol dated 6 August 2013 (the Protocol). Under the Protocol it was provided that a sub-licence on Baita Plai be granted back to Mineral Mining if Mineral Mining was not declared as dissolved and bankrupt and could produce proof of its financial position to demonstrate resources for the continuation of mining.

Under specific provisions of Romanian insolvency law Mineral Mining had entered a merger agreement (the Merger) with the Company's Romanian subsidiary, African Consolidated Resources SRL (AFCR SRL) under which all the assets and liabilities of Mineral Mining would be fused by absorption into AFCR SRL, the bankruptcy of Mineral Mining formally ended and Mineral Mining would cease to exist. After completion of the Merger a sub-licence on Baita Plai should be granted to AFCR SRL under the terms of the Protocol, AFCR SRL being a company whose financial resources for the continuation of mining can be demonstrated.

This Merger was completed in February 2016 and on 19 February 2016 Mineral Mining was struck off the register. All assets and liabilities of Mineral Mining have been taken over by ACR SRL and the Non-Controlling Interest in Mineral Mining has been transferred to ACR SRL.

There is now no legal barrier to the re-issue of the mining sub-licence to ACR SRL but the bureaucratic process continues to cause delay.

14. Business combinations during the year continued

There is a debt due to Baita SA, arising from the period of the insolvency, payable on the grant of the sub-licence on Baita Plai to Mineral Mining that now, as a result of the Merger, will be issued to AFCR SRL. The precise amount of the debt is disputed but it has been determined by the Judicial Administrator of Mineral Mining that it will not exceed RON 2,500,000 (approximately US$625,000). The Group has provided the full amount of RON 2,500,000 as a payable in the financial statements.

Discontinued Operations

	2016 $'000	2015 $'000
Cash consideration received	–	100
Total consideration received	–	100
Cash disposed of	–	–
Net cash inflow on disposal of discontinued operation	–	100
Net assets disposed (other than cash):		
Property, plant and equipment	–	(1)
Intangibles	(8,739)	(1,132)
Pre- and post-tax loss on disposal of discontinued operation	(8,739)	(1,033)
Earnings per share from discontinued operations		
Basic earnings/(loss) per share	(0.58)cents	(0.07)cents
Statement of cash flows		
The statement of cash flows includes the following amounts relating to discontinued operations:		
Investing activities	–	438
Financing activities	–	(447)
Net cash used in discontinued operations	–	(9)

The discontinued operations consist of the former exploration projects in Zimbabwe, which have been treated as a discontinued operation as a result of the decision to move away from greenfield exploration projects.

The loss on discontinued operations in 2015 relates to the disposal by the Group of African Consolidated Resources Limited, in Zambia.

15. Inventory

	2016 Group $'000	2015 Group $'000	2016 Company $'000	2015 Company $'000
Minerals held for sale	595	–	–	–
Production stockpiles	510	–	–	–
Consumable stores	807	65	–	–
	1,912	65	–	–

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

16. Receivables

	2016 Group $'000	2015 Group $'000	2016 Company $'000	2015 Company $'000
Trade receivables	14	–	–	–
Other receivables	998	2,934	412	345
Prepayments	659	831	–	–
VAT	2,225	369	–	–
	3,896	4,134	412	345

At 31 March 2016:

				Of which:	Of which: not impaired as at 31 March 2016 and past due in the following periods:		
	Carrying amount before deducting any impairment loss	Related impairment loss	Net carrying amount	Neither impaired nor past due on 31 March 2016	Not more than three months	More than three months and not more than six months	More than six months
Trade receivables	1,151	1,137	14	14	–	–	–
Other receivables	1,198	200	998	998	–	–	–
	2,349	1,337	1,012	1,012	–	–	–

Other receivables at 31 March 2015 included a call on subscribed capital in a subsidiary of $2,300 representing the balance of the Non-Controlling Interest's investment in Dallaglio Investments (Private) Limited. This amount was received in full by 30 June 2015.

All other amounts were due for payment within one year. No receivables at 31 March 2015 were past due or impaired.

17. Available for sale investments

	2016 Group $'000	2015 Group $'000	2016 Company $'000	2015 Company $'000
Fair value at the beginning of the year	24	6	5	1
Movement in fair value	(16)	18	–	4
	8	24	5	5

Available for sale investments comprise shares in quoted companies.

18. Loans and borrowings

	2016 Group $'000	2015 Group $'000	2016 Company $'000	2015 Company $'000
Non current				
Secured borrowings	1,978	1,555	–	–
Unsecured borrowings	127	–	–	–
less amounts payable in less than 12 months	(1,194)	–	–	–
	911	1,555	–	–
Current				
Bank overdrafts	1,766	–	–	–
Unsecured borrowings	1,310	–	–	–
Convertible short term debt	–	1,229	–	1,229
Current portion of long term borrowings	1,194	–	–	–
	4,270	1,229	–	1,229
Total loans and borrowings	5,181	2,784	–	1,229

(i) The non-current secured borrowing is a loan from a third party secured by a pledge of the Group's shareholding in its subsidiary company, Canape Investments (Private) Limited. The loan bears interest at a rate of 12% per annum. The loan is repayable in four equal six-monthly amounts, commencing in April 2016 with the final payment being in October 2017.

(ii) The current unsecured borrowing represent loans from the non-controlling interest in Dallaglio Investments (Private) Limited, the operating company for the Pickstone Peerless Gold Mine, and African Consolidated Resources SRL, the holder of the rights to the Baita Plai Mine. Both loans are interest free and have no fixed terms of repayment.

(iii) The convertible short term debt was repaid on 16 October 2015 by the issue of 154,649,140 shares at a value of 0.5p each.

19. Trade and other payables

	2016 Group $'000	2015 Group $'000	2016 Company $'000	2015 Company $'000
Trade payables	3,491	1,422	–	–
Other payables	2,259	747	351	–
Other taxes and social security taxes	681	25	–	24
Accrued expenses	298	641	–	472
	6,729	2,835	351	496

At 31 March 2016:

		Ageing of amounts payable: amounts due for:				
	Amount	**30 days**	**60 days**	**90 days**	**120 days**	**150 days or more**
Trade payables	3,491	1,988	237	30	146	1,090
Other payables	2,259	548	11	11	34	1,655

Of the total of Trade and other payables $2.289 million will only become payable either on or in instalments after the grant of the Baita Plai sub-licence.

At 31 March 2015:

- Trade payables all related to amounts payable by Mineral Mining; of these amounts, $0.95 million falls due for payment on the restitution of the Mineral Mining mining sub-licence. The balance is payable by instalments commencing on the restitution of the mining sub-licence.
- Other payables related to the balance of the purchase consideration for Mineral Mining, which is payable on the restitution of the mining sub-licence.
- Otherwise, all amounts fell due for payment within 30 days

20. Provisions

	2016 Group $'000	2015 Group $'000	2016 Company $'000	2015 Company $'000
Provision for rehabilitation of mining properties	954	–	–	–

As more fully set out in the Statement of Accounting Policies on pages 23 to 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 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.

21. Financial instruments – risk management

Significant accounting policies
Details of the significant accounting policies in respect of financial instruments are disclosed in Note 1 to the financial statements. The Group's financial instruments comprise available for sale investments (note 18), 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.

21. Financial instruments – risk management continued

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.

	2016 Group $'000	2015 Group $'000	2016 Company $'000	2015 Company $'000
Loans and receivables				
Cash and cash equivalents	831	3,090	615	2,330
Restricted cash	–	637	–	–
Receivables	3,896	4,134	412	345
Loans to Group Companies	–	–	33,963	29,256
Available for sale financial assets				
Available for sale investments (valuation level 1)	8	24	5	5
Other liabilities				
Trade and other payables (excl short term loans)	6,728	2,385	351	496
Loans and borrowings	3,415	2,784	–	1,229

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.

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:

	2016 Carrying value $'000	2016 Maximum exposure $'000	2015 Carrying value $'000	2015 Maximum exposure $'000
Cash and cash equivalents	831	831	3,090	3,090
Restricted cash	–	–	637	637
Receivables	3,896	3,896	4,134	4,134
Loans and borrowings	3,415	3,415	2,784	2,784

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

	2016 Carrying value $'000	2016 Maximum exposure $'000	2015 Carrying value $'000	2015 Maximum exposure $'000
Cash and cash equivalents	615	615	2,330	2,330
Receivables	412	412	345	345
Loans to Group Companies *	33,963	33,963	29,256	29,256
Loans and borrowings	–	–	2,784	2,784

*Net of impairment charges on advances to Group companies of $8.5 million (2015: $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 to invest surplus funds in. The Group and the Company had no borrowing facilities at either the current year end or previous period end.

The Group and the Company seeks to obtain a favourable interest rate on its cash balances through the use of bank deposits. At year-end the Group had a cash balance of $0.831 million (2015: $3,727 million – including restricted cash) which was made up as follows:

	2016 Group $'000	2015 Group $'000
Sterling	437	287
United States Dollar	351	2,765
Euro	1	671
Lei (Romania)	42	4
	831	3,727

Included within the above are amounts of £304,276 ($437,160) (2015: £193,128 ($286,531)) and US$176,862 (2015: $2,025,295)) held within fixed and floating rate deposit accounts. Interest rates range between 1% and 2% based on bank interest rates.

The Group received interest for the year on bank deposits of $1,226 (2015: $2,511).

The effect of a 10% reduction in interest rates during the year would, all other variables held constant, have resulted in reduced interest income of $123 (2015: $251). Conversely the effect of a 10% increase in interest rates during the year would, on the same basis, have increased interest income by $123 (2015: $251).

At the year-end the Company had a cash balance of $0.615 million (2015: $2,330 million) which was made up as follows:

	2016 Group $'000	2015 Group $'000
Sterling	437	287
United States Dollar	177	2,025
Euro	1	18
Lei (Romania)	–	–
	615	2,330

21. Financial instruments – risk management continued

The Group and the Company had interest bearing debts at the current year end of $3,744 million (2015: $2,784 million). These are made up as follows:

	Interest rate	2016 Group $'000	2015 Group $'000	2016 Company $'000	2015 Company $'000
Convertible short term loan	15%	–	1,229	–	1,229
Secured long term loan	12%	1,978	1,555	–	–
Bank overdraft	12%	1,766	–	–	–
		3,744	2,784	–	1,229
These loans are repayable as follows:					
– Within 1 year		2,651	1,284	–	1,229
– Between 1 and 2 years		1,093	750	–	–
– In more than 2 years		–	750	–	–

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 are incurred, in currencies other than the United States Dollars. At 31 March 2016 and 31 March 2015, the currency exposure of the Group was as follows:

	Sterling $'000	US Dollar $'000	Euro $'000	Other $'000	Total $'000
At 31 March 2016					
Cash and cash equivalents	437	351	1	42	831
Other receivables	82	2,182	–	1,632	3,896
Trade and other payables	(249)	(1,108)	–	(6,840)	(8,197)
Available for sale investments	–	8	–	–	8
At 31 March 2015					
Cash and cash equivalents	287	2,765	671	4	3,727
Other receivables	–	3,997	21	116	4,134
Trade and other payables	(249)	(2,210)	–	(1,611)	(4,070)
Available for sale investments	–	24	–	–	24

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 increasing/(decreasing) post tax losses by $27,159 (2015: $3,658). 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 decreasing/(increasing) post tax losses by $27,159 (2015: ($3,658).

At 31 March 2016 and 31 March 2015, the currency exposure of the Company was as follows:

	Sterling $'000	US Dollar $'000	Euro $'000	Other $'000	Total $'000
At 31 March 2016					
Cash and cash equivalents	437	177	1	–	615
Other receivables	82	330	–	–	412
Loans to Group companies	69	32,779	1,115	–	33,963
Trade and other payables	(250)	(101)	–	–	(351)
Available for sale investments	–	5	–	–	5
At 31 March 2015					
Cash and cash equivalents	287	2,026	17	–	2,330
Other receivables	–	324	21	–	345
Loans to Group companies	–	28,488	768	–	29,256
Trade and other payables	(247)	(1,479)	–	–	(1,726)
Available for sale investments	–	5	–	–	5

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.

As set out in Note 19, of the consolidated trade and other payables balance of $5.748 million, $3.852 million is due for payment within 60 days of the reporting date. Of the balance, $1.294 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 15.5% (2015: (0.9%)), calculated as follows:

	2016 $'000	2015 $'000
Loans and borrowings	5,181	2,784
Less: cash and cash equivalents	(831)	(3,090)
Net debt	4,350	(306)
Total equity	27,980	33,691
Debt to capital ratio (%)	15.5%	(0.9%)

22. Share capital

	Ordinary 1p		Ordinary 0.1p		Deferred 0.9p		
	No of shares	**Nominal value**	**No of shares**	**Nominal value**	**No of shares**	**Nominal value**	**Share premium**
As at 31 March 2014	850,537,664	14,075	–	–	–	–	62,893
Issued during the year	13,025,000	205	495,084,663	755	–	–	3,212
Share conversion	(863,562,664)	(14,280)	863,562,664	1,428	863,562,664	12,852	–
As at 31 March 2015	–	–	1,358,647,327	2,183	863,562,664	12,852	66,105
Issued during the year *	–	–	721,261,269	1,072	–	–	5,547
As at 31 March 2016	–	–	2,079,908,596	3,255	863,562,664	12,852	71,652

* 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 19 to 20.

The number of shares reserved for issue under share options at 31 March 2016 was 13,970,022 (2015: 64,563,612). The number of shares held by the EBT at 31 March 2016 was 32,500,000 (2015: 32,500,000), see note 22 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.

As part of the transaction with Grayfox, in 2015 the Group granted an option which allows Grayfox to convert its 50% shareholding in Dallaglio Investments (Private) Limited to 288,333,333 shares in the Company, which has now expired. The Directors have considered the value of the conversion option is not material to the value of Grayfox's interest.

See also Note 29 on pages 60 to 63 for details of share issues after the reporting date.

	Ordinary 1p		Ordinary 0.1p		
Date of issue	Number of shares	Issue price (pence)	Number of shares	Issue price (pence)	Purpose of issue
2015					
15 Dec 2014	10,025,000	2.0			Settle liabilities
15 Dec 2014	3,000,000	1.5			Settle liabilities
6 Jan 2015			318,418,000	0.5	Issued for cash; acquisition of Mineral Mining SA and development of other opportunities in Romania
9 Feb 2015			149,999,997	0.6	Issued for cash; provision of additional funds for opportunities in Romania and for general corporate purposes.
10 Mar 2015			26,666,666	0.6	Settle liabilities
	13,025,000		495,084,663		
2016					
10 Aug 2015			107,701,662	1.2	Issued for cash – general placing; provision of additional funds for opportunities in Romania and for general corporate purposes.
20 Aug 2015			7,000,000	0.5	Exercise of warrants
12 Oct 2015			3,000,000	0.5	Exercise of warrants
12 Oct 2015			4,500,000	0.6	Exercise of warrants
16 Oct 2015			154,649,140	0.5	Settle loan repayment
16 Oct 2015			23,097,237	0.5	Settle liabilities
8 Jan 2016			156,250,000	0.8	Issued for cash – Crede Capital; provision of additional funds for opportunities in Romania and for general corporate purposes. [1*]
11 Jan 2016			62,500,000	0.8	Issued for cash – managers' placing; provision of additional funds for opportunities in Romania and for general corporate purposes. [2*]
11 Mar 2016			50,000,000	0.8	Issued for cash – general placing; provision of additional funds for opportunities in Romania and for general corporate purposes. [3*]
24 Mar 2016			52,509,000	0.1	Exercise of warrants. [1*]
24 Mar 2016			81,535,714	0.1	Exercise of warrants. [3*]
30 Mar 2016			18,518,516	0.1	Exercise of warrants. [2*]
	–		721,261,269		

* see following notes below

22. Share capital continued

Crede Capital financing agreement

On 4 January 2016 the Company announced that it had entered into a financing agreement with Crede CG III Limited (Crede) by which Crede would subscribe for new ordinary shares of 0.1p each in the Company in order to raise up to £5.0 million. In addition to the new ordinary shares Crede would also receive one warrant for each share issued, which warrant would entitle it 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. The subscription amount would be spaced over four tranches, taking effect on 4 January, 4 April, 4 July and 4 October 2016 respectively, and would be for an amount of £1.25 million each for shares at the price equivalent to the closing bid on the previous trading day.

The first tranche of 156,250,000 new Ordinary Shares were issued by the Company on 4 January 2016, at an issue price of 0.8 pence per new Ordinary share, resulting in a total amount raised of £1.25 million. At the same time 156,250,000 warrants were also issued, such warrants entitling the holder to acquire Ordinary Shares in the Company exercisable at any time until 3 January 2021 at a price calculated according to the provisions mentioned above.

Subsequent tranches of shares and associated warrants as part of the financing were conditional, inter alia, on (i) Crede not holding more than 25 per cent of the Company on a fully diluted basis at the time of the relevant tranche and (ii) sufficient share issuance authorities being in place.

On 24 March 2016 Crede elected to convert 32,200,000 warrants issued under the initial subscription by exchanging them for 52,509,000 new ordinary Shares in the Company. At 31 March 2016 Crede held 124,050,000 unexercised warrants, all of which were exercised subsequent to 31 March 2016, as follows:

Date	Warrants exercised	Ordinary Shares issued
01-Apr-16	38,545,774	120,000,000
06-Apr-16	21,074,198	60,140,493
13-Apr-16	26,281,209	60,000,000
12-May-16	38,148,819	84,284,277
Total	124,050,000	324,424,770

On 5 April 2016, the Company announced that it was withholding its consent to the issue of the second tranche of shares and warrants, as this would result in Crede exceeding the 25% shareholding limit contained in the agreement.

On 1 July 2016, at the General Meeting of the Company held on that date to seek approval from members for authority to issue further shares to Crede in the course of the third tranche of the agreement, the shareholders voted not to consent to the increase of capital required. This gave the Company the right to terminate the agreement which right the Company then exercised.

Directors and Management financing agreement

On 6 January 2016 the Directors of the Company, together with certain senior managers, subscribed an aggregate amount of £0.5 million on the same terms as agreed with Crede for its first investment tranche and 62,500,000 new Ordinary Shares were issued by the Company at an issue price of 0.8 pence per new Ordinary share. At the same time 62,500,000 warrants were also issued, such warrants entitling the holder to acquire Ordinary Shares in the Company exercisable at any time until 3 January 2021 at a price calculated on the same basis as in the Crede agreement.

On 30 March 2016 a senior manager elected to convert 11,356,077 warrants by exchanging them for 18,518,516 new ordinary Shares in the Company. At 31 March 2016 the Directors and senior managers held 51,143,923 unexercised warrants, none of which had been exercised at the date of this report.

Existing shareholders financing agreement
On 4 March 2016 the Company entered into an agreement with a number of existing shareholders (the "Investors") according to which they would subscribe, in four tranches, for new ordinary shares and associated warrants in order to raise up to £0.8 million, on similar terms as agreed with Crede save that (i) the first tranche was at a fixed price of 0.8p per share and (ii) the tranches were split £400,000 for the first tranche and £133,333 for each subsequent tranche, due respectively on 4 March 2016; 3 April 2016; 4 July 2016 and 3 October 2016.

The first tranche of £400,000 resulted in 50,000,000 new Ordinary Shares being issued by the Company. The Company also issued 50,000,000 warrants to the Investors to acquire Ordinary Shares in the Company exercisable at any time until 3 March 2021 at a price calculated on the same basis as in the Crede Agreement.

On 24 March 2016 the Investors elected to convert 50,000,000 warrants issued under the initial subscription by exchanging them for 81,535,714 new ordinary Shares in the Company. At 31 March 2016 the Investors had no unexercised warrants remaining from the initial subscription.

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 share options and warrants in issue at each reporting date:

Exercise price	Outstanding at 31 March 2015	Granted during last 12 months	Lapsed during last 12 months	Exercised during last 12 months	Outstanding at 31 March 2016	Final exercise date
0.5p	8,403,709	–	–	1,593,590	6,809,709	December 2016
0.5p	10,000,000	–	–	10,000,000	–	
0.5p	6,659,903	–	–	–	6,659,903	December 2017
0.6p	4,500,000	–	–	4,500,000	–	
0.8p	–	57,000,000	–	–	57,000,000	March 2019
0.8p	–	40,000,000	–	–	40,000,000	March 2020
2.0p	500,000	–	–	–	500,000	December 2016
4.0p	2,000,000	–	2,000,000	–	–	
5.0p	15,000,000	–	15,000,000	–	–	
5.0p	5,000,000	–	5,000,000	–	–	
5.0p	2,500,000	–	2,500,000	–	–	
5.0p	3,500,000	–	3,500,000	–	–	
5.0p	1,500,000	–	1,500,000	–	–	
10.0p	5,000,000	–	5,000,000	–	–	
	64,563,612	97,000,000	34,500,000	16,093,590	110,969,612	

23. Share based payments continued

Exercise price	Outstanding at 31 March 2014	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2015	Final exercise date
0.5p	–	–	–	8,403,709	8,403,709	December 2016
0.5p	–	–	–	10,000,000	10,000,000	January 2017
0.5p	–	–	–	6,659,903	6,659,903	December 2017
0.6p	–	–	–	4,500,000	4,500,000	February 2017
2.0p	–	–	–	500,000	500,000	December 2016
4.0p	2,000,000	–	–	–	2,000,000	March 2016
5.0p	15,000,000	–	–	–	15,000,000	August 2015
5.0p	5,000,000	–	–	–	5,000,000	December 2015
5.0p	2,500,000	–	–	–	2,500,000	December 2015
5.0p	3,500,000	–	–	–	3,500,000	August 2015
5.0p	–	–	–	1,500,000	1,500,000	December 2015
10.0p	5,000,000	–	–	–	5,000,000	August 2015
	33,000,000	–	–	31,563,612	64,563,612	

	2016 Weighted average exercise price (pence)	2016 Number	2015 Weighted average exercise price (pence)	2015 Number
Outstanding at the beginning of the year	3.28	64,563,612	5.67	33,000,000
Granted during the year	0.70	365,750,000	0.80	31,563,612
Lapsed during the year	5.67	34,500,000	–	–
Exercised during the year	0.67	148,195,441	–	–
Outstanding at the end of the year	0.70	248,618,171	3.28	64,563,612
Exercisable at the end of the year	0.70	207,618,171	5.67	33,000,000

The weighted average remaining lives of the share options or warrants outstanding at the end of the period is 50 months (2015: 15 months). Of the 248,618,171 (2015: 64,563,612) options and warrants outstanding at 31 March 2016, 40,000,000 (2015: nil) are not yet exercisable at 31 March 2016.

Fair value of share options

The fair values of share options and warrants granted have been calculated using the Black Scholes pricing model that 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:

Share Option or Warrant Value	Grant date	Vesting periods	Share price at date of grant	Volatility	Life	Dividend yield	Risk free interest rate	Fair value
2p	Jan-15	Dec-16	0.68p	12%	0.93 years	Nil	0.63%	0.00p
0.5p	Jan-15	Dec-16	0.68p	12%	0.93 years	Nil	0.63%	0.14p
0.5p	Jan-15	Jan-17	0.68p	12%	0.95 years	Nil	0.63%	0.14p
0.6p	Jan-15	Feb-17	0.68p	12%	1.04 years	Nil	0.63%	0.06p
0.5p	Jan-15	Dec-17	0.68p	12%	1.85 years	Nil	0.63%	0.14p
0.8p	Jun-15	Dec-19	1.08p	135%	3.83 years	nil	0.65%	0.91p
0.8p	Jun-15	Dec-20	1.08p	135%	4.83 years	nil	0.65%	0.96p
0.8p	Jan-16	immediate	0.80p	135%	5 years	nil	1.5%	0.69p

Volatility has been based on historical share price information.

Based on the above fair values and the Group's expectations of employee turnover, the expense arising from equity-settled share options and warrants made was $1,154,347 (2015: $25,318 – credit).

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 2015	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2016	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 2016 a total of 32,500,000 of the EBT participation rights were exercisable.

Exercise price	Outstanding at 31 March 2014	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2015	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 2015 a total of 32,500,000 of the EBT participation rights were exercisable.

23. Share based payments continued

Fair value of EBT participant rights

The fair values of the rights granted to participants under the EBT have been calculated using a Monte Carlo 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

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

Share option expense

	2016 Group $'000	2015 Group $'000
Share option expense:		
– In respect of remuneration contracts	723	(25)
– In respect of financing arrangements	2,645	–
Total expense/(credit)	3,368	(25)

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 pages 23 to 31, prior to the change in functional currency to United States Dollars.
- 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

Breckridge Investments (Private) Limited is a 50% owned subsidiary of the Company that has material non-controlling interests (NCI). Control is exercised by the Group by virtue of a casting vote held by the Chairman of the Company, who is the Chief Executive Officer of the Group.

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 SA is a 50.1% owned subsidiary of the Company which also has an NCI.

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

For the year ended 31 March 2016	**Breckridge Investments $000's**	**African Consolidated Resources SRL $000's**	**Sinarom Mining Group SA $000's**	**Total NCI $000's**
Revenue	5,388	–	1,812	7,200
Cost of sales	(4,172)	–	(1,436)	(5,608)
Gross Profit (loss)	1,216	–	376	1,592
Administrative expenses	(1,708)	(630)	(1,122)	(3,460)
Operating loss	(492)	(630)	(746)	(1,868)
Finance expense	(130)	–	–	(130)
Loss before tax	(622)	(630)	(746)	(1,998)
Tax expense/credit	1,658	–	–	1,658
Profit (loss) after tax	1,036	(630)	(746)	(340)
Total comprehensive profit (loss) allocated to NCI	473	432		
			(377)	528
Cash flows from operating activities	(978)	(509)	(1,471)	(2,958)
Cash flows from investing activities	(5,395)	(1,907)	(1,759)	(9,061)
Cash flows from financing activities	4,571	1,575	3,234	9,380
Net cash inflows/(outflows)	(1,802)	(841)	4	(2,639)

As at 31 March 2016	**$000's**	**$000's**	**$000's**	**$000's**
Assets:				
Intangible assets	–	–	–	–
Property plant and equipment	5,418	4,463	3,929	13,810
Trade and other debtors	1,594	825	808	3,227
Deferred tax asset	1,658	–	–	1,658
Inventory	1,091	126	695	1,912
Cash and cash equivalents	18	70	5	93
Liabilities:				
Trade and other payables	1,533	2,885	2,985	7,403
Loans and other borrowings	2,916	127	86	3,129
Accumulated non-controlling interests	11,614	260	(356)	11,518

25. Non-controlling Interests continued

For the year ended 31 March 2015	Breckridge Investments $000,s	Mineral Mining SA $000's	Total NCI $000's
Revenue	–	–	–
Administrative expenses	(525)	129	(396)
Operating loss	(525)	129	(396)
Finance expense	(1)	–	(1)
Loss before tax	(526)	129	(397)
Tax expense	–	–	
Loss after tax	(526)	129	(397)
Total comprehensive loss allocated to NCI	263	(26)	237
Cash flows from operating activities	(412)	–	(412)
Cash flows from investing activities	(1,248)	–	(1,248)
Cash flows from financing activities	1,714	–	1,714
Net cash inflows/(outflows)	54	–	54

As at 31 March 2015	$000's	$000's	$000's
Assets:			
Intangible assets	18,806	–	18,806
Property plant and equipment	1,222	2,621	3,843
Trade and other debtors	39	–	39
Inventory	4	61	65
Cash and cash equivalents	54	–	54
Liabilities:			
Trade and other payables	(145)	(1,243)	(1,388)
Loans and other borrowings	(1,764)	–	(1,764)
Accumulated non-controlling interests	11,140	(172)	10,968

26. Related party transactions

Company

Directors and key management emoluments are disclosed in note 6.

A short term loan of $1.2 million was provided in June 2014 by a company associated with the Chairman, for working capital requirements. This loan was subject to interest at 15% and was repaid by the issue of 154,649,140 shares at a value of 0.5p each, in June 2015.

Group

The non-controlling interest in African Consolidated Resources SRL, following the merger with Mineral Mining, 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	(Executive)	8%
Senior Romanian management		2%
Non related party		8%

At the reporting date there was an amount owing by African Consolidated Resources SRL to Ozone Homes SRL (Ozone) of $89,428 (RON 351,891), (2015: $85,587) (RON 351,891) in respect of transactions undertaken by Ozone in 2014. Ozone is a company controlled by Andrew Prelea, the 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 $1,150,000 (2015: nil) 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.

27. Contingent liabilities and capital commitments

Contingent liability – Zimbabwe Indigenisation

Indigenisation regulations extant stipulate that all Zimbabwean registered mining companies, with a net asset value of $1 or more transfer not less than 51% of their issued shares to indigenous persons within a five-year period. These regulations are relevant to both Vast Resources Zimbabwe (Private) limited and Canape Investments (Private) Limited and their subsidiaries which are Group companies registered and operating in Zimbabwe.

Following the investment agreement with the Group's partner in the Pickstone-Peerless Gold Mine, these regulations now come into effect in respect of the Group's subsidiary, Breckridge Investments (Private) Limited.

Several announcements have been made in the local media of possible amendments to the current regulations which are intended to reassure foreign investors in the Mining Sector. These have included suggestions that local ownership of any mining company listed on the Zimbabwe Stock Exchange would be included in the calculation of any indigenous shareholding. Further, in April 2016 the President of Zimbabwe made a public statement that foreign mining companies operating in Zimbabwe would now comply with the Indigenisation law through retained earnings rather than through the transfer of a controlling 51% shareholding to locals. Compliance with the Indigenisation and Economic Empowerment Policy will now be the retention of value, in the form of wages, salaries, taxation, community ownership schemes and other activities such as procurement and linkage programmes. However, at the date of reporting these changes have not yet been incorporated into the relevant regulations and their final effect remains uncertain.

All other Zimbabwean companies in the Group were or are in a net liability position at the reporting date, due to them being financed by loans from the holding or other group companies. As such the Directors believe that there is currently no compulsion to affect any transfer of shareholding in these subsidiaries to any third party. Counsel's opinion supports this view.

The full effect that this legislation might have on the operations of the Group is yet to be quantified and is subject to some uncertainty. It is the Group's stated policy that it will comply with the Indigenisation Regulations once they are clarified and codified.

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.

28. Litigation continued

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.

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.

Baita Plai Polymetallic Mine sub-licence
During the year to 31 March 2015 the Group acquired an 80% interest in Mineral Mining, a Romanian entity which was in administration and which owned the Baita Plai Polymetallic Mine and which has now been merged with ACR SRL, as more fully explained in note 14. As previously reported, one of the debts due by Mineral Mining in the insolvency was a disputed amount to a State company, Baita SA. The precise amount of the debt is subject to an outstanding audit but the Judicial Administrator of Mineral Mining determined that it would not exceed RON 2,500,000 (approximately US$625,000). Baita SA has lodged an appeal against Mineral Mining (now ACR SRL) claiming that that the debt due should be determined as a definite sum of RON 2,500,000. Counsel to ACR SRL is of the opinion that the claim by Baita SA will fail.

As previously reported, the Group has provided the full amount of RON 2,500,000 as a payable in the financial statements.

There is a further sum of approximately $375,000 in respect of de-watering costs incurred by Baita SA in the period June 2014 to September 2015, claimed by Baita SA. Counsel to ACR SRL has advised that this claim is likely to fail.

29. Events after the reporting date

Crede Capital financing agreement
On 5 April 2016 the Company announced that it was withholding its consent to the issue of further shares and warrants in terms of the second tranche of the financing arrangement entered into with Crede Capital CGIII Ltd (Crede), more fully detailed in Note 22 above.

On 1 July 2016 at the General Meeting of the Company held on that date, the shareholders voted not to consent to the increase of capital required to proceed with the third tranche of the agreement entered into with Crede. This gave the Company the right to terminate the agreement, which right the Company exercised.

Fund raising

On 12 April 2016 55,555,550 new ordinary shares were issued at a price of 0.24p; the net issue proceeds amounted to $180,093 (£133,333). In addition, a total of 55,555,550 warrants were also issued, exercisable at any time within five years, at an exercise price to be determined by a Black Scholes valuation of the share at date of exercise.

On 6 July 2016 300,000,000 new ordinary shares were issued at a price of 0.285p: the total net issue proceeds amounted to $1.14 million (£855,000). In addition, a total of 300,000,000 warrants were issued, exercisable at 0.5p at any time up to 30 June 2019. The Company also agreed to issue to Brandon Hill Capital Ltd, subject to the granting of the relevant shareholder authorities, 5,701,754 warrants, being 5% of the number of those shares issued under this placing, introduced by Brandon Hill Capital Ltd, entitling it to acquire one new Ordinary Share for each warrant at any time up to 30 June 2019 at an exercise price of 0.285p. Further, the Company has also agreed, subject to the granting of the relevant shareholder authorities, to issue a further 2,105,263 warrants on similar terms to an introducer of finance under the Subscription.

On 8 July 2016 37,037,036 new ordinary shares were issued at a price of 0.36p; the net issue proceeds amounted to $174,717 (£133,333). In addition, a total of 37,037,036 warrants were also issued, exercisable at any time within five years, at an exercise price to be determined by a Black Scholes valuation of the share at date of exercise.

On 14 July 2016 the Company announced an open offer to existing shareholders whereby the shareholders were offered 12,212 new ordinary shares for each 100,000 shares already held, at an issue price of 0.285p, together with one warrant for each new share issued, exercisable at a price of 0.5p at any time before 30 June 2019. On 1 August 2016 the Company announced that this offer had been successful and 51.87% of the offer had been taken up. Accordingly, 181,992,582 new shares and warrants were issued, realising gross proceeds from the offer of $692,497 (£518,678).

On 11 August 2016 128,035,087 shares were issued at a price of 0.285p; the issue proceeds amounted to $475,959 (£364,900). In addition, one warrant was issued for each share issued, entitling the warrant holder to acquire one new ordinary share at any time up to 30 June 2019, at an issue price of 0.5p per share.

Exercise of warrants

Warrants were exercised, and shares issued, as follows:

Date	Warrants exercised	Shares issued
1 April 2016	38,545,774	120,000,000
8 April 2016	21,074,198	60,140,493
19 April 2016	26,281,209	60,000,000
13 May 2016	38,148,819	84,284,277
20 June 2016	55,555,550	76,111,100

Bridging finance arrangement

On 16 May 2016 the Company announced that it had executed a bridge loan note with Darwin Capital Limited ("Darwin") for up to £1 million (the "Bridge Loan Note"). An initial note of £650,000 ("Initial Loan Note", "Principal Amount"), which would be used for ongoing working capital requirements, was issued on 16 May 2016 ("Issue Date").

The note matures on two dates; 50 per cent. of the Principal Amount (including all accrued and unpaid Interest on 50 per cent. of the Principal Amount) on 10 July 2016 and the outstanding Principal Amount (including associated accrued and unpaid interest) on 10 October 2016, or earlier upon acceleration or early redemption. On 1 July 2016 the Company announced that it had been agreed that the first maturity date be extended to 30 July 2016; the first 50% of this facility (principal amount and accrued interest) was repaid on 29 July 2016.

29. Events after the reporting date continued

Interest shall accrue at a rate of 20 per cent. per annum, calculated over a 365-day basis payable in arrears on the maturity dates.

The Company has the option of an early redemption of the notes and will pay Darwin a redemption price equal to 105 per cent. of the then outstanding Principal Amount plus all accrued and unpaid interest at any time following the Issue Date.

If the Company fails to repay Darwin on either of the maturity dates, the Principal Amount will be increased to 120 per cent. of all outstanding payment obligations and the maturity dates will be changed to 10 January 2017 in the event of a default in July 2016 or to 10 April 2017 in the event of a default on 10 October 2016 ("the Extension Periods").

If the Company defaults and the maturity date or dates are extended, then at any time during the Extension Periods Darwin would have the right to convert all of the then outstanding and unpaid total Principal Amount and accrued Interest into ordinary shares of 0.1p each in Vast ("Ordinary Shares"). The conversion price would be the lesser of the average share price on the Issue Date or 90% of the arithmetic average of the average share price for 5 trading days selected by Darwin during the 20 trading days prior to and including the conversion date.

In order to cover the eventuality that part or all of the Bridge Loan Note is converted into Ordinary Shares, the Company must keep available for issue 600,000,000 authorised and unissued Ordinary Shares free of pre-emption rights from 30 June 2016. If the Company had such authorities over less than 600,000,000 shares on 30 June 2016, all amounts outstanding to Darwin would be deposited into an escrow account and would remain in escrow until the necessary authorities were granted to enable the issue of up to 600,000,000 Ordinary Shares. The Company did indeed hold these required authorities by 30 June 2016.

An additional drawdown of £350,000, repayable on 10 October 2016 and otherwise on the same terms as for the Initial Loan Note as set out above, can be made by the Company subject to Darwin's consent on any day between 4 weeks and 12 weeks after the Issue Date.

The Bridge Loan Note is unsecured.

Grant of exploration rights at Baita Plai
On 11 May 2016, the Company announced that a new prospecting licence had been granted to its Romanian subsidiary, African Consolidated Resources SRL, over the Faneata tailings dam located 7km from Baita Plai in western Romania. This licence constitutes a separate right from the anticipated right to mine at Baita Plai itself, which has been the subject of the merger process as previously reported.

The 4.6Mt tailings dam at Faneata is comprised of approximately 40 years of tailings from the high grade Baita Plai. Historical data indicates that the tailings contain economic quantities of minerals, including gold, silver, copper, lead and zinc. The Faneata tailings dam has the potential to be a stand-alone mining operation when enhanced processing technologies, that have the ability to enable the economic extraction of the metalliferous content of the tailings, are used.

A sampling programme undertaken by El Dore Mining Corporation Ltd ("El Dore") in 2011 at the Faneata tailings dam, where 36 samples were submitted to ALS Chemex in Romania for independent assay, estimated that the 4.6Mt tailings facility contains 4,080 tonnes of copper, 6,640 tonnes of zinc, 3,100 tonnes of lead, 35 tonnes of silver and 309kg of gold in-situ.

The Company intends to implement a confirmatory drill programme at the beginning of the third quarter of 2016 on the El Dore estimates with an 825m auger drilling programme to prove up a JORC compliant Mineral Resource. Thereafter, as part of a Feasibility Study on the Faneata tailings dam, bulk samples compiled from the auger programme will be sent for metallurgical test work to determine the recoveries of the various metals contained within the tailings dam.

Changes in corporate brokers
On 17 June 2016 the Company announced that it had terminated its brokerage agreement with Dowgate Capital Stockbrokers, effective 5 September 2016.

On 1 July 2016 the Company appointed Brandon Hill Capital Limited as Joint Corporate Broker.

On 28 July 2016 the Company announced that it had terminated its brokerage agreement with Daniel Stewart and Co Ltd, effective 30 September 2016, and that it had appointed Peterhouse Corporate Finance Limited as Joint Corporate Broker.

30. Group subsidiaries

A full list of all subsidiary companies is given below:

Company	Country of registration	Proportion held by group 2016	2015	Nature of business
African Consolidated Resources SRL	Romania	80%	100%	Mining exploration and development
African Consolidated Resources PTC Ltd *	BVI	nil	nil	Nominee company
ACR Nominees Limited	UK	100%	100%	Nominee company
Breckridge Investments (Private) Limited development	Zimbabwe	50%	50%	Mining exploration and
Cadex Investments (Private) Limited	Zimbabwe	100%	100%	Claim holding
Canape Investments (Private) Limited development	Zimbabwe	100%	100%	Mining exploration and
Conneire Mining (Private) Limited	Zimbabwe	100%	100%	Claim holding
Dallaglio Investments (Private) Limited Breckridge Investments (Private) Limited	Zimbabwe	50%	50%	Holding Company for
Dashaloo Investments (Private) Limited	Zimbabwe	100%	100%	Claim holding
Exchequer Mining Services (Private) Limited	Zimbabwe	100%	100%	Claim holding
Fisherman Mining Limited	Zambia	100%	100%	Mining exploration and development
Heavystuff Investment Company (Private) Limited	Zimbabwe	100%	100%	Claim holding
Kleton Investments (Private) Limited	Zimbabwe	50%	50%	Claim holding
Lafton Investments (Private) Limited	Zimbabwe	100%	100%	Claim holding
Lescaut Investments (Private) Limited	Zimbabwe	50%	50%	Claim holding
Lomite Investments (Private) Limited	Zimbabwe	100%	100%	Claim holding
Lotaven Investments (Private) Limited	Zimbabwe	50%	50%	Claim holding
Mayback Investments (Private) Limited	Zimbabwe	50%	50%	Claim holding
Millwall International Investments Limited	BVI	100%	100%	Holding company
Mineral Mining SA **	Romania	nil	80%	Mining exploration and development
Moorestown Limited	BVI	100%	100%	Mining exploration and development
Mystical Mining (Private) Limited	Zimbabwe	100%	100%	Claim holding
Naxten Investments (Private) Limited	Zimbabwe	100%	100%	Asset holding
Nivola Mining (Private) Limited	Zimbabwe	50%	50%	Claim holding
Olebile Investments (Private) Limited	Zimbabwe	100%	100%	Claim holding
Perkinson Investments (Private) Limited	Zimbabwe	100%	100%	Claim holding
Possession Investment Services (Private) Limited	Zimbabwe	100%	100%	Claim holding
Rabame Investments (Private) Limited	Zimbabwe	50%	50%	Claim holding
Sackler Investments (Private) Limited	Zimbabwe	100%	100%	Claim holding

30. Group subsidiaries continued

Company	Country of registration	Proportion held by group 2016	2015	Nature of business
Schont Mining Services (Private) Limited	Zimbabwe	100%	100%	Claim holding
Sinarom Mining Group SRL	Romania	50.1%	nil	Mining exploration and development
Accufin Investments (Private) Limited	Zimbabwe	100%	100%	Dormant
Aeromags (Private) Limited	Zimbabwe	100%	100%	Dormant
Campstar Mining (Private) Limited	Zimbabwe	100%	100%	Dormant
Chaperon Manufacturing (Private) Limited	Zimbabwe	100%	100%	Dormant
Charmed Technical Mining (Private) Limited	Zimbabwe	100%	100%	Dormant
Chianty Mining Services (Private) Limited	Zimbabwe	100%	100%	Dormant
Corampian Technical Mining (Private) Limited	Zimbabwe	100%	100%	Dormant
Deep Burg Mining Services (Private) Limited	Zimbabwe	100%	100%	Dormant
Deft Mining Services (Private) Limited	Zimbabwe	100%	100%	Dormant
Elfman Investment Services (Private) Limited	Zimbabwe	100%	100%	Dormant
Febrim Investments (Private) Limited	Zimbabwe	100%	100%	Dormant
Filkins Investment Services (Private) Limited	Zimbabwe	100%	100%	Dormant
Gerry Investment Company (Private) Limited	Zimbabwe	100%	100%	Dormant
Gigli Investment Services (Private) Limited	Zimbabwe	100%	100%	Dormant
Hemihelp Investments (Private) Limited	Zimbabwe	100%	100%	Dormant
Isiyala Mining (Private) Limited	Zimbabwe	100%	100%	Dormant
Katanga Mining (Private) Limited	Zimbabwe	100%	100%	Dormant
Kengen Trading (Private) Limited	Zimbabwe	100%	100%	Dormant
Kielty Investments (Private) Limited	Zimbabwe	100%	100%	Dormant
Lucciola Investment Services (Private) Limited	Zimbabwe	100%	100%	Dormant
Lyndock Investment Company (Private) Limited	Zimbabwe	100%	100%	Dormant
Maglev Investment Services (Private) Limited	Zimbabwe	100%	100%	Dormant
Malaghan Investments (Private) Limited	Zimbabwe	100%	100%	Dormant
Methven Investment Company (Private) Limited	Zimbabwe	100%	100%	Dormant
Mimic Mining (Private) Limited	Zimbabwe	100%	100%	Dormant
Monteiro Investments (Private) Limited	Zimbabwe	100%	100%	Dormant
Nedziwe Mining (Private) Limited	Zimbabwe	100%	100%	Dormant
Nemies Investment Services (Private) Limited	Zimbabwe	100%	100%	Dormant
Notebridge Investments (Private) Limited	Zimbabwe	100%	100%	Dormant
Pickstone-Peerless Mining (Private) Limited	Zimbabwe	100%	100%	Dormant
Prudent Mining (Private) Limited	Zimbabwe	100%	100%	Dormant
Rania Haulage (Private) Limited	Zimbabwe	100%	100%	Dormant
Re-Energised Investments (Private) Limited	Zimbabwe	100%	100%	Dormant
Regsite Mining Services (Private) Limited	Zimbabwe	100%	100%	Dormant
Riberio Mining Services (Private) Limited	Zimbabwe	100%	100%	Dormant
Sullivan Enterprises (Private) Limited ***	Zimbabwe	nil	100%	Dormant
Swadini Miners (Private) Limited	Zimbabwe	100%	100%	Dormant
Tamahine Investments (Private) Limited	Zimbabwe	100%	100%	Dormant
The Salon Investments (Private) Limited	Zimbabwe	100%	100%	Dormant
Vono Trading (Private) Limited	Zimbabwe	100%	100%	Dormant
Warkworth Investment Services (Private) Limited	Zimbabwe	100%	100%	Dormant
Wynton Investment Company (Private) Limited	Zimbabwe	100%	100%	Dormant
Zimchew Investments (Private) Limited	Zimbabwe	100%	100%	Dormant

* The company has effective control of this entity
** Merged with African Consolidated Resources SRL on 29 February 2016
*** Disposed of in March 2016

Company information

Directors	William Lionel Battershill	Non-Executive Chairman
	Roy Aubrey Pitchford	Chief Executive Officer
	Roy Clifford Tucker	Finance Director
	Eric Kevin Diack	Non-Executive Director
	Graham Paul Briggs	Non-Executive Director

Secretary and registered office
Roy Clifford Tucker, FCA
Nettlestead Place
Nettlestead
Maidstone
Kent ME18 5HA

Country of incorporation
United Kingdom

Legal form
Public Limited Company

Website
www.vastresourcesplc.com

Auditors
Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Nominated & Financial Adviser
Strand Hanson Limited
26 Mount Row
Mayfair
London W1K 3SQ

Joint Corporate Brokers
Peterhouse Corporate Finance Limited
Eldon Street
London EC2M 7LD

Brandon Hill Capital Limited
1 Tudor Street
London EC4Y 0AH

Bankers
Standard Bank Isle of Man Limited
Standard Bank House
1 Circular Road
Douglas
Isle of Man 1M1 1SB

Registrars
Capita Registrars
The Registry
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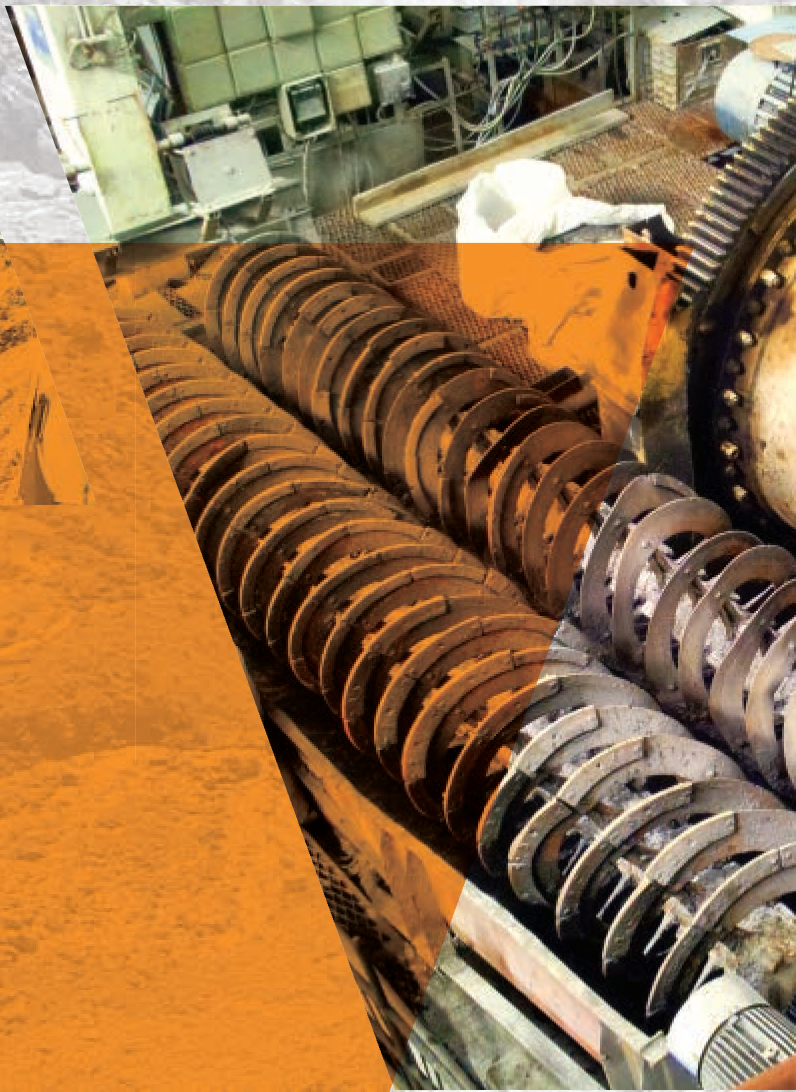
Beckenham
Kent BR3 4TU

Registered number
05414325

Notes

Perivan Financial Print 242506

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