

Notice of General Meeting and Explanatory Statement

Date: 24 January 2017

Time: 10.00 am

Location: At the offices of BDO Australia

Ground Floor, 38 Station Street

Subiaco WA 6008

THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR ATTENTION. IN IT YOU WILL FIND:

- 1. Notice of General Meeting.
- 2. An Explanatory Statement containing information about the resolutions to be considered at the General Meeting.
- 3. A Proxy Form (loose leaf). If you are unable to attend the General Meeting, please consider completing the Proxy Form enclosed and returning it in accordance with the instructions set out on that form.



Notice of General Meeting

Notice is given that the General Meeting of the Company will be held at the offices of BDO Australia, Ground Floor, 38 Station Street, Subiaco, Western Australia, 6008 on Tuesday, 24 January 2017 at 10.00am WST.

Business of the Meeting

RESOLUTION 1: APPROVAL OF ISSUE OF SHARES TO RCF

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, Shareholders approve the issue of:

- (a) 38,461,539 Shares at \$0.26 per Share; and
- (b) up to 4,400,000 Interest Shares,

to Resource Capital Fund VI L.P., as further detailed in the Explanatory Statement."

Voting exclusion:

In accordance with item 7 of section 611 of the Corporations Act and the ASX Listing Rules, Resource Capital Fund VI L.P. and its associates are excluded from voting on this resolution and the Company will disregard any vote cast on this resolution by Resource Capital Fund VI L.P. and any of its associates unless it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 2: RATIFICATION OF TRANCHE 2 SHARES

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue of 19,230,769 Shares at \$0.26 per Share to Resource Capital Fund VI L.P., as further detailed in the Explanatory Statement."



Voting exclusion:

The Company will disregard any vote cast on this resolution by Resource Capital Fund VI L.P. and a person who might obtain a benefit except a benefit solely in the capacity of Shareholder and any associates of those persons unless it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 3: RATIFICATION OF GRES SHARES

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue to GR Engineering Services Limited of 383,398 Shares at \$0.2402 per Share and 955,464 Shares at \$0.2452 per Share, as further detailed in the Explanatory Statement."

Voting exclusion:

The Company will disregard any vote cast on this resolution by GR Engineering Services Limited and a person who might obtain a benefit except a benefit solely in the capacity of Shareholder and any associates of those persons unless it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD

Ron Chamberlain

Company Secretary

23 December 2016



Important notes for Shareholders

These notes and Explanatory Statement form part of the Notice.

Shareholders should read this Notice and the Explanatory Statement carefully before deciding how to vote on the Resolutions set out in the Notice.

EXPLANATORY STATEMENT

The Explanatory Statement provides additional information on matters to be considered at the Meeting and, together with the Proxy Form, forms part of the Notice and should be read in conjunction with it. Terms and abbreviations used in the Notice and the Explanatory Statement are defined in the Explanatory Statement.

REQUIRED MAJORITIES

All resolutions are **ordinary resolutions** and will be passed only if supported by a majority of the votes cast by Shareholders entitled to vote on the resolutions.

ENTITLEMENT TO VOTE

The Directors have determined a 'snapshot time' pursuant to regulation 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company on **22 January 2017** at **5.00pm (WST)**.

HOW TO VOTE

You may vote by attending the Meeting in person or by proxy, attorney or authorised representative.

VOTING IN PERSON

To vote in person, attend the Meeting on the date and at the place set out in the Notice.

APPOINTMENT OF PROXIES

A Shareholder who is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote at the Meeting. A Shareholder entitled to cast two or more votes may appoint one or two proxies and may specify the proportion of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy may be, but need not be, a Shareholder and can be an individual or a body corporate. **YOUR PROXY FORM IS ENCLOSED (AS A LOOSELEAF) WITH THIS NOTICE.**



VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed with this Notice as soon as possible in accordance with the instructions provided prior to **10.00 am WST** on **22 January 2017**, being not less than 48 hours prior to the commencement of the Meeting. Proxy forms received later than this time will be invalid.

When the proxy form is executed under the power of attorney, the power of attorney must be lodged in the same way as the proxy form.

Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

BODIES CORPORATE

A body corporate may appoint an individual as its representative to exercise any of the powers the body corporate may exercise at meetings of the Shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body corporate could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

ENQUIRIES

All enquiries in relation to the contents of the Notice should be directed to Ron Chamberlain on +61 (08) 9389 2700.



Explanatory Statement

1. BACKGROUND

1.1 Introduction

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of BDO Australia, Ground Floor, 38 Station Street, Subiaco, Western Australia, 6008 on Tuesday, 24 January 2017 at 10.00 am WST.

You should read this Explanatory Statement in full before making any decision in relation to the Resolutions. If Shareholders are in doubt about what to do in relation to the Resolutions set out in the Notice, they should consult a financial or other professional adviser.

There are three Resolutions to be put to the Meeting. Certain voting exclusions are imposed by the Listing Rules and the Corporations Act in relation to the Resolutions as detailed in the accompanying Notice. Capitalised terms in this Explanatory Statement are defined in Section 4 of this Explanatory Statement.

The Chairman intends to vote all undirected proxies in favour of each Resolution.

1.2 Overview of the Resolutions

Resolution 1 is an ordinary resolution seeking Shareholder approval for the issue to Resource Capital Fund VI L.P. (RCF) of:

- 38,461,539 Shares (**Tranche 3 Shares**) for an aggregate subscription price of \$10m pursuant to the subscription agreement between RCF and the Company on or about 23 September 2016 (**Subscription Agreement**); and
- the Interest Shares, being up to 4,400,000 Shares, in satisfaction of the Company's obligations to pay interest under the bridge facility agreement between the Company, Narnoo Mining Pty Ltd and RCF dated 14 August 2015 (Bridge Facility Agreement),

under item 7 of section 611 of the Corporations Act and for all other purposes.

Further details of Resolution 1 and the issue of the Tranche 3 Shares and the Interest Shares are set out below in Section 2.

Resolutions 2 and 3 are ratifications of issues of Shares to RCF (the second tranche of 19,230,769 Shares (**Tranche 2 Shares**) pursuant to the Subscription Agreement) and GR Engineering Services Pty Ltd, in each case for the purpose of Listing Rule 7.4 and for all other purposes. Further details are set out below in Section 3.



1.3 Action to be taken by Shareholders

Shareholders should read this Explanatory Statement and the Expert Report carefully before deciding how to vote on the Resolutions.

All Shareholders are invited and encouraged to attend the Meeting. If Shareholders are unable to attend in person, the attached Proxy Form should be completed, signed and returned to the Company in accordance with the instructions contained in the Proxy Form and the Notice of Meeting. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

2. RESOLUTION 1: PROPOSED ISSUE OF SHARES TO RCF

2.1 Overview of RCF arrangements

As announced on 17 August 2015, Vimy entered into financing arrangements with RCF for the purpose of funding Vimy through to project financing of the Mulga Rock Project. These arrangements included the Bridge Facility Agreement, being a \$15m loan (RCF Loan) repayable on 31 March 2017.

RCF Loan and the Subscription Agreement

The Company announced that it completed the full draw down of the RCF Loan on 15 August 2016, and under the terms of the Bridge Facility Agreement repayment of the outstanding principal on the RCF Loan is due on 31 March 2017.

In order to meet the RCF Loan repayment obligation under the Bridge Facility Agreement, the Company entered into the Subscription Agreement with RCF to raise \$19 million in three tranches as follows, as announced by the Company on 23 September 2016:

- (a) a first tranche of 15,384,615 Shares at an issue price of \$0.26 per Share for an aggregate subscription price of \$4m, which were issued to RCF on 30 September 2016. This placement was ratified at the Company's annual general meeting on 18 November 2016, and increased RCF's voting power from 7.9% to 13.4%;
- (b) a second tranche of 19,230,769 Shares (**Tranche 2 Shares**) at an issue price of \$0.26 per Share for an aggregate subscription price of \$5m, which were issued to RCF on 23 November 2016. This placement is proposed to be ratified at the Meeting pursuant to Resolution 2. At the time, the issue of the Tranche 2 Shares increased RCF's voting power from 13.4% to 19.3% (although RCF's voting power has since decreased to 19.2% as a result of the issue of Shares to GR Engineering Services Limited); and
- (c) a third and final tranche of 38,461,539 Shares (**Tranche 3 Shares**) at an issue price of \$0.26 per Share for an aggregate subscription price of \$10m. This placement to RCF is proposed to occur following approval by Shareholders at the Meeting under item 7 of section 611 of the Corporations Act and for all other purposes pursuant to Resolution 1. Assuming no other Share issues, the issue of the Tranche 3 Shares will increase RCF's voting power from 19.2% to 29.1%.



The subscription proceeds from the first tranche of Shares issued under the Subscription Agreement are available to the Company to optimise the key technical inputs of the Mulga Rock Project prior to completion of the Definitive Feasibility Study.

Each of the Tranche 2 Shares and the Tranche 3 Shares (representing \$5m and \$10m respectively of subscription monies) has been, or will be, set off against the Company's obligation to repay the RCF Loan. That is, no subscription monies will be available to the Company from the issue of the Tranche 2 Shares and the Tranche 3 Shares, and instead the RCF Loan will be deemed repaid by the respective values of the subscriptions.

If Resolution 1 is approved and the Tranche 3 Shares are issued, the Company's repayment obligation in respect of the principal of the RCF Loan will be discharged.

Interest payments under the Bridge Facility Agreement

To date, Vimy has paid all interest (at the rate of 4%pa) under the Bridge Facility Agreement by way of the issue of Shares (instead of cash). Provided that Resolution 1 is approved and the Tranche 3 Shares are issued, the Company will make a final interest payment (at the rate of 4%pa) following repayment of the principal (Final Interest Payment).

The Final Interest Payment is expected to be settled in Shares. The precise number of Shares is not known at the date of this Notice as it is a function of the date of repayment of the principal and the Vimy share price in the days preceding 31 December 2016 and 31 March 2017. However, the number of Shares to be issued is not expected to be greater than 800,000.

If, prior to 30 March 2018, the Company (a) does not afford RCF the Participation Right, or (b) does not complete the Project Finance Equity Raising, then on 30 March 2018 Vimy will be required to pay top-up interest to take the total interest payment to 15%pa on the RCF Loan for so long as it was outstanding (**Top-up Interest Payment**). The Top-up Interest Payment (if payable) is required to be made in cash, unless RCF elects to accept Shares at an issue price of \$0.30 in lieu of cash.

If the Top-up Interest Payment becomes payable and RCF elects to receive the payment in Shares, the precise number of Shares to be issued to RCF will be a function of the date of repayment of the RCF Loan. However, the number of Shares to be issued is not expected to be greater than 3,600,000.

The Company intends to afford RCF the Participation Right at all times. However, the conduct of the Project Finance Equity Raising before 30 March 2018 is uncertain and subject to a number of factors, many of which are outside the control of the Company, such as uranium pricing and equity market conditions.

It is important to note that there is no certainty that the Top-up Interest Payment will become payable, nor that RCF will elect to receive that payment in Shares. As a result, the potential increase of RCF's voting power from 29.2% to 30.0% (as outlined below) is contingent, and approval is being sought for the issue of Shares to RCF on account of the Top-up Interest Payment to afford the Company flexibility.

Resolution 1 is therefore seeking Shareholder approval of the issue to RCF of:

(a) the Tranche 3 Shares; and



(b) the Interest Shares, comprising Shares that will likely be issued by Vimy on account of the Final Interest Payment and Shares that may, if the Top-up Interest Payment becomes payable and if RCF elects to be issued Shares in lieu of cash, be issued by Vimy on account of the Topup Interest Payment.

If Resolution 1 is approved by Shareholders, RCF's existing voting power in the Company is expected to initially increase from 19.2% to approximately 29.1% through the issue of the Tranche 3 Shares. RCF's voting power will further increase:

- to up to approximately 29.2% upon the issue of those Interest Shares representing the Final Interest Payment on or around the interest payment dates of 31 December 2016 and 31 March 2017; and
- subject to RCF becoming entitled to the Top-up Interest Payment and RCF electing to take the Top-up Interest Payment in Shares, to up to approximately 30.0% upon the issue of those Interest Shares representing the Top-up Interest Payment on or around 30 March 2018.

As the voting power of RCF in the Company will increase above 20% after the issue of the Tranche 3 Shares and further increase above 20% after the issue of the Interest Shares, Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act is being sought in Resolution 1, as further described in section 2.6 below.

For the reasons set out in this Explanatory Statement, the Directors unanimously consider that the advantages of the issue of the Tranche 3 Shares and the issue of the Interest Shares outweigh the disadvantages, and that the approval of Resolution 1 is in the best interests of Shareholders. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

2.2 Issues of Tranche 3 Shares and Interest Shares are not fair but reasonable

In accordance with ASIC Regulatory Guide 74 (**ASIC RG 74**), the Company has commissioned the Expert Report from BDO Corporate Finance (WA) Pty Ltd which is attached as Annexure 1.

The Expert Report notes that ASIC regulatory policy requires the fairness of issues of the Tranche 3 Shares and the Interest Shares to RCF be assessed in the same way as if the Company was subject of a takeover offer.

The Expert Report sets out a detailed examination of the issues of the Tranche 3 Shares and the Interest Shares to enable non-associated Shareholders to assess the merits and decide whether to approve these issues.

The Expert Report concludes that the issues of the Tranche 3 Shares and the Interest Shares are not fair but reasonable to non-associated Shareholders.

You should read the Expert Report in full to understand its scope, the methodology of the valuation and the sources of information and assumptions made. BDO Corporate Finance (WA) Pty Ltd has consented to the use of its report and opinion in the form and context in which it appears.



2.3 Effects of issue of Tranche 3 Shares and Interest Shares

In summary, if Resolution 1 is passed and the Tranche 3 Shares are issued in accordance with the Subscription Agreement, the effect will be:

- (a) The number of Shares on issue will increase from 277,586,857 to 316,048,396 upon completion of the issue of the Tranche 3 Shares.
- (b) RCF's voting power in the Company will increase from approximately 19.2% to approximately 29.1%.
- (c) The Company will be taken to have repaid in full the \$15m RCF Loan. The Bridge Facility Agreement will remain on foot until 30 March 2018 when the determination of any requirement for the Top-up Interest Payment will be made.

If Resolution 1 is passed and the Interest Shares attributable to the Final Interest Payment are issued in accordance with the Bridge Facility Agreement, (assuming the number of Shares issued in respect of the Final Interest Payment is 800,000) the effect will be:

- (a) The number of Shares on issue will increase from 316,048,396 to up to 316,848,396.
- (b) RCF's voting power in the Company will increase from approximately 29.1% to up to approximately 29.2%.

Finally, if Resolution 1 is passed and the Interest Shares attributable to the Top-up Interest Payment are issued in accordance with the Bridge Facility Agreement (refer to Section 2.1 for an explanation of the contingent nature of this Share issue), (assuming the number of Shares issued in respect of the Final Interest Payment is 800,000) the effect will be:

- (a) The number of Shares on issue will increase from up to 316,848,396 to up to 320,448,396.
- (b) RCF's voting power in the Company will increase from up to approximately 29.2% to up to approximately 30.0%.

The maximum extent of the increase in RCF's voting power that would result from the issue of the Tranche 3 Shares and the Interest Shares is approximately 10.8%.

The above statements assume that, other than as expressly contemplated, the Company does not issue any additional Shares (including upon exercise of options), and RCF and its associates do not acquire any further Shares.

The above statements also assume that 800,000 Interest Shares attributable to the Final Interest Payment are issued. As noted above, the precise number of Interest Shares attributable to the Final Interest Payment is not known at the date of this Notice as it is a function of the date of repayment of the principal and the Vimy share price in the days preceding 31 December 2016 and 31 March 2017.

Under Resolution 1, Shareholders are being asked to approve the issue up to 4,400,000 Interest Shares in aggregate to RCF in respect of the Final Interest Payment and the Top-up Interest Payment



(giving RCF the potential to increase its voting power in the Company to up to 30.0% as a result of the acquisition of the Tranche 3 Shares and the Interest Shares).

If Resolution 1 is approved and the number of Interest Shares attributable to the Final Interest Payment is greater than the estimated 800,000, the Company reserves the right to issue such greater number of Shares to RCF in respect of the Final Interest Payment provided always that the maximum number of Interest Shares that may be issued under Resolution 1 is 4,400,000 Interest Shares.

2.4 Advantages and disadvantages of passing Resolution 1

The Directors acknowledge the conclusion of the Independent Expert that the issues of the Tranche 3 Shares and the Interest Shares are not fair but reasonable to Shareholders not associated with RCF, for the reasons discussed in the Expert Report.

The Directors believe that the issue of the Tranche 3 Shares and the Interest Shares have the following advantages:

(a) Repayment of the RCF Loan

If Resolution 1 is approved and the Tranche 3 Shares are issued, the \$10 million RCF Loan (being the whole of the principal outstanding under the Bridge Facility Agreement) will be repaid in full, by way of set-off against the aggregate subscription price payable by RCF in respect of the Tranche 3 Shares.

If Resolution 1 is not passed, the principal amount outstanding under the Bridge Facility Agreement of \$10m will become due and payable by 31 March 2017, in cash unless RCF agrees otherwise, and the Company will be required to find an alternative funding source for the repayment of the RCF Loan.

(b) Improved financial position

The issue of the Tranche 3 Shares improves the Company's balance sheet position as a result of issuing Shares to satisfy repayment obligations under the Bridge Facility Agreement in lieu of making cash repayments.

(c) Strengthens relationship with RCF

RCF has provided substantial funding to Vimy and, together with Vimy's other substantial Shareholders, is a supportive partner of Vimy and its Mulga Rock Project.

RCF's commitment under the Subscription Agreement evidences RCF's confidence in and commitment to development of the Mulga Rock Project by its willingness to increase its equity investment in Vimy.

(d) Interest Shares

If Resolution 1 is approved, the Company will have the flexibility to settle the Final Interest Payment and, if payable and if RCF elects, the Top-up Interest Payment, in Shares instead of by way of cash.



If Resolution 1 is not passed, Vimy may be prevented by section 606(1) of the Corporations Act from issuing Shares to RCF, in which case Vimy will be required to pay the Final Interest Payment, and the Top-up Interest Payment (if it becomes payable), in cash, unless RCF agrees otherwise. The Company will be required to have funds available to make the interest repayments.

The Directors believe that the issues of the Tranche 3 Shares and the Interest Shares have the following disadvantages:

(a) Dilution of Shareholder interests

The aggregate percentage holding of existing non-associated Shareholders will be diluted by the issue of the Tranche 3 Shares and the Interest Shares.

(b) Liquidity

The liquidity of trading of Shares in the Company may be reduced further as RCF together with other major Shareholders will together hold approximately 86.2% of Shares after the issues of the Tranche 3 Shares and the Interest Shares.

(c) Increase in RCF's influence over the Company

The issue of the Tranche 3 Shares and the Interest Shares to RCF will increase RCF's level of influence over the Company. This may reduce the likelihood of a takeover bid for the Company being made, a potential result of which is a reduced control premium in the price of Shares. RCF's increased shareholding in the Company may result in other major Shareholders being less likely to invest further equity in the Company, which could result in decreased liquidity of Shares.

Despite the disadvantages set out immediately above, it is, however, the opinion of the Directors that the advantages of issuing the Tranche 3 Shares, as well as the flexibility to issue the Interest Shares, far outweigh the disadvantages.

2.5 Consequences if Resolution 1 is not approved

If Resolution 1 is not approved, the outstanding \$10m of principal under the RCF Loan will remain outstanding, and the Company will continue to pay interest on the outstanding amount.

The Company is required to repay the outstanding principal of the RCF Loan by 31 March 2017. At this stage, the Company has made no investigations or arrangements in relation to alternate sources of funding to repay the loan under the Bridge Facility Agreement. If the Company does not meet the repayment obligation, interest would be charged at 15%pa, as opposed to the reduced rate of 4%pa that the Company currently enjoys.

If Resolution 1 is not approved, the Company may also be deprived of the flexibility to satisfy the Topup Interest Payment in Shares (if it becomes payable and RCF so elects), but this will be subject to RCF's Shareholding position and voting power at the time.



2.6 Approval under item 7 of section 611 of the Corporations Act

Pursuant to Resolution 1, the Company is seeking Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act, for the acquisition by RCF of Relevant Interests in the Tranche 3 Shares and the Interest Shares, as the voting power of RCF in the Company will increase above 20% after the issue of the Tranche 3 Shares and further increase above 20% after the issue of the Interest Shares and which would, in the absence of approval, contravene section 606(1) of the Corporations Act.

Section 606(1) of the Corporations Act provides that a person must not acquire a Relevant Interest in issued voting shares in a company if:

- (a) the company is a listed company;
- (b) the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person; and
- (c) because of the transaction, that person's or someone else's voting power in the company increases from 20% or below to more than 20% or from a starting point that is above 20% and below 90%.

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition in section 606(1) of the Corporations Act if an acquisition is approved previously by a resolution passed by shareholders at a general meeting of the company.

After the issues of the Tranche 3 Shares and the Interest Shares (assuming the Top-up Interest Payment becomes payable and RCF agrees for it to be settled in Shares), RCF's voting power in the Company will be up to approximately 30.0%¹. Accordingly, Shareholder approval for the acquisition of Relevant Interests in the Tranche 3 Shares and the Interest Shares by RCF is required under item 7 of section 611 of the Corporations Act.

Item 7 of section 611 of the Corporations Act and ASIC RG 74 requires that the following additional information be provided to Shareholders for the purposes of approving the acquisition by RCF of Relevant Interests in the Tranche 3 Shares and the Interest Shares:

(a) The identity of the acquirer, its associates and any persons who will hold a Relevant Interest in the Tranche 3 Shares and the Interest Shares

The Tranche 3 Shares and the Interest Shares will be issued to RCF.

(b) Full particulars (including the number and percentage) of the Shares to which RCF is, or will be, entitled to immediately before the issues of the Tranche 3 Shares and the Interest Shares, the voting power that RCF and its associates will have as a result of the issues of the Tranche 3 Shares and the Interest Shares and the maximum extent of the increase in RCF's

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¹ This figure assumes that no other Shares are issued other than the Tranche 3 Shares and the Interest Shares pursuant to Resolution 1 and that no options are exercised



and its associates' voting power as a result of the issues of the Tranche 3 Shares and the Interest Shares

(i) Current voting power of RCF

As at the date of the Notice of Meeting, RCF holds 53,413,241 Shares and has voting power in the Company of 19.2%.

- (ii) Voting power of RCF after the issues of the Tranche 3 Shares and the Interest Shares
 - As a result of the issues of the Tranche 3 Shares and the Interest Shares, the number of Shares held by RCF would increase from 53,413,241 to a maximum of 96,274,780 and accordingly RCF's voting power will increase from 19.2% to a maximum of 30.0%.
- (iii) Voting power of RCF's associates after the issues of the Tranche 3 Shares and the Interest Shares

As RCF does not have any associates who independently hold Shares:

- (A) the maximum extent of the increase in the voting power of each of RCF's associates that would result from the issues of the Tranche 3 Shares and the Interest Shares; and
- (B) the voting power that each RCF's associates would have as a result of from the issues of the Tranche 3 Shares and the Interest Shares,

is the same as the:

- (C) the maximum extent of the increase in RCF's voting power in the Company that would result from the issues of the Tranche 3 Shares and the Interest Shares; and
- (D) the voting power that RCF would have as a result of the issues of the Tranche 3 Shares and the Interest Shares,

as set out in (ii) above.

(c) The identity, associations and qualifications of the person who is intended to become a Director if Shareholders approve Resolution 1

Under the Subscription Agreement, RCF has the right to appoint a Director to the Board whilst it holds voting power of 10% or more in the Company.

As at the date of the Notice of Meeting, RCF has not given any indication to the Company that it intends to nominate a person to be appointed as a Director.

(d) Details of any relevant agreement between RCF and the Company

On or about 23 September 2016, the Company and RCF signed a subscription agreement pursuant to which Vimy agreed to issue and RCF agreed to subscribe for a total of 73,076,923



Shares for an aggregate subscription price of \$19m, to be issued in three tranches, the third tranche of which is the Tranche 3 Shares the subject of Resolution 1 (**Subscription Agreement**). Details of the Tranche 3 Shares are set out in Section 2.1 above. The funding arrangement between RCF and the Company was announced to the ASX on 23 September 2016.

The Subscription Agreement contains anti-dilution rights which are designed to allow RCF to maintain its percentage shareholding in the Company.

(e) Intentions of RCF as to the future of the Company

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that RCF has no present intention to:

- (i) make any significant changes to the nature and conduct of business of the Company;
- (ii) except for the Tranche 3 Shares and the Interest Shares, inject further capital into the Company;
- (iii) change the employment arrangements of employees of the Company;
- (iv) transfer any assets of the Company;
- (v) redeploy any fixed assets of the Company; or
- (vi) change the financial or dividend policies of the Company.

The statements of intention in this Section are based on information concerning the Company and the circumstances affecting the Company's business that are known to RCF at the date of this Explanatory Statement.

2.7 Approval under Listing Rule 7.1

Approval pursuant to Listing Rule 7.1 is not required for the issues of the Tranche 3 Shares and the Interest Shares, as Listing Rule 7.2, Exception 16 provides that where an issue of securities is approved by a company's shareholders for the purposes of item 7 of section 611 of the Corporations Act, Listing Rules 7.1 and 7.1A do not apply.

Accordingly:

- (a) the Company is not seeking approval of the issues of the Tranche 3 Shares and the Interest Shares to RCF under either Listing Rule 7.1 or 7.1A;
- (b) the issues of the Tranche 3 Shares and the Interest Shares to RCF will not be counted for the purposes of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1 and additional 10% annual capacity pursuant to Listing Rule 7.1A; and
- (c) the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 and the additional 10% annual capacity set out in Listing Rule 7.1A without the requirement to obtain Shareholder approval.



2.8 Recommendation

For the reasons set out in this Explanatory Statement, the Directors unanimously consider that the advantages of the issue of the Tranche 3 Shares and the potential issue of the Interest Shares outweigh the disadvantages, and that the approval of Resolution 1 is in the best interests of Shareholders. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

The Chairman intends to vote all undirected proxies in favour of Resolution 1.

2.9 No other material information

Other than as set out in this Explanatory Statement, and other than information previously disclosed to Shareholders, there is no other information that is known to the Directors which may reasonably be expected to be material to the making of a decision by Shareholders whether or not to vote in favour of Resolution 1.

3. RESOLUTIONS 2 AND 3: PROPOSED RATIFICATION OF SHARES PREVIOUSLY ISSUED

3.1 Overview

The Company has issued:

- (a) the Tranche 2 Shares (being 19,230,769 Shares) to RCF at \$0.26 per Share, with the aggregate \$5m subscription price being off-set against the RCF Loan; and
- (b) the GRES Shares (being 1,338,862 Shares) to GR Engineering Services Limited at \$0.2402 (in respect of 383,398 Shares) and at \$0.2452 (in respect of 955,464 Shares), in lieu of cash payments for Mulga Rock Project definitive feasibility study work programs.

The Tranche 2 Shares and the GRES Shares were issued under the Company's 15% placement capacity pursuant to Listing Rule 7.1. Listing Rule 7.1 provides that subject to certain exceptions, a listed company may not issue shares or options to subscribe for shares equal to more than 15% of that company's issued share capital in any 12 months without obtaining shareholder approval.

3.2 Listing Rule 7.4

Listing Rule 7.4 provides that where a company's shareholders ratify a previous issue of securities made without approval under Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1. Resolutions 2 and 3 are ordinary resolutions seeking Shareholder approval to ratify the issue of the Tranche 2 Shares and the GRES Shares under Listing Rule 7.4.

Approval of Resolutions 2 and 3 will provide the Company with the flexibility to issue further securities in the future up to the Company's 15% annual placement capacity and the additional 10% annual capacity set out in Listing Rule 7.1A without the requirement to obtain shareholder approval.



3.3 Listing Rule 7.5 – Information to be provided to Shareholders

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purposes of ratifying the issue of the Tranche 2 Shares and GRES Shares under Listing Rule 7.4:

	Information required	Resolution 2 (Tranche 2 Shares)	Resolution 3 (GRES Shares)		
(a)	The number of Shares issued	19,230,769 Shares	1,338,862 Shares		
(b)	The issue price for the Shares	\$0.26 per Share	\$0.2402 per Share (in respect of 383,398 Shares) and \$0.2452 (in respect of 955,464 Shares)		
(c)	The terms of issue of the Shares	Issued on the same terms as, and rank equally in all respects with, the Company's existing Shares			
(d)	The names of the persons to whom the Shares were issued	Resource Capital Fund VI L.P.	GR Engineering Services Limited		
(e)	The use (or intended use) of funds raised	The funds raised by the issue of the Tranche 2 Shares were immediately set off against the principal outstanding under the Bridge Facility Agreement	No funds raised - Shares issued in lieu of cash payment for Mulga Rock Project definitive feasibility study work program.		

3.4 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of each of Resolutions 2 and 3.

The Chairman intends to vote all undirected proxies in favour of Resolutions 2 and 3.



4. **DEFINITIONS**

In this Explanatory Statement and Notice:

'ASIC RG 74' means ASIC Regulatory Guide 74.

'ASX' means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

'Board' means the board of Directors.

'Bridge Facility Agreement' means the bridge facility agreement between the Company, RCF and Narnoo Mining Pty Ltd dated 14 August 2015.

'Company' or 'Vimy' means Vimy Resources Limited ACN 120 178 949.

'Constitution' means the constitution of the Company in effect immediately prior to and during the Meeting.

'Corporations Act' means the Corporations Act 2001 (Cth).

'Director' means a director of the Company.

'Expert' means BDO Corporate Finance (WA) Pty Ltd.

'Expert Report' means the report of the Expert attached as Annexure 1 and forming part of the Explanatory Statement.

'Explanatory Statement' means this explanatory statement accompanying the Notice.

'Final Interest Payment' has the meaning given in section 2.1 of the Explanatory Statement.

'GRES Shares' means 1,338,862 Shares.

'Interest Shares' means up to 4,400,000 Shares expected to be comprised of:

- (a) Shares to be issued by Vimy to RCF on account of the Final Interest Payment (expected to be no more than 800,000 Shares); and
- (b) Shares that may, if RCF so elects, be issued by Vimy to RCF on account of the Top-up Interest Payment (expected to be no more than 3,600,000).

'Listing Rules' means the listing rules of the ASX.

'Meeting' means the general meeting of the Shareholders of the Company convened by the Notice.

'Notice' means this notice of Meeting.

'Participation Right' means the opportunity for RCF to participate in up to 1/3 of an equity raising undertaken by the Company on terms no less favourable than being offered to other participants, other than exempted equity raisings such as a Pro Rata Issue.



'Project Finance Equity Raising' means an equity raising by the Company in order to fund the development of the Mulga Rock Project.

'Pro Rata Issue' has the meaning given in Chapter 19 of the Listing Rules.

'Proxy Form' means the proxy form attached to the Notice.

'RCF' means Resource Capital Fund VI L.P.

'RCF Loan' means the unsecured bridging loan the subject of, and defined as the 'Loan' under, the Bridge Facility Agreement.

'Relevant Interest' has the meaning given in section 9 of the Corporations Act.

'Resolution' means a resolution to be considered at the Meeting as contained in the Notice.

'Section' means a Section of this Explanatory Statement.

'Share' means a fully paid ordinary share in the capital of the Company.

'Shareholder' means a holder of Shares.

'Subscription Agreement' means the subscription agreement between RCF and the Company on or about 23 September 2016.

'Top-up Interest Payment' has the meaning given in section 2.1 of the Explanatory Statement.

'Tranche 2 Shares' means 19,230,769 Shares.

'Tranche 3 Shares' means 38,461,539 Shares.

+	VIMY RESOL	URCES LIMITED	REGISTERED OFFI GROUND FLOOR 10 RICHARDSON S	•
T_REFERENCE_NUMBER»	«Company_code» «Sequence_number» «Holder_name» «Address_line_1» «Address_line_2» «Address_line_3»		WEST PERTH WA (SHARE REGISTRY Security Transfer Au All Correspondenc PO Box 52 Collins Street West \ Suite 913, Exchange 530 Little Collins Str Melbourne VIC 3000 T: 1300 992 916 F: E: registrar@security W: www.securitytran	: ustralia Pty Ltd e to: VIC 8007 e Tower eet) +61 8 9315 2233 ytransfer.com.au
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	OXY FORM OCCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS	TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR	STOCK BROKER OR LICENSED	PROFESSIONAL ADVISOR.
		vw.securitytransfer.com.au centre using your holding details. " and provide your Online Proxy ID to access the voting an	rea.	«ONLINE
	CTION A: Appointment of Proxy			
or failir	The meeting chairperson OR og the person named, or if no person is named, the Chairpeng directions (or if no directions have been given, as the Proposition of the Chairpeng Australia, Ground Floor, 38 Station Street, Subiaco WA 6	erson of the meeting, as my/our Proxy to act generally at to oxy sees fit) at the General Meeting of the Company to be		
SEC	CTION B: Voting Directions			
In exce	mark "X" in the box to indicate your voting directions to yo eptional circumstances, the Chairperson of the Meeting mar		ch case an ASX announcement wi	
1. A	PPROVAL OF ISSUE OF SHARES TO RCF			
2. R	NATIFICATION OF TRANCHE 2 SHARES			
3. F	AATIFICATION OF GRES SHARES			
set SEC	irections are given my proxy may vote as the proxy thi on a show of hands or on a poll and your votes will not be cTION C: Signature of Security Holder(s) ection must be signed in accordance with the instructions or	counted in computing the required majority on a poll. verleaf to enable your directions to be implemented.		
Г	Individual or Security Holder	Security Holder 2	Sect	urity Holder 3

Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:00am WST on Sunday 22 January 2017. VMYPX2240117 1 2 VMY VMYPX2240117

Director

Director/Company Secretary

Sole Director & Sole Company Secretary



My/Our contact details in case of enquiries are:



1. NAME AND ADDRESS

Name:

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign. Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Australia Pty Ltd

Online www.securitytransfer.com.au

Postal Address PO BOX 52

Collins Street West VIC 8007

Street Address Suite 913, Exchange Tower 530 Little Collins Street

Melbourne VIC 3000

Telephone 1300 992 916

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

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ANNEXURE 1 – INDEPENDENT EXPERT REPORT







Financial Services Guide

13 December 2016

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Vimy Resources Limited ('Vimy' or 'the Company') to provide an independent expert's report on the proposal to issue new ordinary shares to Resources Capital Fund VI L.P. ('RCF') upon conversion of the remaining \$10 million unsecured bridging loan and in satisfaction of interest payable on the unsecured bridging loan ('the Transaction'). You will be provided with a copy of our report as a retail client because you are a shareholder of Vimy.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Service's Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.



Financial Services Guide

Page 2

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$24,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Vimy for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service GPO Box 3 Melbourne VIC 3001 Toll free: 1300 78 08 0

Toll free: 1300 78 08 08 Facsimile: (03) 9613 6399

Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.



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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Valuation and Technical Assessment Report prepared by SRK Consulting (Australasia) Pty Ltd

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13 December 2016

The Directors Vimy Resource Limited **Ground Floor** 10 Richardson Street West Perth, WA 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

Introduction 1.

On 23 September 2016, Vimy Resources Limited ('Vimy' or 'the Company') announced that it had entered into a \$22 million transaction comprising the conversion of a \$15 million unsecured bridging loan from Resource Capital Fund VI L.P. ('RCF') ('RCF Loan') into equity, a placement to new and existing institutional and other sophisticated investors ('Placement') and a Share Purchase Plan ('SPP').

Placement

As at the date of this Report, the Company has raised \$6.3 million before costs. Of the \$6.3 million that has been raised to date, RCF subscribed for a total of 15,384,615 shares at the issue price of \$0.26 per share for a total subscription amount of \$4 million. Following the Placement, RCF held a 13.4% interest in the Company.

The remaining \$2.3 million was placed to other institutional and sophisticated investors at an issue price of \$0.26 per share.

The Placement represented approximately 10.5% of the shares on issue in Vimy, which is within the Company's existing capacity under Australian Securities Exchange ('ASX') Listing Rule 7.1, and accordingly, no shareholder approval was required.

RCF Transactions

Vimy has reached an agreement with RCF to convert the entire RCF Loan into equity, at the Placement price of \$0.26 per share. A total of 57,692,308 shares will be issued to RCF over two tranches, as follows:

- The issue of 19,230,769 shares ('Tranche 2 Shares') at an issue price of \$0.26 per Shares for an aggregate subscription amount of \$5 million. The Tranche 2 Shares were issued on 23 November 2016, which gave RCF a 19.2% interest in the Company; and
- The issue of 38,461,539 shares ('Tranche 3 Shares') at an issue price of \$0.26 per shares for an aggregate subscription amount of \$10 million. The issue of the Tranche 3 Shares is subject to shareholder approval.



To date, Vimy has paid all interest (at a rate of 4%) on the RCF Loan by way of the issue of shares (instead of cash). Provided the issue of the Tranche 3 Shares is approved by shareholders, the Company will make a final interest payment (at a rate of 4%) following repayment of the principal ('Final Interest Payment'). The Final Interest Payment is expected to be settled in shares and although the final number is not known at this point in time, the number of shares is not expected to be greater than 800,000.

If, prior to 30 March 2018, the Company does not satisfy certain conditions under the RCF Loan, then on 30 March 2018, Vimy will be required to pay top-up interest to take the total interest payment to 15% per annum on the RCF Loan for so long as it was outstanding ('Top-up Interest Payment'). The Top-up Interest Payment is required to be made in cash, unless RCF elects to accept shares at an issue price of \$0.30 in lieu of cash. If the Top-up Interest Payment is settled in shares (at RCF's election), the number of shares is a function of the date of repayment of the RCF Loan. However, the number of shares is not expected to be greater than 3,600,000.

Therefore, the Company is seeking shareholder approval for the issue of an additional 4,400,000 shares that may be issued to RCF in satisfaction of the Final Interest Payment and, if RCF so elects, in satisfaction of the Top-up Interest Payment ('Interest Shares'). This represents the maximum number of shares that may be issued in lieu of all interest payments on the RCF Loan.

We understand that the issue of the Tranche 3 Shares and Interest Shares to RCF (together referred to as the 'Transaction') are subject to approval by the shareholders of Vimy, which is to be sought under Item 7 of Section 611 of the Corporations Act 2001 ('Corporations Act' or 'the Act'), as the proposed issues would result in RCF increasing its interest in the issued shares of Vimy above the takeover threshold of 19.9% permitted under the Act.

Share Purchase Plan

On 4 November 2016, the Company announced that it had completed the SPP, raising \$103,500 through the issue of 398,066 shares at an issue price of \$0.26 each. Under the SPP, eligible shareholders were invited to subscribe for fully paid ordinary shares in Vimy at an issue price of \$0.26 per share, up to a maximum value of \$15,000 per shareholder. The SPP was open to all registered holders of Vimy shares at 22 September 2016, subject to specific exclusions.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Vimy have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Transaction is fair and reasonable to the non-associated shareholders of Vimy ('Shareholders').

Our Report is prepared pursuant to Item 7 of Section 611 of the Corporations Act and is to be included in the Explanatory Memorandum for Vimy in order to assist the Shareholders in their decision whether to approve the Transaction.



2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Transaction, as outlined in the body of this Report. We have considered:

- How the value of a Vimy share prior to the Transaction on a control basis compares to the value of a Vimy share following the Transaction on a minority basis;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

2.3 Opinion

We have considered the terms of the Transaction as outlined in the body of this Report and have concluded that, in the absence of any other relevant information, the Transaction is not fair but reasonable to Shareholders.

We have determined that the Transaction is not fair as the range of values of a Vimy share following the Transaction on a minority basis is less than the range of values of a Vimy share prior to the Transaction on a control basis.

However, we consider the Transaction to be reasonable due to significant advantages that it will bring to the Company. These advantages include; strengthening the Company's balance sheet and relationship with its cornerstone investor, removal of the requirement to raise additional funds to repay the RCF Loan and lessens the cash flow strain on the Company going forward.

2.4 Fairness

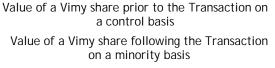
In Section 12, we determined that the value of a Vimy share prior to the Transaction on a control basis compares to the value of a Vimy share following the Transaction on a minority basis, as detailed below:

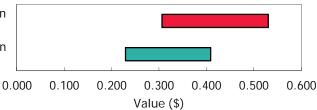
	Ref	Low \$	Preferred \$	High \$
Value of a Vimy share prior to the Transaction on a control basis	10.3	0.306	0.366	0.530
Value of a Vimy share following the Transaction on a minority basis	11	0.229	0.280	0.408
Source: BDO analysis				



The above valuation ranges are graphically presented below:

Valuation Summary





Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, the Transaction is not fair for Shareholders as the values of a Vimy share following the Transaction on a minority basis are less than the values of a Vimy share prior to the Transaction on a control basis.

2.5 Reasonableness

We have considered the analysis in Section 13 of this Report, in terms of both:

- advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information we believe that the Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES					
Section	Advantages	Section	Disadvantages		
13.1.1	Minority interest comparison	13.2.1	The Transaction is not fair		
13.1.2	Strengthen the Company's balance sheet	13.2.2	Dilution of existing Shareholders		
13.1.3	Strengthens the Company's relationship with its cornerstone investor				
13.1.4	The ability of the Company to raise additional funds may increase				
13.1.5	Removes the need to raise additional capital from other sources to repay the RCF Loan				
13.1.6	Removes cash flow strain going forward				
13.1.7	Conversion price is consistent with the recent Placement and SPP issue price				



Other key matters we have considered include:

Section	Description
13.3.1	Practical level of control
13.3.2	The Transaction is unlikely to deter a takeover offer being made in the future
13.3.3	Post announcement pricing

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

As at the date of our Report, RCF holds 53,413,241 shares in Vimy, representing an interest of 19.2%. Following the issue of the Tranche 3 Shares and the maximum number of Interest Shares (if these are required to be issued), RCF's interest may increase up to a maximum of 30.0%.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Vimy, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Vimy have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the ASX Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.



3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a Vimy share prior to the Transaction on a control basis and the
 value of a Vimy share following the Transaction on a minority basis (fairness see Section 12 'Is the
 Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness see Section 13 'Is the Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

Outline of the Transaction

On 23 September 2016, Vimy announced that it had entered into a \$22 million transaction comprising the conversion of a \$15 million unsecured bridging loan from RCF into equity, a Placement to new and existing institutional and other sophisticated investors and a share purchase plan.

Placement

As at the date of this Report, the Company has raised \$6.3 million before costs at an issue price of \$0.26 per share. Of the \$6.3 million raised to date, RCF subscribed for 15,384,615 shares at the issue price of \$0.26 per share for a total subscription amount of \$4 million. RCF's participation in the Placement was the subject of a subscription agreement ('RCF Subscription Agreement'), which includes the following:

- a right for RCF to nominate a representative to the Board of Vimy, for so long as RCF maintains a 10% shareholding interest; and
- anti-dilution rights which are designed to allow RCF to maintain its shareholding interest in the Company.

The remaining \$2.3 million was placed to other institutional and sophisticated investors.



The Placement represented approximately 10.5% of the shares on issue in Vimy, which is within the Company's existing capacity under ASX Listing Rule 7.1, and accordingly, no shareholder approval was required.

RCF Transaction

Under the Subscription Agreement, Vimy and RCF agreed to convert the \$15 million RCF Loan into equity at the Placement price of \$0.26 per share for the issue of a total of 57,692,308 shares over two tranches, as follows:

- The issue of 19,230,769 Tranche 2 Shares at an issue price of \$0.26 per shares for an aggregate subscription price of \$5 million. The Tranche 2 Shares were issued on 23 November 2016; and
- The issue of 38,461,539 Tranche 3 Shares at an issue price of \$0.26 per share for an aggregate subscription price of \$10 million will be issued to RCF, subject to shareholder approval.

To date, Vimy has paid all interest (at a rate of 4%) on the RCF Loan by way of the issue of shares (instead of cash). Provided the issue of the Tranche 3 Shares is approved by shareholders, the Company will make the Final Interest Payment. The Final Interest Payment is expected to be settled in shares and although the final number is not known at this point in time, the number of shares is not expected to be greater than 800,000.

If, prior to 30 March 2018, the Company does not satisfy certain conditions under the RCF Loan, then on 30 March 2018, Vimy will be required to pay the Top-up Interest Payment to take the total interest payment to 15% per annum on the RCF Loan for so long as it was outstanding. The Top-up Interest Payment is required to be made in cash, unless RCF elects to accept shares at an issue price of \$0.30 in lieu of cash. If the Top-up Interest Payment is settled in shares (at RCF's election), the number of shares is a function of the date of repayment of the RCF Loan. However, the number of shares is not expected to be greater than 3,600,000.

Therefore, the Company is seeking shareholder approval for the issue of an additional 4,400,000 Interest Shares that may be issued to RCF in satisfaction of the Final Interest Payment and, if RCF so elects, in satisfaction of the Top-up Interest Payment. This represents the maximum number of shares that may be issued in lieu of all interest payments on the RCF Loan.

Share Purchase Plan

On 4 November 2016, the Company announced that it had completed the SPP, raising \$103,500 for the issue of 398,066 shares at an issue price of \$0.26 per share. Under the SPP, eligible shareholders were invited to subscribe for fully paid ordinary shares in Vimy at an issue price of \$0.26 per share, up to a maximum value of \$15,000 per shareholder. The SPP was open to all registered holders of Vimy shares at 22 September 2016, subject to specific exclusions.

Capital structure

As at the date of this Report, RCF held 53,413,241 shares in Vimy, representing an interest of 19.2%. Following the issue of the Tranche 3 Shares and the maximum number of Interest Shares (if these are required to be issued), RCF's interest may increase up to a maximum of 30.0%.

The following table illustrates the maximum number of shares that may be issued to RCF following the issue of the Tranche 3 Shares and Interest Shares (if these are required to be issued).



		Other	
	RCF	Shareholders	Total
Number of shares on issue as at the date of this Report	53,413,241	224,173,616	277,586,857
% holding as at the date of this Report	19.2%	80.8%	100.0%
Issue of Tranche 3 Shares to RCF	38,461,539	-	38,461,539
Shares that may be issued in lieu of interest payments on the RCF Loan*	4,400,000	-	4,400,000
Total number of shares on issue following the Transaction	96,274,780	224,173,616	320,448,396
% holding	30.0%	70.0%	100.0%

^{*}On the assumption that the maximum number of Interest Shares are required to be issued to RCF.

Source: BDO analysis

5. Profile of Vimy

5.1 Overview

Vimy, formerly Energy and Minerals Australia Limited, was incorporated on 13 June 2006 and officially listed on the ASX on 23 May 2008. Vimy is a Perth based resources development company with the primary focus on the development of the Mulga Rock Project ('MRP'), a uranium resource located in the Great Victoria Desert of Western Australia. The Company places heavy emphasis on operational excellence and innovation in order to reduce the impact on the environment from its mining activities. The current board of directors comprise the following:

- The Hon. Cheryl Edwardes AM Non-Executive Chairman;
- Mike Young CEO and Managing Director;
- Julian Tapp Executive Director;
- David Cornell Non-Executive Director;
- Mal James Non-Executive Director; and
- Andy Haslam Non-Executive Director.

5.2 Mulga Rock Project

The MRP is one of Australia's largest undeveloped uranium resources, located 240km northeast of Kalgoorlie in the Great Victorian Desert of Western Australia. The MRP is 100% owned and operated by Vimy, and holds title to around 757 km² of exploration ground.

On 27 September 2016, the EPA agreed to allow preliminary work to be done in support of the MRP. The preliminary work will involve the following;

- An upgrade of the existing site access road to allow access for heavy equipment required for construction activities; and
- Construction and development of the Kakarook North bore field in order for sufficient water to be supplied during construction.

On 15 August 2016, the Company announced that the Environmental Protection Authority ('EPA') has recommended approval of its MRP.



On 17 November 2015, the Company announced the completion of a Pre-feasibility Study and on the basis of the results, initiated a Definitive Feasibility Study ('DFS').

Further information on the MRP can be found in Appendix 3.

5.3 Recent project funding

On 20 May 2015, RCF agreed to subscribe for \$5 million in equity through a placement along with conditionally offering an additional \$25 million of funding in the form of a royalty and the RCF Loan. The \$5 million placement was undertaken at \$0.30 per share and comprised the issue of 16,666,667 fully paid ordinary shares together with an additional 1,500,000 shares to RCF in satisfaction of an up-front fee associated with the funding package. The \$5 million proceeds from the placement allowed Vimy to complete the Pre-feasibility Study on the MRP.

On 17 August 2015, Vimy entered into a legally binding agreement with RCF for the provision of the final \$25 million of the funding package. The remaining \$25 million comprised the \$15 million RCF Loan and a \$10 million payment in return for a 1.15% royalty ('RCF Royalty').

The RCF Loan will be used to fund completion of the DFS for the MRP.

Interest on the RCF Loan is calculated at a rate of 15% per annum, with 4% payable quarterly and 11% deferred for payment until 31 March 2018. However, the deferred interest amounts at 31 March 2018 do not become payable if, up to 31 March 2018, all the following circumstances have occurred:

- RCF is granted a participation opportunity on specified equity issues;
- Vimy completes an equity raising in order to fund development of the MRP before 30 March 2018;
- There is no event of default; and
- Vimy had repaid all loans.

Included within the facility terms and conditions are:

- a conversion price option for RCF to convert deferred interest payable into shares at a fixed price of \$0.30 per share; and
- a requirement to maintain \$1.0 million in restricted cash in the form of a minimum working capital amount.

In addition to the rights set out above:

- There are no penalty fees for early repayment of the RCF Loan; and
- Vimy can elect to pay quarterly interest in cash or by the issue of Vimy shares to RCF at the 20 day VWAP at the time the interest is due for payment.

In return for the cash payment of \$10 million, Vimy's wholly owned subsidiary, Narnoo Mining Pty Ltd, has granted RCF a royalty of 1.15% of gross revenue from all products produced from the MRP. The RCF Royalty is secured by a mortgage over the MRP tenements and the \$10 million was received by the Company in September 2015.



5.4 Historical Statement of Financial Position

Statement of Financial Position	Audited as at 30-Jun-16 \$	Audited as at 30-Jun-15 \$	Audited as at 30-Jun-14 \$
CURRENT ASSETS			
Cash and cash equivalents	4,572,609	6,445,757	537,332
Trade and other receivables	386,488	203,794	88,178
Prepayments	267,631	75,668	100,340
TOTAL CURRENT ASSETS	5,226,728	6,725,219	725,850
NON-CURRENT ASSETS			
Trade and other receivables	190,506	-	-
Plant and equipment	430,755	242,954	207,505
TOTAL NON-CURRENT ASSETS	621,261	242,954	207,505
TOTAL ASSETS	5,847,989	6,968,173	933,355
CURRENT LIABILITIES			
Trade and other payables	2,736,083	971,694	743,971
Provisions	697,488	151,447	100,393
Loans and borrowings	7,500,000	-	24,667,153
TOTAL CURRENT LIABILITIES	10,933,571	1,123,141	25,511,517
NON-CURRENT LIABILITIES			
Trade and other payables	112,183	-	-
Provisions	79,870	99,913	60,243
Other financial liabilities	20,416	-	-
TOTAL NON-CURRENT LIABILITIES	212,469	99,913	60,243
TOTAL LIABILITIES	11,146,040	1,223,054	25,571,760
NET ASSETS	(5,298,051)	5,745,119	(24,638,405)
EQUITY			
Contributed equity	67,727,303	67,727,303	27,572,593
Compound financial instrument	-	-	3,745,184
Employee option plan reserve	1,316,153	1,093,362	974,663
Employee share plan reserve	1,927,281	1,235,417	400,000
Accumulated losses	(76,268,788)	(64,310,963)	(57, 330, 845)
TOTAL EQUITY	(5,298,051)	5,745,119	(24,638,405)

Source: Vimy's audited financial statements for the years ended 30 June 2014, 30 June 2015 and 30 June 2016

We note that Vimy's auditor included an Emphasis of Matter in the financial report for the year ended 30 June 2016. The auditor outlined the existence of material uncertainty in relation to the Company's ability to continue as a going concern as a result of the Company reporting a net loss of \$11.96 million and a net liability position of \$5.30 million for the year ended 30 June 2016.

We note the following in relation to Vimy's historical statement of financial position:

- Cash and cash equivalents decreased from \$6.45 million as at 30 June 2015 to \$4.57 million as at 30 June 2016. The decrease was predominantly attributable to \$18.50 million in exploration and evaluation expenditure, offset by \$10.00 million in proceeds received from the Royalty and \$7.50 million proceeds from the drawdown of the RCF Loan.
- Plant and equipment as at 30 June 2016 comprise office equipment of approximately \$0.05 million and exploration equipment of approximately \$0.39 million.



- The majority of current trade and other payables as at 30 June 2016 comprised \$2.65 million in trade payables and accruals with an amount of \$0.08 million relating to interest payable on the RCF Loan.
- Loans and borrowings as at 30 June 2016 related to the \$7.50 million draw down of the RCF Loan during the period. We note the final draw down of \$7.50 million occurred in August 2016.
- Contributed equity increased from \$27.52 million as at 30 June 2014 to \$67.72 million as at 30 June 2015. The increase was attributable to the following:

Contributed equ	uity	Number	Value (\$)
17 July 2014	Share placement at \$0.21*	57,142,857*	12,000,000
17 July 2014	Conversion of convertible and promissory notes to equity*	87,677,316*	23,322,166
21 May 2015	Share placement at \$0.30	16,666,667	5,000,000
21 May 2015	Shares issued for fees on placement at \$0.30	1,500,000	450,000

^{*}The Company undertook a share consolidation on a 7 to 1 basis in December 2014. These numbers have been expressed on a post consolidation basis.

5.5 Historical Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-16 \$	Audited for the year ended 30-Jun-15 \$	· ·
Revenue			
Other Income	11,380,804	165,655	28,680
Expenses			
Exploration and evaluation expenditure	(18, 497, 411)	(9,033,668)	(3,199,206)
Corporate and administration expenses	(3,732,340)	(2,248,161)	(2,274,688)
Financing expenses	(194,223)	(122, 379)	(2,853,599)
Debt forgiveness	-	1,467,367	-
Share based payments expense	(914,655)	(954,116)	-
Loss before income tax	(11,957,825)	(10,725,302)	(8,298,813)
Income tax expense	-	-	-
Total comprehensive loss for the year	(11,957,825)	(10,725,302)	(8,298,813)

Source: Vimy's audited financial statements for the years ended 30 June 2014, 30 June 2015 and 30 June 2016

We note the following in relation to Vimy's historical statement of profit and loss and other comprehensive income;

- The significant increase in other income for the year ended 30 June 2016 relates to the RCF Royalty and the 2015 research and development tax incentive. In relation to the RCF Royalty, the Company agreed to provide a 1.15% royalty on future production from the MRP in return for a \$10 million payment from RCF.
- Exploration and evaluation expenditure increased by \$9.46 million from \$9.03 million for the year ended 30 June 2015 to \$18.50 million for the year ended 30 June 2016. The increase was attributable to the advancement of the MRP. During the year ended 30 June 2016, a number of significant events occurred including completion of a Pre-feasibility Study and initiation of a Definitive Feasibility Study.



• Debt forgiveness for the year ended 30 June 2015 of \$1.47 million related to the Company converting loans and borrowings into equity on 17 July 2014. Vimy's convertible note holders converted \$23.3 million of debt into equity by subscribing for 613,741,209 ordinary fully paid shares at an issue price of \$0.038 per share (pre-consolidation), in addition the note holders forgave \$1.20 million in fees plus \$0.30 million on interest thereon. These transactions resulted in the elimination of the convertible note facility.

5.6 Capital Structure

The share structure of Vimy as at 1 December 2016 is outlined below:

	Number
Total ordinary shares on issue	277,586,857
Top 20 shareholders	256,434,409
Top 20 shareholders - % of shares on issue	92.38%

Source: Vimy's management

The range of shares held in Vimy as at 1 December 2016 is as follows:

Range of Shares Held	Number of Ordinary	Number of Ordinary	Percentage of Issued Shares
Range of Shares Held	Shareholders	Shares	(%)
1 - 1,000	447	172,776	0.06%
1,001 - 5,000	526	1,330,908	0.48%
5,001 - 10,000	157	1,195,387	0.43%
10,001 - 100,000	276	9,254,227	3.33%
100,001 - and over	59	265,633,559	95.69%
Total	1,465	277,586,857	100.00%

Source: Vimy's management

The ordinary shares held by the most significant shareholders as at 1 December 2016 are detailed below:

Name	Number of Ordinary	Percentage of Issued
Name	Shares Held	Shares (%)
Forrest Family Inv. Pty Ltd	57,142,857	20.59%
Acorn Capital Limited	43,259,490	15.58%
Macquarie Bank Limited	43,159,068	15.55%
Michael Edward Fewster	36,339,361	13.09%
Resource Capital Fund VI L.P.	53,413,241	19.24%
Subtotal	233,314,017	84.05%
Others	44,272,840	15.95%
Total ordinary shares on Issue	277,586,857	100.00%

Source: Vimy's management



The Company has the following options on issue as at 1 December 2016:

Current Options on Issue	Number
Unlisted options exercisable at \$1.26 on or before 31 January 2017	128,570
Unlisted options exercisable at \$0.35 on or before 14 June 2018	2,857,142
Unlisted options exercisable at \$1.54 on or before 16 December 2018	8,714,281
Unlisted options exercisable at \$0.70 on or before 16 December 2018	8,714,283
Unlisted options exercisable at \$0.80 on or before 16 December 2019	1,428,572

Source: Vimy's share register

Profile of RCF

RCF is a group of commonly managed private equity funds, established in 1998 with a mining sector specific investment mandate spanning all hard mineral commodities and geographic regions. Since inception, RCF has supported 155 mining companies, with projects located in 49 countries and across 29 commodities. The sixth fund, Resource Capital Fund VI L.P. with committed capital of \$2.04 billion, is now being invested.

RCF has a strong team of investment professionals, with wide ranging industry and technical expertise and a demonstrated history of investments in mining globally. RCF's track record is based on its ability to pick technically and commercially compelling assets and support management to achieve desired outcomes whilst remaining throughout a source of patient capital. RCF aims to partner with companies to build strong, successful and sustainable businesses and in doing so strives to earn superior returns for all shareholders.

Further information about RCF can be found on its website www.resourcecapitalfunds.com.

7. Economic analysis

7.1 Global

Overall, the global economy is continuing to grow, though at a lower than average pace. Labour market conditions in advanced economies have improved over the past year but growth in global industrial production and trade remains subdued.

In China, economic activity has eased and the growth rate has continued to moderate following the government's stimulus plan, which will see China shift away from an economy dependent on manufacturing, to one driven by consumer demand. China's demand for commodities such as crude oil, steel, coal and other raw materials have decreased, therefore affecting the global economy.

Global financial markets have seen improved sentiment following a period of increased volatility. However, uncertainty regarding the global economic outlook and policy settings for major jurisdictions continues. Globally, monetary policy remains accommodative.

7.2 Australia

The Australian economy is continuing to grow at a moderate rate. The large decline in mining investment is being offset by growth in other areas including residential construction, public demand and exports. Although household consumption has been growing, this growth appears to have slowed in recent times. Measures of household and business sentiment remain above average.



There is considerable variation in employment growth across the country although, overall, the unemployment rate continues to fall. Growth in part-time employment has been positive, while growth in full-time employment has been subdued.

The inflation rate remains low in Australia and this is expected to remain the case for some time given very subdued growth in labour costs and very low cost pressures elsewhere in the world.

Commodity prices

Commodity prices have risen over recent months, following significant declines over the past few years. The higher commodity prices have supported a rise in Australia's terms of trade, although they remain much lower than they have been in recent years.

Prices tend to rely on demand, in particular from the Chinese industrial sector, along with the response to changes in supply. Due to low oil prices, producers of bulk commodities have in general been reducing their cost of production, as oil is an important input for the transportation of these commodities. However, the ability for these producers to keep on reducing their costs is unlikely and may lead to firms exiting the market.

Despite commodity prices increasing in general, uranium prices remain depressed. However, demand from China and the lack of fossil fuel alternatives are likely to put upwards pressure on uranium prices in the mid to long term.

Financial markets

Financial markets have continued to function effectively. Funding costs for high-quality borrowers remain low and monetary policy around the globe remains accommodative. Government bond yields have begun to rise, however they are coming off a very low base.

During the quarter ended 30 June 2016, ASX listed exploration companies have exhibited increased levels of financing cash flows, which suggests that there is still investor appetite for exploration companies demonstrating strong fundamentals and project potential. Vimy may be able to attract such funding for development of the MRP.

Interest rates

Low interest rates are supporting domestic demand. Supervisory measures have strengthened lending standards in the housing market although growth in lending for housing has slowed over the past year. Turnover in the housing market has also declined and the rate of increase in housing prices is lower than it was a year ago. Some markets have strengthened recently but an influx of apartments onto the property market is expected over the next couple of years, particularly in the eastern capital cities. Growth in rents is the slowest for some decades. The cash rate remains unchanged at 1.50%.

Vimy may be positively affected by an overall increase in investment in Australian equities as investors seek investments returning higher yields than long term interest rates can provide.

Australian dollar

The Australian dollar has appreciated recently, despite its noticeable declines against the US dollar over the past year and could do even further following the result of the recent US election. This in part reflects rises in commodity prices, along with monetary developments globally having a positive impact. Due to current economic circumstances, a strengthening exchange rate could complicate the adjusting economy.



The Australian dollar's appreciation against the US dollar may benefit Vimy as costs denominated in US dollars will become relatively cheaper. However, a higher Australian dollar will also increase the cost to overseas investors and reduce the value of future MRP revenues.

Source: Statement by Philip Lowe, Governor: Monetary Policy Decision 1 November 2016 www.rba.gov.au

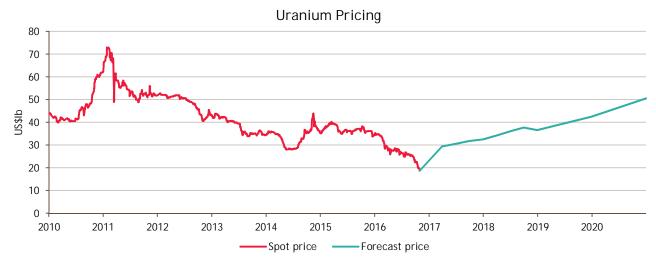
8. Industry analysis

Globally, economic uranium deposits are relatively scarce, which means mining is concentrated in a few select countries. The most common method of uranium extraction is open pit mining due to the volume intensive nature of extraction. This is attributable to uranium ore mostly occurring at relatively low concentrations. The state of the world's uranium market is almost wholly dependent on the global fortunes of the nuclear power generation industry. The Fukushima nuclear disaster in March 2011 cast an ominous shadow over the industry and rekindled disruptive opinions over the use of uranium as an energy source.

Prices

Unlike most other commodities, the uranium price does not trade on an open, liquid market. As such, buyers and sellers negotiate contracts privately so prices are published by independent market consultants. The historical uranium spot price discussed below is the U_3O_8 physical spot price obtained from Bloomberg.

Prior to the Fukushima nuclear power plant crisis in March 2011, uranium spot prices were beginning to gain momentum after a steady decline from project delays caused by the global financial crisis and issues with over supply from production in Kazakhstan. The beginning of January 2011 had shown a significant spike in uranium spot prices as a result of expansion in Asia. Following a peak of US\$73.0/lb on 28 January 2011, uranium spot prices declined from 2012 to 2014 to reach a low of US\$28.0/lb on 20 May 2014 before climbing back to a high of US\$39.63/lb on 5 March 2015. Uranium spot prices averaged US\$36.67/lb throughout 2015 but continued the longer term downtrend in 2016. The heightened volatility in prices over this period is still said to be attributable to on-going environmental concerns and government restrictions resulting from the Fukushima nuclear disaster in 2011. The uranium spot price has averaged US\$27.86/lb over the calendar year to date. The uranium spot price as at 31 October 2016 was US\$18.75/lb. We note this is the lowest uranium price since 2010. The following graph shows historical and forecast daily spot prices since January 2010:



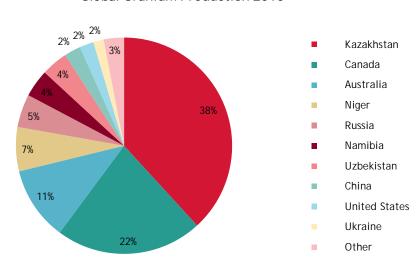


Source: Bloomberg (historical prices), Consensus Economics (forecast)

With the spot price dropping below US\$19.00lb in October 2016, the near term recovery of uranium spot prices is unlikely however, there is a bullish long term outlook due to the lack of fossil fuel alternatives. Chinese demand is also expected to keep uranium supply in a deficit and place upward pressure on prices in the long term. Consensus Economics' long term price projections show a recovery to around US\$50.60/lb in 2020.

Uranium Production

Australia accounts for around 11% of global uranium production despite holding an estimated 31% of the world's uranium deposits. This is a result of government restrictions on the development of new uranium mines.



Global Uranium Production 2015

Source: Bloomberg

Kazakhstan, Australia and Canada accounted for 71% of the world's uranium production in 2015.

Uranium production is on the rise, with the Sendai Nuclear Power Plant in Japan reaching full production capacity, despite being one of the 54 nuclear reactors to be shut down after the Fukushima disaster.

Global Outlook

The nuclear energy industry is on a steady recovery since the Japanese nuclear power plant crisis at Fukushima in March 2011, with Asian and Eastern European countries embracing nuclear power generation in view of reducing greenhouse gas emissions.

China's government policy underpins its uranium consumption, as the Chinese government aims to have 80 gigawatts of nuclear electricity generating capacity in place by 2020. Japan, which closed its nuclear power plants for testing after the Fukushima disaster in early 2011, plans to restart its reactors over the coming years, further driving global supply.



Nuclear power offers a viable long term source of energy over fossil fuels which are becoming scarcer. Following the November 2015 global climate summit in Paris which focused on moving towards cleaner energy, countries such as Africa are showing enormous potential as being the next uranium superpower with many international miners such as Rio Tinto Limited, Areva Holdings Australia Pty Ltd and ARMZ Uranium Holding Co. establishing operations there.

Demand for uranium may increase as emerging economies look for alternative sources of energy. The rise in gas prices is also increasing the demand for alternative energy sources such as nuclear power, further increasing the demand for uranium.

Output volumes and uranium prices will be the main driver behind the industry's performance throughout the next five years. Ongoing concerns about the environment, along with the continued expansion of nuclear energy generation throughout China, South Korea and India is set to boost prices and encourage production for mining companies.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of a Vimy share we have chosen to employ the methodologies set out in the following paragraphs.

9.1 Valuation of a Vimy share prior to the Transaction

In our assessment of the value of a Vimy share prior to the Transaction, we have chosen to employ the following methodologies:

- NAV method, as our primary method, which estimates the market value of a company by assessing the value of the assets and liabilities of the company; and
- QMP method, as our secondary method, which represents the value that a shareholder may receive for a share if sold on the market.

We have chosen these methodologies for the following reasons:

• As Vimy is an exploration and evaluation company, its core value is in the exploration assets that it holds. We have instructed SRK Consulting (Australasia) Pty Ltd ('SRK') to act as independent specialists and to provide an independent market valuation of the Company's material exploration assets in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015 ('Valmin Code'). SRK's full report is attached in Appendix 3. We have considered this in the context of Vimy's other assets and liabilities on a NAV basis;



- The QMP methodology is relevant because Vimy's shares are listed on the ASX. This means there is a
 regulated and observable market where the Company's shares can be traded. However, in order for
 the QMP methodology to be considered appropriate, the Company's shares should be liquid and the
 market should be fully informed as to its activities. We have considered these factors in Section 10.2
 of our Report;
- Vimy does not generate regular trading income. Consequently there are no historical profits that could be used to represent future earnings. This means that the FME valuation methodology is not appropriate; and
- Vimy has no foreseeable future net cash inflows and therefore the application of the DCF valuation methodology is not suitable.

9.2 Valuation of a Vimy share following the Transaction

In our assessment of the value of a Vimy share following the Transaction, we have chosen to employ the Sum-of-Parts methodology, which estimates the market value of a company by separately valuing each asset and liability of the company and then aggregating their fair market values.

Sum-of-Parts

We have employed the Sum-of-Parts method in estimating the fair market value of a Vimy share by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- the value of a Vimy share prior to the issue of the Tranche 3 Shares and Interest Shares;
- the effect of the issue of the Tranche 3 Shares and Interest Shares in the context of Vimy's other assets and liabilities; and
- the number of shares on issue in Vimy following the issue of the Tranche 3 Shares and Interest Shares.



10. Valuation of a Vimy share prior to the Transaction

10.1 Net Asset Valuation of Vimy

The value of Vimy's assets prior to the issue of the Tranche 3 Shares and Interest Shares, on a going concern basis, is reflected in our valuation below:

		Low value	Preferred value	High value
Note	30-Jun-16	\$	\$	\$
1	4,572,609	11,751,952	11,751,952	11,751,952
	386,488	386,488	386,488	386,488
	267,631	267,631	267,631	267,631
-	5,226,728	12,406,071	12,406,071	12,406,071
	190,506	190,506	190,506	190,506
	430,755	430,755	430,755	430,755
2	-	84,900,000	101,500,000	147,100,000
-	621,261	85,521,261	102,121,261	147,721,261
	5,847,989	97,927,332	114,527,332	160,127,332
-				
3	2,736,083	1,725,083	1,725,083	1,725,083
	697,488	697,488	697,488	697,488
4	7,500,000	10,000,000	10,000,000	10,000,000
_	10,933,571	12,422,571	12,422,571	12,422,571
5	112,183	358,466	358,466	358,466
	79,870	79,870	79,870	79,870
	20,416	20,416	20,416	20,416
-	212,469	458,752	458,752	458,752
-	11,146,040	12,881,323	12,881,323	12,881,323
	(5,298,051)	85,046,009	101,646,009	147,246,009
6		277,586,857	277,586,857	277,586,857
		0.306	0.366	0.530
	1	1 4,572,609 386,488 267,631 5,226,728 190,506 430,755 2 - 621,261 5,847,989 3 2,736,083 697,488 4 7,500,000 10,933,571 5 112,183 79,870 20,416 212,469 11,146,040 (5,298,051)	Note 30-Jun-16 \$ 1 4,572,609 11,751,952 386,488 386,488 267,631 267,631 5,226,728 12,406,071 190,506 190,506 430,755 430,755 2 - 84,900,000 621,261 85,521,261 5,847,989 97,927,332 3 2,736,083 1,725,083 697,488 697,488 4 7,500,000 10,000,000 10,933,571 12,422,571 5 112,183 358,466 79,870 79,870 20,416 20,416 212,469 458,752 11,146,040 12,881,323 (5,298,051) 85,046,009 6 277,586,857	1 4,572,609 11,751,952 11,751,952 386,488 386,488 386,488 267,631 267,631 267,631 5,226,728 12,406,071 12,406,071 190,506 190,506 190,506 430,755 430,755 430,755 2 - 84,900,000 101,500,000 621,261 85,521,261 102,121,261 5,847,989 97,927,332 114,527,332 3 2,736,083 1,725,083 1,725,083 697,488 697,488 697,488 4 7,500,000 10,000,000 10,000,000 10,933,571 12,422,571 12,422,571 5 112,183 358,466 358,466 79,870 79,870 79,870 20,416 20,416 20,416 212,469 458,752 458,752 11,146,040 12,881,323 12,881,323 (5,298,051) 85,046,009 101,646,009 277,586,857 277,586,857 277,586,857

Source: BDO analysis

The table above indicates that the net asset value of a Vimy share prior to the issue of the Tranche 3 Shares and Interest Shares is between \$0.306 and \$0.530, with a preferred value of \$0.366. We have assumed that the fair market value of the assets and liabilities as at 30 June 2016 are equal to the current carrying values, apart from the adjustments set out below.

The following adjustments were made to the net assets of Vimy as at 30 June 2016 in arriving at our valuation:



Note 1) Cash and cash equivalents

Cash movements since 30-June-16	\$
Cash and cash equivalents at 30-Jun-16	4,572,609
Add: Final drawdown of RCF Loan	7,500,000
Add: Proceeds from issue of shares under the Placement	6,300,000
Add: Proceeds from issue of shares under the SPP	103,500
Deduct: Transaction costs relating to share issues	(174, 157)
Deduct: Expenditure on exploration and evaluation to 30 October 2016	(5,000,000)
Deduct: Administration and corporate costs to 30 October 2016	(1,550,000)
Adjusted cash and cash equivalents	11,751,952

Note 2) Valuation of Vimy's mineral assets

We instructed SRK to provide an independent market valuation of the MRP and surrounding exploration tenements held by Vimy. SRK considered a number of different valuation methods when valuing the Company's MRP and surrounding exploration tenements. As the MRP is at pre-development stage, SRK's valuation of the MRP is based on the market and cost valuation approaches whereby an implied value was derived from the analysis of comparative market transactions, which were validated against a valuation range defined using the commonly applied Yardstick valuation method.

The range of values for Vimy's mineral assets as assessed by SRK is set out below:

Valuation of Vimy's mineral assets	Low value \$	Preferred value \$	High value \$
Mulga Rock Project - SRK valuation	94,900,000	111,500,000	157,100,000

Source: SRK's independent valuation and technical assessment report

The table above indicates a range of values for the MRP and surrounding exploration tenements of between \$94.9 million and \$157.1 million, with a preferred value of \$111.5 million.

SRK provided a technical assessment of the MRP and surrounding exploration tenements. A technical value, as defined by the Valmin Code 2015, is an assessment of a mineral asset's future net economic benefit at the valuation date under a set of assumptions deemed most appropriate by a practitioner, excluding any premium or discount to account for market considerations. A market value is defined as the estimated amount for which a mineral asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion.

The preferred value provided by SRK was based largely on recent comparative transactions. As this methodology is based on recent transactions in the market we believe this value already takes into account any discounts or premiums relating to market considerations. We therefore have no reason to believe that the preferred technical value provided by SRK does not also represent the preferred market value of the MRP and surrounding exploration tenements. The full SRK valuation report can be found at Appendix 3.

In return for the cash payment of \$10 million, Vimy's wholly owned subsidiary, Narnoo Mining Pty Ltd, has granted RCF a royalty of 1.15% on gross revenue from all products produced from the MRP. The RCF Royalty is secured by a mortgage over the MRP tenements. SRK have not considered the value of the RCF Royalty in their valuation above as the value of the potential future revenue cannot be assessed at this stage. Although we cannot reliably estimate the value of the RCF Royalty at the date of this Report, we



consider that the value of the payment received by Vimy, being \$10 million, to be the most appropriate basis to value the RCF Royalty as this payment was negotiated at arm's length and was announced to the market in May 2015. Therefore, we consider it appropriate to reduce the value of the RCF Royalty that will be payable on the MRP by this amount.

Valuation of Vimy's mineral assets	Low value \$	Preferred value \$	High value \$
Mulga Rock Project - SRK valuation	94,900,000	111,500,000	157,100,000
Less: RCF Royalty	(10,000,000)	(10,000,000)	(10,000,000)
	84,900,000	101,500,000	147,100,000

The table above indicates a range of values for the MRP and surrounding exploration tenements of between \$84.9 million and \$147.1 million, with a preferred value of \$101.5 million.

Note 3) Current trade and other payables

Current trade and other payables	\$
Current trade and other payables at 30-Jun-16	2,736,083
Deduct: Payments to suppliers	(1,011,000)
Adjusted current trade and other payables	1,725,083

Source: BDO analysis

During the quarter ended 30 June 2016, the Company completed significant work to progress the DFS on the MRP. This work undertaken prior to 30 June 2016 resulted in a high trade creditor balance as at 30 June 2016. The Company has since made significant payments to reduce this balance as at 30 October 2016.

Note 4) Loans and borrowings

Loans and borrowings	\$
Loans and borrowings at 30-Jun-16	7,500,000
Add: Final drawdown on RCF Loan	7,500,000
Deduct: Issue of Tranche 2 Shares	(5,000,000)
Adjusted loans and borrowings	10,000,000

Source: BDO analysis

Note 5) Non-current trade and other payable

Non-current trade and other payables	\$
Non-current trade and other payables at 30-Jun-16	112,183
Add: Deferred interest payable on RCF Loan	246,283
Adjusted non-current trade and other payables	358,466

Source: BDO analysis

Note 6) Number of shares on issue

Total number of shares on issue prior to the Transaction will be 277,586,857. This includes the issue of the Tranche 2 Shares to RCF as these were issued on 23 November 2016.



10.2 Quoted Market Prices for Vimy Securities

To provide a comparison to the valuation of a Vimy share in Section 10.1, we have also assessed the quoted market price for a Vimy share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of Section 611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Whilst RCF will not be obtaining 100% of Vimy, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

Therefore, our calculation of the quoted market price of a Vimy share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that therefore includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Vimy share is based on the pricing prior to the announcement of the Transaction. This is because the value of a Vimy share following the announcement may include the effects of any change in value as a result of the Transaction. However, we have considered the value of a Vimy share following the announcement when we have considered reasonableness in Section 13.

Information on the Transaction was announced to the market on 23 September 2016. Prior to this date, the Company had been in a voluntary trading halt since 21 September 2016. The following chart provides a summary of the share price movement over the twelve months to 20 September 2016, which was the last full trading day prior to the announcement.





Source: Bloomberg and BDO analysis

The daily price of Vimy shares from 21 September 2015 to 20 September 2016 ('Preannouncement Period') has ranged from a low of \$0.25 on 20 September 2016 to a high of \$0.40 on 21 April 2016. Over the Preannouncement Period, Vimy's share price generally fluctuated between \$0.30 and \$0.40, before entering a slight downward trend in August 2016.

The highest single days of trading occurred during July 2016 in which 509,034 and 580,000 shares were traded on 13 July 2016 and 29 July 2016, respectively. These two trading days were unusually large for Vimy, as the average number of shares traded on a daily basis over the Preannouncement Period was significantly lower, being approximately 15,000 shares per day. The Preannouncement Period was also characterised by periods of no trading activity.

During the Preannouncement Period a number of announcements were made to the market. The key announcements are set out below:



Date	Announcement	Closing Share Price Following Announcement \$ (movement)		Price 7	ng Share Fhree Days After uncement ovement)
15/08/2016	Final Drawdown of RCF Bridge Loan	0.320	▶ 0.0%	0.300	▼ 6.3%
15/08/2016	EPA recommends approval of Mulga Rock Project	0.320	▶ 0.0%	0.300	▼ 6.3%
29/07/2016	Quarterly Activities and Cashflow Report	0.320	▶ 0.0%	0.310	▼ 3.1%
07/07/2016	Public Environmental Review Adequate Response to Submissions	0.300	▶ 0.0%	0.320	▲ 6.7%
23/06/2016	Significant Resource Upgrade for Mulga Rock Project	0.340	▼ 2.9%	0.350	2 .9%
14/06/2016	Mulga Rock Test Pit Bulk Sample Results	0.340	▲ 6.0%	0.340	▶ 0.0%
02/05/2016	Quarterly Activities and Cashflow Report	0.340	▼ 6.0%	0.340	▶ 0.0%
14/12/2015	Mulga Rock Project - Public Environmental Review Released	0.380	▶ 0.0%	0.360	▼ 5.0%
02/12/2015	Definitive Feasibility Study Advances	0.330	▶ 0.0%	0.355	▲ 8.0%
17/11/2015	Results of Pre-Feasibility Study - Mulga Rock Project	0.300	▼ 14.0%	0.300	▶ 0.0%
28/10/2015	Quarterly Activities and Cashflow Report	0.300	▼ 6.0%	0.350	1 7.0%

Source: Bloomberg and BDO analysis

On 15 August 2016, the Company announced that it had made the final drawdown on the RCF Loan, and the Environmental Protection Authority had recommended approval of the MRP. Vimy's share price remained unchanged at \$0.320 on the day of the announcement, however declined by 6.3% in the three days subsequent to close at \$0.300.

On 7 July 2016, Vimy announced that the Environmental Protection Authority had accepted the Company's proposal for the MRP. Vimy's share price remained unchanged at \$0.300 on the day of the announcement, however increased by 6.7% in the three days subsequent to close at \$0.320.

On 14 June 2016, the Company released results of assay data from bulk ore samples taken from the MRP test pit. The market reacted positively to the assay results with Vimy's share price increasing by 6.0% on the day of the announcement to close at \$0.340.

On 2 May 2016, Vimy released its quarterly activities report for the March 2016 quarter. Vimy's share price subsequently declined by 6.0% on the day of the announcement to close at \$0.340.

On 2 December 2015, the Company released an update on the MRP definitive feasibility study. The Company's share price remained unchanged on the day of the announcement, however increased by 8.0% in the three days subsequent to close at \$0.355.

On 17 November 2015, Vimy released the result of a pre-feasibility study conducted at the MRP. The announcement included a cautionary statement advising that there was no certainty that further exploration work would result in the determination of indicated or measured mineral resources, or that the production target or preliminary economic assessment would be realised. Vimy's share price subsequently declined by 14.0% on the day of the announcement to close at \$0.300.

To provide further analysis of the market prices for a Vimy share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 20 September 2016.



Share Price per unit	20-Sep-16	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.250				
Volume weighted average price (VWAP)		\$0.285	\$0.311	\$0.317	\$0.319
Source: Bloomhera BDO analysis					

The above weighted average prices are prior to the date of the announcement of the Transaction, to avoid the influence of any increase in price of Vimy shares that has occurred since the Transaction was announced.

An analysis of the volume of trading in Vimy shares for the twelve months to 20 September is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of issued capital
1 Day	\$0.250	\$0.250	20,000	0.01%
10 Days	\$0.250	\$0.310	246,708	0.10%
30 Days	\$0.250	\$0.360	911,635	0.36%
60 Days	\$0.250	\$0.360	2,529,380	0.99%
90 Days	\$0.250	\$0.360	2,848,760	1.12%
180 Days	\$0.250	\$0.400	3,516,468	1.38%
1 Year	\$0.250	\$0.400	3,961,022	1.55%

Source: Bloomberg, BDO analysis

This table indicates that Vimy's shares display an extremely low level of liquidity, with 1.55% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- regular trading in a company's securities;
- approximately 1% of a company's securities are traded on a weekly basis;
- the spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- there are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Vimy, we do not consider there to be a deep market for the Company's shares as only 1.55% of the current issued capital was traded during the Preannouncement Period. Furthermore, Vimy shares exhibited significant unexplained price movements and traded irregularly, with extended periods of no trade activity occurring at all.

Our assessment is that a range of values for Vimy shares based on market pricing, after disregarding post announcement pricing, is between \$0.25 and \$0.31, with a midpoint value of \$0.28.

Control Premium

We have reviewed the control premiums paid by acquirers of general mining companies listed on the ASX. We have summarised our findings below:



Year	Number of Transactions	Average Deal Value (A\$m)	Average Control Premium (%)
2016	4	58.80	80.28
2015	15	165.46	31.00
2014	15	108.84	34.85
2013	18	44.46	49.25
2012	20	129.36	44.61
2011	21	605.51	40.47
2010	25	733.60	43.27
2009	28	84.25	41.85
2008	8	553.76	38.87
	Mean	276.00	44.94
	Median	129.36	41.85

Source: Bloomberg

The mean and median figures above are calculated on the average deal value and control premium for each respective year. To ensure our data is not skewed, we have also calculated the mean and median of the entire data set comprising control transactions for general mining companies from 2008 onwards, as set out below:

Entire Data Set Metrics	Average Deal Value (A\$m)	Average Control Premium (%)
Mean	297.37	42.22
Median	35.18	37.39

Source: Bloomberg

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- nature and magnitude of non-operating assets;
- nature and magnitude of discretionary expenses;
- perceived quality of existing management;
- nature and magnitude of business opportunities not currently being exploited;
- ability to integrate the acquiree into the acquirer's business;
- level of pre-announcement speculation of the transaction; and
- level of liquidity in the trade of the acquiree's securities.

The tables above indicate that the long term average of announced control premiums paid by acquirers of general mining companies on the ASX is approximately 42%. However, in assessing the sample of the transactions that were included in the table, we noted transactions within the list that appear to be extreme outliers. These include 14 transactions in which the announced control premium was in excess of 100% and 17 transactions where the acquirer obtained a controlling interest at a discount (i.e. less than 0%).

In a sample where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the review period was approximately 37%.

In the case of Vimy, we have taken the following considerations into account:



- The current market capitalisation of Vimy is considerably smaller than a number of the sample companies determined above. We note that larger transactions tend to have higher control premiums;
- As Vimy is an exploration and evaluation company and its MRP is undeveloped, the Company does not currently have any revenue generating operations;
- Vimy's auditor issued an Emphasis of Matter in the financial statements for the year ended 30 June 2016, which outlined the existence of material uncertainty in relation to the Company's ability to continue as a going concern; and
- If the Transaction is approved, RCF will obtain a controlling interest in Vimy of up to a maximum of 30.0%.

In determining the premium for control to be paid by RCF we have taken into account the above analysis, including the nature of the Transaction. We consider an appropriate control premium to apply to our valuation is between 20% and 30%.

Quoted market price including control premium

Applying a control premium to Vimy's quoted market share price results in the following quoted market price value including a premium for control:

	Low value	Preferred value	High value
	\$	\$	\$
Quoted market price	0.250	0.280	0.310
Control premium	20%	25%	30%
Quoted market price valuation (including premium for control)	0.300	0.350	0.403

Source: BDO analysis

Therefore, our valuation of a Vimy share based on the quoted market price method and including a premium for control is between \$0.300 and \$0.403, with a midpoint value of \$0.350.

10.3 Assessment of the value of a Vimy share prior to the Transaction

The results of the valuations performed are summarised in the table below:

	Low value	Low value Preferred value	
	\$	\$	\$
Net assets value (Section 10.1)	0.306	0.366	0.530
Quoted market price (Section 10.2)	0.300	0.350	0.403

Source: BDO analysis

Our valuation of a Vimy share under the QMP methodology (including a premium for control) and NAV methodology is consistent under the low and preferred scenarios however our NAV value under the high scenario is greater than our value under the QMP methodology. In our assessment of the value of a Vimy share prior to the Transaction we have taken into consideration the following items:

Our NAV methodology includes an independent market valuation of Vimy's exploration and
evaluation assets performed by SRK. SRK has relied on a combination of valuation methods which
reflect the potential value of these exploration and evaluation assets;



- Under RG 111.69(d), the QMP methodology is considered appropriate where a liquid and active
 market exists for the securities. Our share price analysis in Section 10.2 indicates that there
 appears to be an extremely low level of liquidity, with 1.55% of the Company's current issued
 capital being traded in a twelve month period prior to the announcement of the Transaction. This
 suggests that the QMP method may not give the most accurate indication of value, therefore
 explaining part of the difference between the two methods; and
- We consider that the NAV methodology incorporates the full analysis and independent valuation of Vimy's exploration and evaluation assets which may not have been appreciated by the market and therefore not reflected under the QMP method.

For the reasons described above, we conclude that the value obtained under the NAV approach is more reflective of the value of a Vimy share prior to the Transaction. Based on the results above we consider the value of a Vimy share prior to the Transaction to be between \$0.306 and \$0.530, with a preferred value of \$0.366.

11. Valuation of a Vimy share following the Transaction

The value of a Vimy share following the Transaction, on a going concern basis, is set out below:

		Low value Preferred value		High value
Value of Vimy following the Transaction	Note	\$	\$	\$
NAV of Vimy prior to Transaction	10.1	85,046,009	101,646,009	147,246,009
Add: Value of the financial liability extinguished on conversion of the RCF Loan	1	10,000,000	10,000,000	10,000,000
Add: Current interest payable on the RCF Loan as at 30-Oct-16	2	65,865	65,865	65,865
Add: Deferred interest payable on the RCF Loan as at 30-Oct-16	2	358,466	358,466	358,466
Value of Vimy following the Transaction		95,470,340	112,070,340	157,670,340
Discount for minority interest	3	23.0%	20.0%	17.0%
Value of Vimy following the Transaction (minority interest basis)		73,512,162	89,656,272	130,866,382
Number of Vimy shares on issue following the Transaction	4	320,448,396	320,448,396	320,448,396
Value per share (\$)		0.229	0.280	0.408

Source: BDO analysis

The table above indicates that the value of a Vimy share following the Transaction on a minority basis is between \$0.229 and \$0.408, with a preferred value of \$0.280. In arriving at this value, the following adjustments were made to the net assets of Vimy following the Transaction:

Note 1) Financial liability extinguished on issue of Tranche 3 Shares

Upon the issue of the Tranche 3 Shares, the remaining \$10 million of the RCF Loan will be deemed as having been repaid. Accordingly, the Company will no longer have a financial liability relating to the RCF Loan. We have therefore increased the NAV of Vimy following the Transaction by \$10 million, to reflect the reduction to Vimy's financial liabilities arising from the issue of the Tranche 3 Shares.

Note 2) Financial liability extinguished on issue of Interest Shares (if required)

The additional 4,400,000 Interest Shares may be issued to RCF in satisfaction of the Final Interest Payment and, if RCF so elects, in satisfaction of the Top-up Interest Payment. This represents the maximum amount of shares that may be issued to RCF to settle the Final Interest Payment and, if RCF so elects, the Top-up Interest Payment.



The NAV of Vimy prior to the Transaction included \$358,466 of deferred interest payable on the RCF Loan and \$65,865 of current interest payable on the RCF Loan up until 30 October 2016. Therefore, in the instance where the maximum Interest Shares are issued both these amounts will be extinguished in addition to any future quarterly and deferred interest payments on the RCF Loan from now until the RCF Loan is repaid or converted.

Note 3) Discount for minority interest

The value of a Vimy share following the Transaction derived under the Sum-of-Parts method is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the Company that allows them to have individual influence in the operations and value of the Company. However, if the Transaction is approved, Shareholders will hold minority interests in Vimy, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of the Company. Therefore, we have adjusted our Sum-of-Parts value of a Vimy share following the Transaction to reflect a minority interest holding.

A minority interest discount is the inverse of a premium for control and is calculated using the formula 1 - (1/1+control premium). As discussed in Section 10.2, we consider an appropriate control premium for Vimy to be in the range of 20% to 30%, giving rise to a minority discount in the range of approximately 17% to 23%, with a preferred value of 20%.

Note 4) Number of shares on issue

The maximum number of shares following the issue of the Tranche 3 Shares and Interest Shares (if required) will be 320,448,396, calculated as follows:

Number of shares on issue	Ref	
Number of shares on issue prior to the Tranche 3 Shares and Interest Shares	10.1	277,586,857
Add: Issue of Tranche 3 Shares to RCF		38,461,539
Add: Issue of maximum amount of Interest Shares to RCF*		4,400,000
Number of shares on issue following the Tranche 3 Shares and Interest Shares		320,448,396

 $^{^{\}star}$ On the assumption that the maximum number of Interest Shares are required to be issued to RCF.

Source: BDO analysis

12. Is the Transaction fair?

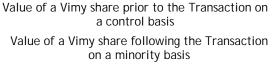
The value of a Vimy share prior to the Transaction on a control basis compares to the value of a Vimy share following the Transaction on a minority basis, as detailed below:

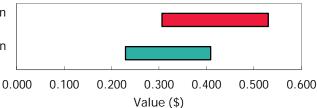
	Ref	Pof Low	Low Preferred		High	
	Kei	\$	\$	\$		
Value of a Vimy share prior to the Transaction on a control basis	10.3	0.306	0.366	0.530		
Value of a Vimy share following the Transaction on a minority basis	11	0.229	0.280	0.408		
Source: BDO analysis						



The above valuation ranges are graphically presented below:

Valuation Summary





Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, the Transaction is not fair for Shareholders as the values of a Vimy share following the Transaction on a minority basis are less than the values of a Vimy share prior to the Transaction on a control basis.

13. Is the Transaction reasonable?

13.1 Advantages of approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable.

13.1.1 Minority interest comparison

As the Transaction is considered to be a control transaction, RG 111.31 stipulates that when assessing non-cash consideration in a control transaction a comparison should be made between the value of the target entity's securities prior to the transaction on a controlling basis and the value of the target entity's securities following the transaction. However, it is relevant for Shareholders to appreciate that they hold a minority interest in Vimy prior to the Transaction and will retain a minority interest following the Transaction.

As such, we have also provided a comparison of the value of a Vimy share prior to the Transaction and following the Transaction both on a minority interest basis. This comparison is outlined in the table below:

	Ref	Low \$	Preferred \$	High \$
Value of a Vimy share prior to the Transaction on a control basis	10.3	0.306	0.366	0.530
Discount for minority interest	11	23.0%	20.0%	17.0%
Value of a Vimy share prior to the Transaction on a minority basis		0.236	0.293	0.440

Source: BDO analysis

Therefore, the table below provides a comparison between the value of a Vimy share prior to the Transaction on a minority interest basis and the value of a Vimy share following the Transaction on a minority interest basis.

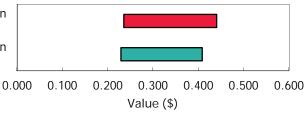


	Ref	Low \$	Preferred \$	High \$
Value of a Vimy share prior to the Transaction on a minority basis	13.1.1	0.236	0.293	0.440
Value of a Vimy share following the Transaction on a minority basis	11	0.229	0.280	0.408
Source: BDO analysis				

The above valuation ranges are graphically presented below:

Valuation Summary

Value of a Vimy share prior to the Transaction on a minority basis Value of a Vimy share following the Transaction on a minority basis



Source: BDO analysis

The tables and graph above indicate that the range of values of a share in Vimy following the Transaction on a minority interest basis is similar to the range of values of a share in Vimy on a minority interest basis prior to the Transaction. We also note that the funding from the RCF Loan has enabled the Company to progress the MRP. If the Transaction is approved, the Company can convert the RCF Loan to equity and will therefore not be required to repay the RCF Loan using its existing cash reserves. It can therefore utilise its existing cash reserves to complete the DFS. Without this access to funds the Company may not realise the value represented by the higher end of the valuation range.

13.1.2 Strengthens the Company's balance sheet

If the Transaction is approved and the remaining RCF Loan is converted to equity, a total of \$10 million of current borrowings will be extinguished, resulting in a net improvement in the Company's net asset position of \$10 million. The conversion of all debt in the Company to equity will improve the capital structure and flexibility in the business as the outstanding debt had a maturity date of 31 March 2017.

In addition to this, RCF have provided approximately \$4 million through the Placement undertaken by the Company to new and existing shareholders which has so far raised a total of \$6.3 million. This will also have an effect of strengthening the balance sheet.

The audit report accompanying the financial statements for the year ended 30 June 2016 for Vimy included an emphasis of matter regarding the ability of the Company to continue as a going concern as a result of the Company reporting a net loss of \$11.96 million and a net liability position of \$5.30 million for the year ended 30 June 2016. The Transaction will assist in improving the Company's net asset position.

13.1.3 Strengthens the Company's relationship with its cornerstone investor

RCF is a private equity firm that invests in a diverse range of commodities. The primary goal of private equity firms is to generate a return on its investment. To the extent that private equity firms receive shares in the companies they invest in, their return is generated by an increase in the value of those companies.



In May 2015, the Company completed a placement to RCF of 16,666,777 shares at an issue price of \$0.30 each to raise \$5 million. This placement was part of a \$30 million funding package between the Company and RCF which was finalised in August 2015 and is expected to fund Vimy through to completion of the DFS for the MRP. The remaining \$25 million under the funding package has been provided via:

- \$10 million payment for a 1.15% royalty on all revenue from the MRP which was received in September 2015; and
- \$15 million unsecured bridging loan (RCF Loan) which has been fully drawn down as at the date of this Report, with \$5 million already converted to equity and the conversion of the remaining \$10 million being the subject of the Transaction.

The funding package, contemplated RCF having a participation opportunity on all future equity issues (subject to specific exceptions) and RCF agreed to participate in the recent placement announced in September 2016, contributing \$4 million of the total \$6.3 million that has been raised.

RCF has become a cornerstone shareholder in Vimy, and together with the Transaction, indicates RCF's strong financial support for Vimy and for the MRP. The further issue of shares under the Transaction will increase RCF's voting interest in the Company, which accordingly, is likely to increase its major shareholder support in the future.

13.1.4 The ability of the Company to raise additional funds may increase

If Shareholders approve the Transaction and allow RCF the ability to convert the RCF Loan, upon conversion it will extinguish the level of borrowings in the Company. The reduced level of gearing may increase the Company's ability to raise additional funds that may be required to fund the development of the MRP.

13.1.5 Removes the need to raise additional capital from other sources to repay the RCF Loan

In the event that the Transaction is not approved by Shareholders, the remaining principal will become payable on 31 March 2017. As at the date of our Report an amount of \$10 million is outstanding on the RCF Loan, excluding interest. The Company has issued 19,230,769 Tranche 2 Shares to RCF to satisfy repayment of \$5 million of the RCF Loan with the remaining \$10 million outstanding. The Company has cash available of approximately \$11.75 million. Therefore, if Vimy is required to repay the remaining \$10 million principal owing on the RCF Loan on or before 31 March 2017, it will utilise the majority of its existing cash reserves.

In order to repay the remaining RCF Loan and retain enough cash for working capital and completion of the DFS on the MRP, Vimy will be required to seek alternative sources of finance which may include a capital raising from other investors or seeking third party finance. There is no guarantee that the Company will be able to raise the necessary funds through either of these methods or if it is possible, there is no guarantee of the pricing of a capital raising with other investors.

13.1.6 Removes cash flow strain going forward

In the event that the Transaction is not approved by Shareholders, the Company will have to repay the remaining principal on the RCF Loan with existing cash reserves. On 15 August 2016, the Company announced the final drawdown of the RCF Loan. The remaining principal of \$10 million has a maturity date of 31 March 2017.



The Company is currently working towards the completion of its DFS on the MRP, expected to be completed in the first quarter of 2017. For the six months to 30 June 2016, the Company has undertaken significant works to progress this, spending approximately \$9.3 million on exploration and evaluation activities over the six month period. An additional \$5 million has been incurred on exploration and evaluation activities between 1 July 2016 and 30 October 2016.

If the Transaction is approved, the Company can retain its focus and utilise its existing cash reserves towards the completion of the DFS.

13.1.7 Conversion price is consistent with Placement and SPP issue price

Under the terms of the Transaction, the RCF Loan will be fully converted into equity at a conversion price of \$0.26 per share. The Company has undertaken the Placement and SPP which were both at an issue price of \$0.26 per share which has allowed retail and shareholder participation at a price that is equivalent to the conversion price.

13.2 Disadvantages of approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those outlined below.

13.2.1 The Transaction is not fair.

As set out in Section 12, the Transaction is not fair. RG 111 states that an offer is reasonable if it is fair - in this case it is not fair.

13.2.2 Dilution of existing Shareholders' interest

RCF currently holds 19.2% of the issued capital of Vimy. If the Transaction is approved, Shareholders' interests may be diluted from 80.8% as at the date of our Report to a minimum of 70.0% in the instance where the Tranche 3 Shares are issued and the maximum amount of Interest Shares are issued to RCF. The capacity of Shareholders to influence the operations of the Company will therefore be reduced.

13.3 Other Considerations

13.3.1 Practical level of control

If the Transaction is approved then RCF will hold a maximum interest of approximately 30.0% in Vimy. In addition to this, as a result of RCF's participation in the Placement undertaken by the Company, RCF will have the right to nominate a representative to the Board of Vimy for so long as RCF maintains a 10% shareholding interest.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are ordinary resolutions and special resolutions. An ordinary resolution requires more than 50% of shares to be voted in favour to approve a matter and a special resolution requires at least 75% of shares voted to be voted in favour to approve a matter.

As a result of the Transaction, RCF will be the Company's largest shareholder with a 30.0% voting interest. This is insufficient for RCF to block an ordinary resolution (greater than 50% majority required) but will be sufficient to block a special resolution. However, it should also be noted that prior to the Transaction



Vimy had five shareholders who owned a combined interest of over 80% of the Company, with one of these being RCF.

13.3.2 The Transaction is unlikely to deter a takeover offer being made in the future

Following the approval of the Transaction by Shareholders, RCF's interest may increase up to a maximum of 30.0% of Vimy's issued capital.

RCF is a financial investor rather than an investor who is interested in obtaining off-take or access to synergies. RCF's primary goal is to generate a return on its investments which we consider to be consistent with a Shareholders' primary goal. Therefore, although a full takeover of the Company would require RCF's acceptance, we do not consider than an increase in RCF's investment, as a result of approving the Transaction, will deter a takeover offer being made or accepted by the Company if an acceptable offer is made.

13.3.3 Post announcement pricing

We have analysed movements in Vimy's share price since the Transaction was announced on 23 September 2016. On the last full trading day prior to the announcement of the Transaction, Vimy's share price closed at \$0.25. Since the announcement of the Transaction, Vimy's share price has ranged between \$0.27 and \$0.23 and on 12 December 2016 closed at \$0.24.

13.4 Is the Transaction reasonable

In determining whether the Transaction is reasonable, we have considered the factors outlined above.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position of Shareholders if the Transaction is not approved. Accordingly, we believe that the Transaction is reasonable for Shareholders.

14. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is not fair but reasonable to the shareholders of Vimy.

We have determined that the Transaction is not fair as the range of values of a Vimy share following the Transaction on a minority basis is less than the range of values of a Vimy share prior to the Transaction on a control basis.

However, we consider the Transaction to be reasonable due to significant advantages that it will bring to the Company. These advantages include; strengthening the Company's balance sheet and relationship with its cornerstone investor, removal of the requirement to raise additional funds to repay the RCF Loan and lessens the cash flow strain on the Company going forward.



15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Bridge Facility Agreement between Vimy, Narnoo Mining Pty Ltd and RCF dated 14 August 2015;
- Audited financial statements of Vimy for the years ended 30 June 2014, 30 June 2015 and 30 June 2016:
- Unaudited management accounts of Vimy for the period ended 30 September 2016 and 31 October 2016:
- Independent Valuation Report of Vimy's mineral assets dated December 2016 performed by SRK;
- Share registry information of Vimy;
- Information in the public domain; and
- Discussions with Directors and Management of Vimy.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$24,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Vimy in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Company, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Vimy, RCF and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Vimy, RCF and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Vimy, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Vimy and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Adam Myers and Sherif Andrawes of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of the Chartered Accountants Australia and New Zealand. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Chartered Accountants Australia and New Zealand. He has over twenty five years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

18. Disclaimers and consents

This report has been prepared at the request of Vimy for inclusion in the Explanatory Memorandum, which will be sent to all Vimy Shareholders. Vimy engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal to issue new ordinary shares to RCF upon conversion of the remaining \$10 million unsecured bridging loan and in satisfaction of interest payable on the unsecured bridging loan.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to RCF. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.



The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Vimy, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Vimy.

The valuer engaged for the mineral asset valuation, SRK, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Silver Man

Adam Myers

Director

Sherif Andrawes

Director



Appendix 1 - Glossary of Terms

Reference	Definition
the Act	Corporations Act 2001 (Cth)
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
the Company	Vimy Resources Limited
Corporations Act	The Corporations Act 2001 (Cth)
DCF	Discounted Future Cash Flows
DFS	Definitive Feasibility Study
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
ЕРА	Environmental Protection Authority
Final Interest Payment	the Company will make a final interest payment (at a rate of 4%) following repayment of the principal. The Final Interest Payment is expected to be settled in shares and although the final number is not known at this point in time, the number of shares is not expected to be greater than 800,000
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
the Funds	The private equity funds that form Resource Capital Funds
Interest Shares	A maximum amount of 4,400,000 shares that may be issued to RCF in satisfaction of the Final Interest Payment and, if RCF so elects, in satisfaction of the Top-up Interest Payment
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore



Reference	Definition
	Reserves
MRP	Mulga Rock Project
NAV	Net Asset Value
Placement	The placement to new and existing institutions and other sophisticated investors
Preannouncement Period	The twelve month period from 21 September 2015 to 20 September 2016
QMP	Quoted market price
RBA	Reserve Bank of Australia
RCF	Resource Capital Fund VI L.P.
RCF Loan	The \$15 million unsecured bridging Ioan from Resource Capital Fund VI L.P.
RCFM	RCF Management L.L.C.
RCF Royalty	The 1.15% royalty to be received by Resource Capital Fund VI L.P. in return for a \$10 million payment
RCF Subscription Agreement	The legally binding term sheet detailing Resource Capital Fund VI L.P.'s participation in the Placement and the conversion of the RCF Loan
our Report	This Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd
RG 111	ASIC Regulatory Guide 111 entitled 'Content of expert reports (March 2011)'
RG 112	ASIC Regulatory Guide 111 entitled 'Independence of experts (March 2011)'
Section 611	Section 611 of the Act
Shareholders	Shareholders of Vimy not associated with RCF
SPP	The share purchase plan undertaken by the Company
SRK	SRK Consulting (Australasia) Pty Ltd
Top-up Interest Payment	If, prior to 30 March 2018, the Company does not satisfy certain conditions under the RCF Loan, then on 30 March 2018, Vimy will be required to pay top-up interest to take the total interest payment to 15% per annum on the RCF Loan for so long as it was outstanding. The Top-up Interest Payment is required to be made in cash, unless RCF elects to accept shares at an issue price of \$0.30 in lieu of cash. If the Top-up Interest Payment is settled in shares (at RCF's election), the number of shares is a function of the date of repayment of the RCF Loan. However, the number of shares is not



Reference	Definition
	expected to be greater than 3,600,000
Tranche 2 Shares	19,230,769 shares in the Company
Tranche 3 Shares	38,461,539 shares in the Company
the Transaction	In the context of this Report, this refers to the proposal to issue 38,461,539 Tranche 3 Shares and a maximum of 4,400,000 Interest Shares to Resource Capital Fund VI L.P. on conversion of the remaining \$10 million unsecured bridging loan (including interest)
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
Vimy	Vimy Resources Limited
VWAP	Volume Weighted Average Price

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The Directors

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Australia



Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 Net asset value ('NAV')

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 Quoted Market Price Basis ('QMP')

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 Capitalisation of future maintainable earnings ('FME')

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.



The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

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Appendix 3 - Independent Valuation and Technical Assessment Report

Independent Specialist Report relating to the mineral assets of Vimy Resources Limited

Report Prepared for

BDO Corporate Finance Australia Pty Ltd





Report Prepared by



SRK Consulting (Australasia) Pty Ltd

VIM002

December 2016

SRK Consulting Page i

Independent Specialist Report relating to the mineral assets of Vimy Resources Limited

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December 2016

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SRK Consulting Page ii

Executive Summary

The intention of this Independent Specialist Report is to provide a technical assessment and valuation of the Mulga Rock Project (the Project) in Western Australia.

Summary of principal objectives

BDO Corporate Finance Pty Ltd (BDO) has been engaged by Vimy Resources Limited (Vimy) to prepare an Independent Expert's Report (IER) for inclusion with a Notice of Meeting, to assist shareholders in their decision whether or not to approve conversion of debt to equity.

SRK Consulting (Australasia) Pty Ltd (SRK) was engaged to review the technical assumptions underpinning the Mulga Rock Project and to provide a valuation of the Project and surrounding exploration tenements.

Outline of work program

In preparation of this Independent Specialist Report, SRK has undertaken a review of the Reserves, Resources, exploration and provides a valuation of the Mulga Rock Project. The work program included the following tasks.

- Review of Vimy's Mulga Rock exploration project
- Review of the most recent Ore Reserve and Mineral Resource estimates and comment on their compliance with JORC Code (2012) and appropriateness for valuation purposes
- Review of the pre-feasibility study (PFS) and other technical study documents and comment on key parameters used for valuation
- Valuation of Reserves, Resource and exploration properties.

Location

Vimy's Mulga Rock Project area is characterised by an arid to semi-arid climate with hot summers and mild winters. The Project is located approximately 770 km east-northeast of Perth and 240 km east-northeast of the regional centre of Kalgoorlie–Boulder and is accessible via the all-weather gravel Kurnapli–Pinjin gravel road and thence the Tropicana Gold Mine private access road.

Geology

The Project is entirely located within the Narnoo Basin within the southwestern portion of the Gunbarrel Basin (formerly known as the Officer Basin). The Narnoo Basin is a fault-bounded sub-basin, whose main axis strikes in a northwest direction. The basin is underlain by sedimentary rocks of the Lower Permian Paterson Formation, which overlie Precambrian basement rocks of the Yilgarn Craton and the Albany-Fraser Range Province.

These Permian rocks rarely crop out and are covered by Cretaceous and Cainozoic sedimentary cover units. The region has been subjected to peneplanation and sedimentation under humid (Cretaceous) and then arid conditions (Douglas et al., 2003).

The Mulga Rock uranium mineralisation has no surface expression and is contained entirely within paleochannel sedimentary units, primarily lignites. These units, rich in organic matter, form distinct, laterally persistent lenses in tributaries and floodplain sedimentary environments of buried paleochannels, which are 5 - 15 km in width and can be traced along strike for over 100 km. The main channel is interpreted to be confined to a paleovalley developed during the Mesozoic and underlain by Permian mudstone.

Uranium mineralisation at Mulga Rock is hosted within a 100 m thick package of Late Eocene (Paleogene) sediments, comprising from top to bottom:

- 1 Fluvial sands and lacustrine (river to lake conditions) sediments. The upper lignite is enriched in uranium, rare earth elements (REE), nickel, cobalt, copper, zinc, scandium, vanadium and locally, gold and silver.
- 2 Lacustrine to paludal (lake to marsh conditions) sediments, including lignite, clay-rich lignite and carbonaceous sands. The lower lignite and associated sandstone is also enriched in base metals.
- 3 Lower fluvial sands and gravels hosting lower grade sandstone-hosted uranium mineralisation.

This Paleogene sequence is covered by up to 10 m of aeolian sands. The sedimentary sequence is deeply weathered (>30 m), with the upper sequence being oxidised and locally ferruginised and silicified.

The majority of the uranium and base metal mineralisation has accumulated along a reduction-oxidation (redox) front between kaolinitic silt and clay or lignite in proximal to the current water table. Lower grade uranium mineralisation also occurs within the underlying Cretaceous rocks.

Resource estimation

The Mulga Rock Project hosts four main deposits, namely Ambassador and Princess (Mulga Rock East) and Shogun and Emperor (Mulga Rock West). The geology of the Project area is well understood, with uranium mineralisation largely hosted by sediments rich in organic matter (lignite, claystone, siltstone and sandstone).

The current Resource estimate for these deposits is shown in Table ES-1. SRK's high-level review was focused on the U₃O₈ mineralisation at the Ambassador deposit which is the largest and most advanced of Mulga Rock deposits accounting for most of the declared Reserves.

Table ES-1: Mulga Rock Project - Resource as at November 2016

Deposit/ Resources	Classification	Cut-off grade (U ₃ O ₈ ppm)	Tonnes (Mt)	U ₃ O ₈ (ppm)	Total Metal U ₃ O ₈ (MIb)	
Mulga Rock East						
Princess Indicated		150	1.3	690	1.9	
Princess	Inferred	150	2.5	380	2.1	
Ambassador	Indicated	150	19.8	720	31.5	
Ambassador	Inferred	150	10.4	330	7.7	
		Subtotal	34.1	580	43.2	
Mulga Rock West						
Emperor	Inferred	150	30.8	440	29.8	
Shogun	Indicated	150	1.9	680	2.9	
Shogun	Inferred	150	1.1	390	0.9	
		Subtotal	33.7	450	33.6	
		Total Resource	67.8	510	76.8	

Source: Vimy ASX Announcement Table 2, Resource Update for Mulga Rock Project at Mulga Rock, 8 November 2016

The data supporting the current Resource estimate includes some historic drilling and significant recent drilling using downhole radiometric measurements. Based on its review of the available data, SRK considers the historical data of PNC Exploration Australia Pty Ltd (PNC) are of moderate quality, while the recent data collected by Vimy (since 2009) are appropriate, although it is noted the recovery of the samples from aircore drilling was not always high (Coffey, 2010, pg. 27), and there appears to

be a slight low bias between reported aircore grades and diamond core grades. However, the grades are estimated using radiometric data, so aircore recovery is not deemed to be a high risk.

The Ambassador deposit shows a clear positive disequilibrium (the actual chemical grades are generally higher than the grades obtained by conversion of the radiometric measurements). SRK considers the factoring method is acceptable, but the documentation of the method should be more transparent.

The Resource estimation process (2D and 3D Ordinary Kriging) is considered by SRK to be reasonable, and no fatal flaws were found. Due to the existing drilling density, large (50 by 50 by 10 m) blocks were estimated, with sub-blocking to account for the geometry of the layers. Mining selectivity is likely to be higher than is implied by the Resource model, and will lead to a higher metal recovery at a higher grade.

In relation to the Resource estimation process, SRK recommends as follows:

- An update of the documentation regarding the factoring of the radiometric values should be undertaken.
- The Resources should be re-estimated, based on a more realistic mining selectivity assumption. Vimy has built trial pits at Ambassador which proved helpful in validating the geological model and testing the mining method and is currently working with 3D simulations for one domain at Ambassador, which is a good technique for testing vertical selectivity. If successful, the use of non-linear geostatistical techniques (simulation or Uniform Conditioning, for instance) should be extended to the other domains, in particular the deeper ones where drill density is relatively low.

The Resource estimation process for the other three deposits (Princess, Emperor and Shogun) used similar methods, as the geology is essentially the same.

In addition to U_3O_8 , Vimy also estimated other elements, including base metals and REE. However, these elements are not considered by Vimy/ SRK to be material to the project economics and the current valuation, and SRK has therefore not reviewed the estimation process relating to these other elements.

Mining and Reserves

Vimy announced the Maiden Ore Reserve for Mulga Rock in a market release to the Australian Securities Exchange (ASX) dated 30 March 2016 (Table ES-2). SRK has reviewed the supporting mine planning and supporting JORC Code Table 1 Section 4 within this release and has not identified any fatal flaws with respect to the Ore Reserve reporting.

Table ES-2: Maiden Ore Reserves for the Mulga Rock Project as at March 2016

Deposit/ Resources	Classification	Cut-off grade (U₃O ₈ ppm)	Tonnes (Mt)	U ₃ O ₈ (ppm)	Total Metal U₃O₃ (Mlb)	
Princess	Probable	150	1.3 ¹	640 ¹	1.8	
Ambassador	Probable	150	13.9 ¹	660¹	20.2	
		Total Reserve	15.2 ¹	660¹	22.1	

¹ Tonnages and grades are reported including mining dilution.

Source: Vimy ASX Announcement, Maiden Ore Reserve at Mulga Rock, 30 March 2016

Since this time, Vimy has continued various technical studies relating to the Mulga Rock Project, with refinements to the mine planning work and incorporation of the Mineral Resource updates. SRK has reviewed the updated Ore Reserves estimate and the inputs and technical work supporting the Ore

² t = metric dry tonnes; appropriate rounding has been applied and rounding errors may occur.

³ Using cut combined U₃O₈ composites (combined chemical and radiometric grades).

⁴ Metallurgical plant recovery factors are not applied to Total U₃0₈ Metal content.

Reserves are appropriate and valid. SRK notes the US\$75/lb U_3O_8 pricing, which informs the current Ore Reserve estimate is based on independent, long-term consensus pricing (Consensus Economics, 2015). The foreign exchange rate of A\$1 to US\$0.70 is based on long-term consensus forecast pricing and is also considered reasonable.

The updated Ore Reserves is shown in Table ES-3.

Table ES-3: October 2016 Updated Ore Reserves for the Mulga Rock Project

Deposit/ Resources	Classification	Cut-off grade (U ₃ O ₈ ppm)	Tonnes (Mt)	U₃O ₈ (ppm)	Total Metal U ₃ O ₈ (Mlb)
Mulga Rock East					
Princess	Probable	150	1.1	734	1.7
Princess	Probable	150	16.4	753	27.3
Subtotal		150	17.5	752	29.0
Mulga Rock West					
Shogun	Probable	150	1.2	808	2.2
Subtotal		150	1.2	808	2.2
	Total Reserve	150	18.7	755	31.2

¹ Tonnages and grades are reported including mining dilution.

Source: Vimy ASX Release Ore Reserve Update Report, 16 November 2016

Metallurgy and Processing Review

SRK completed a high-level processing technical review and assessment of the PFS report. The Project is primarily a uranium resource, with minor base metals content. There are minor amounts of REEs, scandium and gold that are unlikely to be economically recoverable. The resource contains two main lithologies – lignite hosted and carbonaceous sands hosted.

A high-level review of the processing aspects of the Project has been completed. The current flowsheet is suitable for processing of the ore types tested. The key physical and financial metrics are supported by appropriate data sources.

The overall flowsheet is logical and technically sound, with all the main process units being used in other operations. A wide range of tests, including piloting operations, have been completed to support the selection of resin in pulp (RIP) configuration, and for the base metals recovery, the use of sulphide precipitation is a low technical risk option.

A range of leach testwork has been completed to support the PFS and, more recently, piloting activities have also been undertaken. The key parameters of leach and RIP performance have been verified through the recent piloting activities. Leach tests have been conducted using water which was sourced from the proposed process bore field at the site.

Downstream circuit performance is less site-specific and has not been reviewed in detail. A high-level review of the Project's process engineering suggests that the level of design detail is suitable for PFS level of study.

Valuation

SRK's approach to the valuation of the Project is based on implied values derived from the analysis of comparative market transactions, which were validated against the valuation range obtained using the

² t = metric dry tonnes.

³ Using cut combined U_3O_8 composites (combined chemical and radiometric grades).

⁴ Metallurgical plant recovery factors are not applied to Total U₃0₈ Metal content.

commonly applied Yardstick valuation method. The upper end of the valuation range is defined using the Multiples of Exploration Expenditure (MEE) method.

 As the Project is at a pre-development stage, SRK has considered only the market and cost valuation approaches.

 The Low and Preferred values for the declared Ore Reserves (October 2016) are derived from multiples implied by recent comparative transactions involving Ore Reserves with contained lb U₃O₈. Based on these implied multiples, SRK considers the market would pay in the range of A\$1.76/lb to A\$2.31/lb for the defined Ore Reserves at Mulga Rock, with a preferred factor of A\$2.21/lb.

Applying these multiples to the stated Ore Reserves (18.7 Mt averaging 755 ppm U_3O_8 for 31.2 Mlb U_3O_8) implies a value of A\$54.9M to A\$72.1M, with a preferred value of A\$69.0M.

The Low and Preferred values for the declared Mineral Resources (October 2016) are from multiples implied by recent comparative transactions involving Indicated and Inferred Mineral Resources with contained lb U_3O_8 . Based on these implied multiples, SRK considers the market would pay in the range of A\$0.87/lb to A\$1.83/lb, with a preferred value of A\$0.91/lb.

Applying these multiples to the stated Mineral Resources (67.8 Mt averaging 510 ppm U_3O_8 for 76.8 Mlb U_3O_8) implies a value of A\$39.7M to A\$83.4M, with a preferred value of A\$41.5M.

Exploration areas outside of the defined Reserve and Resource areas are valued on the basis of the area under tenure (743 km²). Using comparative transactions, SRK considers the market would pay in the range of A\$428/km² to A\$2,147/km², with a preferred value of A\$1,321/km² for the exploration potential associated with the surrounding tenure.

Applying these multiples to the area held under licence (743 km²) implies a value of A\$0.3M to A\$1.6M, with a preferred value of A\$1.0M.

The MEE approach considered historic expenditure across the Project area and provides guidance and support for the preferred Project's valuation.

Using a spot price of US\$21.19, the Yardstick factors for Inferred (0.5% to 1% of the current uranium spot price), Indicated (1% to 2% of the current uranium spot price) Resources and Reserves (5% to 10% of current spot price) produce a range of A\$50.5M to A\$100.9M, with most of this value (A\$43.4M to A\$86.8M) being derived from the Declared Ore Reserves. This is in reasonable agreement with the range derived using the factor obtained from the comparative transactions analysis.

Table ES-4: Summary of SRK's Valuation of the Mulga Rock mineral assets as at November 2016

Vimy's Mineral Assets Valuation	Low value (A\$M)	Preferred value (A\$M)	High value (A\$M)	
Mulga Book Dancoita Davalanment Project	Reserves	54.9	69.0	72.1
Mulga Rock Deposits – Development Project	Resources	39.7	41.5	83.4
Mulga Rock Deposits – Exploration	0.3	1.0	1.6	
Total	94.9	111.5	157.1	

The 1.15% royalty held by Resource Capital Fund IV L.P., which is based on revenue from future production has not been considered, as the value of potential future revenue cannot be assessed at this stage.

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Appendix A: Tenement Report

Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by BDO Corporate Finance (BDO), on behalf of Vimy Resources Limited (Vimy). The opinions in this Report are provided in response to a specific request from BDO to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

List of Abbreviations

A\$ Australian dollar

AC aircore

ASX Australian Securities Exchange
BDO BDO Corporate Finance Pty Ltd

BWE bucket wheel excavator

CIL carbon in leach

CIMVCAL Standards and Guidelines for Valuation of Mineral Properties

CRM certified reference material

DCF discounted cashflow

DMP Department of Mines and Petroleum

IER Independent Expert's Report
IPCC in-pit crushing and conveying

JORC The Australasian Code for Reporting of Exploration Results, Minerals Resources and

Ore Reserves

lb pound

LME London Metals Exchange

M million

MEE Multiples of Exploration Expenditure

Mlb million pounds
Mt million tonnes

PEM Prospectivity Enhancement Multiplier

PFS pre-feasibility study

PNC PNC Exploration Australia Pty Ltd

ppm parts per million

QA/QC quality assurance/ quality control

RC reverse circulation
REE rare earth element

RIP resin in pulp

SRK SRK Consulting (Australasia) Pty Ltd

U₃0₈ uranium

US\$ United States dollar

VALMIN Australasian Code for Public Reporting of Technical Assessments and Valuations of

Mineral Assets

Vimy Resources Limited

1 Introduction and Scope of Report

This intention of this Report is to provide an Independent Specialist Report incorporating a technical assessment and valuation of the Mulga Rock Project (the Project) in Western Australia.

1.1 Background

SRK Consulting (Australasia) Pty Ltd (SRK) was engaged by BDO Corporate Finance Pty Ltd (BDO) to prepare an Independent Specialist Report for the mineral assets of Vimy Resources Limited (Vimy), a listed company on the Australian Securities Exchange (ASX). The Report has been prepared according to the guidelines of the VALMIN Code (2015 Edition) and JORC Code (2012 Edition).

2 Program Objectives and Work Program

2.1 Program objectives

The objective of this Report is to provide an independent assessment of Vimy's technical assumptions for the Mulga Rock Project. In addition, SRK will provide a valuation of the defined Project's Mineral Resources, Ore Reserves and associated exploration tenure.

2.2 Reporting Standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code (2015). The VALMIN Code has been adopted by The Australasian Institute of Mining and Metallurgy (AusIMM) and Australian Institute of Geoscientists (AIG) and is binding on all members of these organisations. The VALMIN Code incorporates the JORC Code for reporting of Exploration Results, Mineral Resources and Ore Reserves, as well as other regulatory guidance as issued from time to time by the ASX and Australian Securities and Investment Commission (ASIC).

2.3 Work program

The project was awarded on 19 October 2016. In preparation of this Independent Specialist Report, SRK has undertaken a review of Reserves, Resources, Exploration and provided a valuation of the Mulga Rock Project. The work program included the following tasks.

- Review of Vimy's Mulga Rock exploration project
- Review of Mineral Resource estimates and comment on their compliance with JORC Code (2012) and appropriateness for valuation purposes
- Review of the pre-feasibility study (PFS) and other technical study documents and comment on key parameters used for the valuation of Ore Reserves
- Research of comparable transactions
- Valuation of resource and exploration properties.

As per the VALMIN Code 2015, a first draft of the report was supplied to Adam Myers (BDO) to check for material accuracy on 14 November 2016. The final report was supplied to BDO on 18 November 2016.

2.4 Project team

- Matthew Greentree, PhD, MAIG, MAusIMM, Principal Consultant (Project Evaluation and Geology), managed the study, conducted the Valuation of Mineral Resources and exploration tenure for the Mulga Rock Project and compiled the Final Report.
- Daniel Guibal, FAusIMM, MMICA, MGAA, Min.Eng, Corporate Consultant (Geostatistics & Resources), provided a review of the resource estimates for the Mulga Rock Project.
- Scott McEwing, Scott McEwing, BEng Principal Consultant (Mining), FAusIMM(CP), reviewed the feasibility study and Ore Reserves for Mulga Rock Project.
- Jeames McKibben, BSc (Hons), MBA, MRICS (Chartered Valuation Surveyor), MAusIMM(CP), MAIG, Principal Consultant (Project Evaluation), undertook a peer review of the compiled Draft Report.
- Brett Muller, BEng (Minerals Engineering and Extractive Metallurgy), BCom, Associate Principal Consultant, provided a review of the Processing and Metallurgy.

2.5 Statement of SRK independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK has no beneficial interest in the outcome of the technical assessment and valuation being capable of affecting its independence. SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

2.6 Fees

The professional fees charged in the preparation of this Report are A\$42,720.

2.7 Representation

Vimy has represented in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

SRK notes that the VALMIN Code 2015 recommends that a site inspection be completed should it be 'likely to reveal information or data that is material to the report'. In this review, a site visit was not undertaken, but SRK is satisfied with the amount of information provided by Vimy for the purposes of this valuation.

2.8 Indemnities

As recommended by the VALMIN Code, Vimy has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Vimy or to Vimy not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

2.9 Consents

SRK consents to this Report being included, in full, in the BDO's IER in the form and context in which the Technical Assessment and Valuation is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessments and valuations expressed in the Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report.

2.10 Declaration

The information in this Report that relates to the Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by a team of technical specialists supervised by Dr Matthew Greentree, who is a Member the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Dr Greentree accepts responsibility for the content and derived values outlined in this Report. Dr Matthew Greentree has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Specialist as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. Dr Matthew Greentree consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

3 Mulga Rock Project

3.1 Location and access

Vimy's Mulga Rock Project is remotely located on the western margin of the Great Victoria Desert lying approximately 770 km east-northeast of Perth, 240 km east-northeast of Kalgoorlie–Boulder and 200 km southeast of Laverton in central southern Western Australia (Figure 3-1). The project is sited on vacant crown land, with the nearest inhabited settlements (Pastoral Leases) over 150 km away.

The Project area is accessible from Kalgoorlie–Boulder via the all-weather Kurnapli–Pinjin gravel road and thence the Tropicana Gold Mine access road or though Laverton. A 1.4 km dirt airstrip is available, but has only been used for airborne exploration activities and emergency evacuation.

3.2 Climate, topography and vegetation

The area surrounding Mulga Rock is characterised by an arid to semi-arid climate, with an annual rainfall of 220 mm falling mostly between February and August. The area has hot summers and mild winters, with mean temperatures of 18° to 34°C in January and 6° to 16°C in July.

The Project area is characterised by a veneer of windblown sands and east-southeast trending sand dunes covering the Eocene to Miocene sediments and basement rock. The vegetation consists of spinifex grasses and eucalypt vegetation.

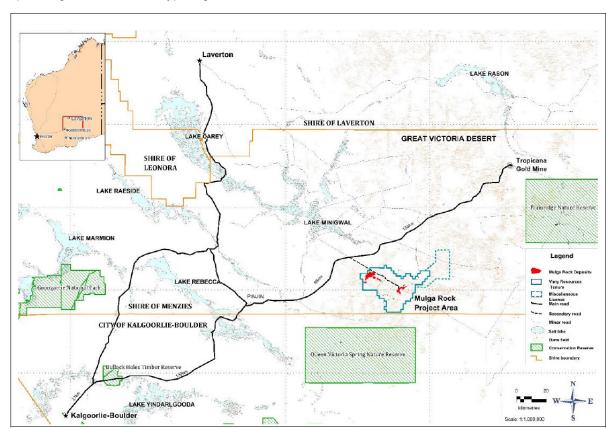


Figure 3-1: Location map showing access to the Mulga Rock Project

3.3 Tenure

Vimy has engaged Austwide Mining Title Management Pty Ltd (Austwide) to conduct an independent review of all the tenements being the subject of this valuation (dated 21 October 2016, Appendix A), and to provide a tenement report (Table 3-1 and Figure 3-2). All costs (rent, rates and minimum expenditure associated with retaining tenements is also outlined in Appendix A.

This report is based on 16 granted tenements which are held by Narnoo Mining Pty Ltd which is wholly owned by Vimy and are detailed as follows:

- 2 Mining Leases
- 7 Exploration Licences
- 7 Miscellaneous Licences.

Table 3-1: Current tenement holding

Tenement	Status	Grant	Expiry	Registered holder	Interest held (%)	Combined reporting
E39/876	Granted	28/02/2003	27/02/2017	Narnoo Mining Pty Ltd	100	C215/2007
E39/877	Granted	28/02/2003	27/02/2017	Narnoo Mining Pty Ltd	100	C215/2007
E39/1148	Granted	9/05/2007	8/05/2017	Narnoo Mining Pty Ltd	100	C215/2007
E39/1149	Granted	9/05/2007	8/05/2017	Narnoo Mining Pty Ltd	100	C215/2007
E39/1150	Granted	9/05/2007	8/05/2017	Narnoo Mining Pty Ltd	100	C215/2007
E39/1551	Granted	4/10/2010	3/10/2020	Narnoo Mining Pty Ltd	100	C215/2007
E39/1902	Granted	23/08/2016	22/08/2021	Narnoo Mining Pty Ltd	100	C215/2007
L39/193	Granted	8/10/2009	7/10/2030	Narnoo Mining Pty Ltd	100	
L39/219	Granted	7/12/2012	6/12/2033	Narnoo Mining Pty Ltd	100	
L39/239	Granted	30/03/2016	29/03/2037	Narnoo Mining Pty Ltd	100	
L39/240	Granted	30/08/2016	29/08/2037	Narnoo Mining Pty Ltd	100	
L39/241	Granted	30/08/2016	29/08/2037	Narnoo Mining Pty Ltd	100	
L39/242	Granted	30/08/2016	29/08/2037	Narnoo Mining Pty Ltd	100	
L39/243	Granted	31/12/2999	31/12/2999	Narnoo Mining Pty Ltd	100	
M39/1104	Granted	19/10/2016	18/10/2037	Narnoo Mining Pty Ltd	100	_
M39/1105	Granted	19/10/2016	18/10/2037	Narnoo Mining Pty Ltd	100	

SRK understands there is no Native title agreements claims, reserves or exclusions zones covering the project area.

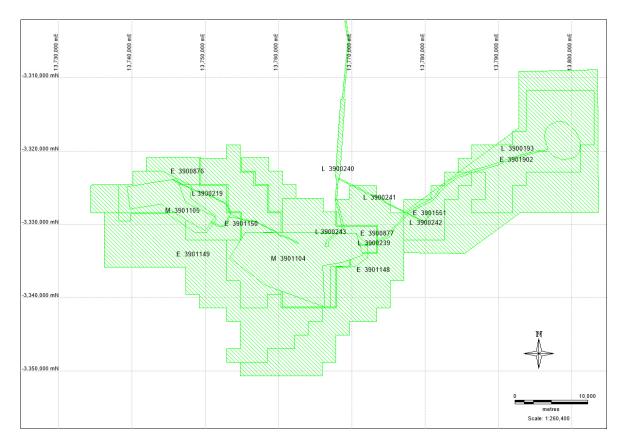


Figure 3-2: Location of Vimy's tenure covering the Mulga Rock Project

3.4 Royalty

A payment of A\$10M was paid by Resource Capital Fund IV L.P. to Vimy in return for a 1.15 % Royalty on all future production from the Mulga Rock Project (refer Vimy ASX Releases dated 3 September 2015 and 20 May 2015).

3.5 Permitting

Vimy (ASX Release 15 August 2016) announced that the Environmental Protection Authority (EPA) had prepared an Assessment Report that has been sent to the Minister as required under s.44(1) of the Western Australian Environmental Protection Act 1986 (EP Act). The Assessment Report recommends that the proposal may be implemented and specifies the conditions and procedures to which implementation should be subject as required by s.44(2)(b) of the EP Act.

Consent of the EPA, under s.41A(3) of the Environmental Protection Act 1986 (EP Act), to the Company's request to allow minor and preliminary work to be undertaken in support of its Mulga Rock Project was granted on the 22 September 2016. This included an upgrade to the existing site access road and the development of the Kakarook North borefield (Vimy, ASX Release 27 Sept 2016).)

Under s.41A(1) of the EP Act, Vimy is prohibited from undertaking any work on the Mulga Rock Project until such time as the Minister's statement in relation to its proposal has been published under s.45(5)(b) of the EP Act. However, under s.41A(3) of the EP Act, minor and preliminary works can be undertaken following EPA consent. Vimy has received this consent and can now proceed with obtaining the necessary approvals to undertake the preliminary works as outlined above in advance of receiving the Minister's approval of its proposal.

As at 31 Oct 2016 the Mulga Rock Project is being assessed under an Assessment Bilateral Agreement between the Commonwealth of Australia and Western Australia made under s.45 of the Environment Protection and Biodiversity Conservation Act 1999 (Cth) (EPBC Act) under which the

Commonwealth Minister for the Environment relies upon the environmental impact assessment processes of WA in assessing actions under the EPBC Act. The Assessment Report will therefore form the basis of the Commonwealth Minister's assessment and subsequent decision in relation to this project.

4 Exploration History

Uranium mineralisation was first identified at Mulga Rock in 1979 by PNC Exploration Australia Pty Ltd (PNC), a subsidiary of the Power Nuclear Corporation owned by the Japanese Government. PNC carried out systematic diamond and reverse circulation (RC) exploration drilling between 1978 and 1990 (Table 4-1). This exploration work resulted in the definition of three uranium deposits (Ambassador, Emperor and Shogun) which are primarily hosted by Eocene sediments in paleochannels (Douglas et al., 2003).

Eaglefield Holdings Pty Ltd (Eaglefield) acquired the Mulga Rock Project on behalf of Narnoo Mining Pty Ltd (Narnoo) in 2003. Between 2003 and 2007, Narnoo carried out systematic exploration for base metals, rare earth elements (REEs) and uranium. During this time, Narnoo conducted limited drilling, geophysical surveys and metallurgical studies, as well as multi-element geochemical studies to assess the potential for the exploitation of the deposits.

In 2007, Energy and Minerals Australia Limited (EMA) acquired 100% of Narnoo who held the Mulga Rock Project assets and completed a scoping study during 2010. The study included further infill resource drilling, metallurgical testwork and environmental impact studies. In 2013, EMA identified a groundwater resource near to the project area and initiated permitting in late 2013. In early 2014, metallurgical work included development of a process of physical beneficiation to upgrading of the ore. In June 2014, EMA was restructured and its name was changed to Vimy Resources Limited.

Vimy conducted a scoping study in Q1 2015, updating the results of previous studies and increasing the Mineral Resource estimates in the region. This was followed by a PFS completed in Q4 2015.

The exploration history of the Mulga Rock Project is summarised in Table 4-1.

Table 4-1: Summary of exploration work to date

Period	Company	Work program
1978 - 1990	PNC	Sandstone- and lignite-hosted uranium exploration by RC (1,910 drill holes for 119,749 m) and diamond drilling (421 for 20,357 m) across the Emperor and Shogun deposits. During this period, bulk samples were also taken at Shogun.
2000 - 2007	Eaglefield	Project sold into Narnoo and Eaglefield undertook limited exploration for multiple commodities.
2007 - 2010	EMA	Acquired 100% of Narnoo and subsequently completed a scoping study in October 2010. Further metallurgical testwork, resource infill drilling and environmental impact studies were undertaken. Drilling included 767 holes for 50,560 m and 14,700 assays.
2013	EMA	Groundwater resource identified near to the project area
2014	EMA	EMA was restructured and renamed Vimy Resources Limited
2014 - 2015	Vimy	Update of Resource estimate and scoping study
2015	Vimy	PFS; the concept studied was for open pit mining and subsequent processing to produce 3 Mlb/a U ₃ O ₈ over a 16-year mine life. A definitive feasibility study (DFS) was initiated in early 2016.

5 Geology

5.1 Geological setting

The Mulga Rock Project area covers much of a small sedimentary basin named the Narnoo Basin, which lies adjacent and to the southwest of the much larger Gunbarrel Basin (previously known as the Officer Basin). The Narnoo Basin is a fault-bounded basin whose main axis strikes in a northwest direction. The basin is underlain by sedimentary rocks of the Lower Permian Paterson Formation, which overlie Precambrian basement rocks of the Yilgarn Craton and Albany-Fraser Range Province.

The Permian rocks rarely crop out and are covered by Cretaceous and Cainozoic sedimentary units. The region has been subjected to peneplanation and sedimentation under humid (Cretaceous) and then arid conditions (Douglas et al., 2003).

The Mulga Rock mineralisation has no surface expression and is contained entirely contained within paleochannel sediments, mainly sandstones and lignites. These units, rich in organic matter, form distinct, laterally persistent lenses in tributaries and floodplain sedimentary environments of buried paleochannels, which are 5 - 15 km in width and can be traced over 100 km. The main channel is thought to be confined to a paleovalley developed during the Mesozoic and underlain by Permian mudstone (Figure 5-4).

Uranium mineralisation at Mulga Rock is hosted within the Late Eocene (Paleogene) sediments which from top to bottom comprise:

- 1 Fluvial sands and lacustrine sediments; the upper lignite is enriched in U, REE, Ni, Co, Sc, V, Cu, Zn and locally, Au and Ag.
- 2 Lacustrine to paludal sediments including lignite, clay-rich lignite and carbonaceous sands; the lower lignite and associated sandstone is also enriched in base metals.
- 3 Lower fluvial sands and gravels hosting lower grade sandstone-hosted uranium mineralisation.

The Paleogene sequence is covered by up to 10 m of Aeolian sands. The sedimentary sequence is deeply weathered (>30 m), with the upper sequence being oxidised and locally ferruginised and silicified. The majority of the uranium and base metal mineralisation accumulates along a reduction-oxidation (redox) front between kaolinitic silt and clay or lignite in close proximity to the current water table. Lower grade uranium mineralisation also occurs within the underlying Cretaceous rocks.

Uranium is present as finely disseminated uraninite or ionic uranium adsorbed onto carbonaceous and clay minerals (AMEC, 2015). Douglas et al. (2003) indicate the presence of coffinite and brannerite. Like uranium, the majority of base metals are adsorbed onto organic matter, with a smaller fraction occurring in finely disseminated sulphides or sulphide nodules, including pyrite, galena, sphalerite with complex REE mineral phases and sulphates (Douglas et al., 2003).

A typical cross section of the mineralisation is presented in Figure 5-2 and a geochemical profile in Figure 5-3.

Seq.	AGE	Mulga Rock Graph log	Mineralisation	LITHOLOGY					
8	L Pleistocene			Aeolian sand, orange-yellow. (<10 m, typically <3m). Aeolian sand, red-brown. (<5 m) higher day content.					
Ĕ	M Pleistocene			Sandstone, rare granulestone <5 m, limited distribution					
Na	Pliocene			Lithic diamictite, sandstone, calcrete and gypsum, <5m					
e	Late Miocene			Lithic diamictite and conglomerate, rare claystone. Fe-rich. (<20m).					
Upper Narnoo	Early-Mid Miocene			Claystone, sandy clay, sandstone, local conglomerate at base. Red-brown with minor grey-green laminations. Very Fe-rich, some silcrete & calcrete. (<25 m).					
	Late			Sandstone, VC-FG, well-sorted, finning-up (<5m) . Glassy silcrete cap .					
	Eocene			Silt-sandstone, well-sorted. Many silcrete bands. Spicules in Kakarook area.					
				Claystone, multi-coloured (green-red-brown; Emperor area only), or kaolinitic.					
	Mid-Late Eocene			Sandstone, well-sorted or diamictite (Shogun area).					
	Eocene	3		Claystone, sandy, kaolinitic, overlying lenticular sandstone or diamictite					
	Mid-Late		U+BM	Claystone; carbonaceous , oxidised at top. (1-4 m)					
	Eocene		O*BW	Lignite, siltstone and carbonaceous claystone.					
_	1000001		BM-U	Sandstone, very carbonaceous, fining-up (1-20m, typically <5m).					
Si				Claystone; carbonaceous at base, oxidised at top. (1-4 m)					
Narnoo Basin		-3	U-BM -Au	Sandstone (carbonaceous), stacked packages fining-up to claystone, rare lignite and carb claystone (locally at base). (<30 m).					
Jarne				Claystone; carbonaceous-lignitic, limited distribution.					
_				Claystone, grey, locally oxidised at top. (<15 m).					
				Sandstone, med-fine, finning up, well sorted. (<15 m)					
			U	Conglomerate. Ravinement deposit (<2 m).					
	Late-Mid Eocene	E	U-Au	Conglomerate and sandstone, poorly sorted, finning and coarsening-up. Locally absent. (<20m).					
	Middle Cretaceous			Claystone. Bright white, locally micaceous (sericite?). (<10 m).					
	Cretaceous	3		Sandstone/conglom, fining-up, very clayey, sericite clasts in Amb area. (<15					
sin	Day Share As			Siltstone grading to claystone. Black and carbonaceous where beneath water table, bright white when oxidised. (<20 m).					
ıbarrel Basin	Earliest Cretaceous	È	U	Sandstone, fining-up, very clayey. Carbonaceous where preserved beneath water-table. (<10m).					
Te.	E Permian?			SST, fine-grained (<100m?). Thickest mostly along eastern GB margin?					
Gunbar				Siltstone- very fine arkose, pyritic <500 m? Distributed in central and eastern NB Regions					
9	Late Carboniferous								
				Carbonaceous shale, brown to blue-grey, <500m Thick? Grades into A4.					
				Diamictite and shale					
	Early-Prot?	161+	Zn-Pb -Ag?	Barren Basin Meta-sediments					
	Archaean	+++	Basement	Yilgarn Craton Granite-Greenstone					
		U = Uranium, BM = Ni, Co, Cu (and REE in Units E2-E3) Au = Gold							

Figure 5-1: Stratigraphy of the Eocene sediments at Mulga Rock

Source: AMEC, 2015

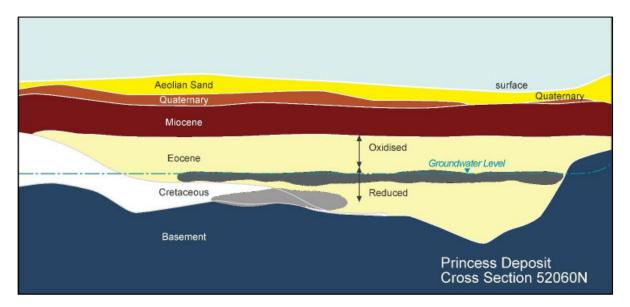


Figure 5-2: Simplified cross section of the Princess deposit

Source: AMEC, 2015

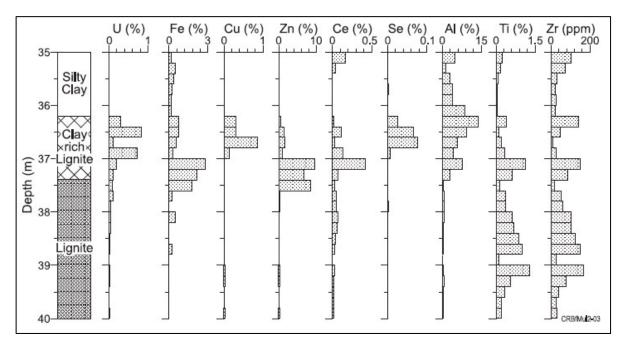


Figure 5-3: Representative geochemical profile of the Ambassador deposit highlighting the redox front within clay-rich lignite

Source: Douglas et al., 2003

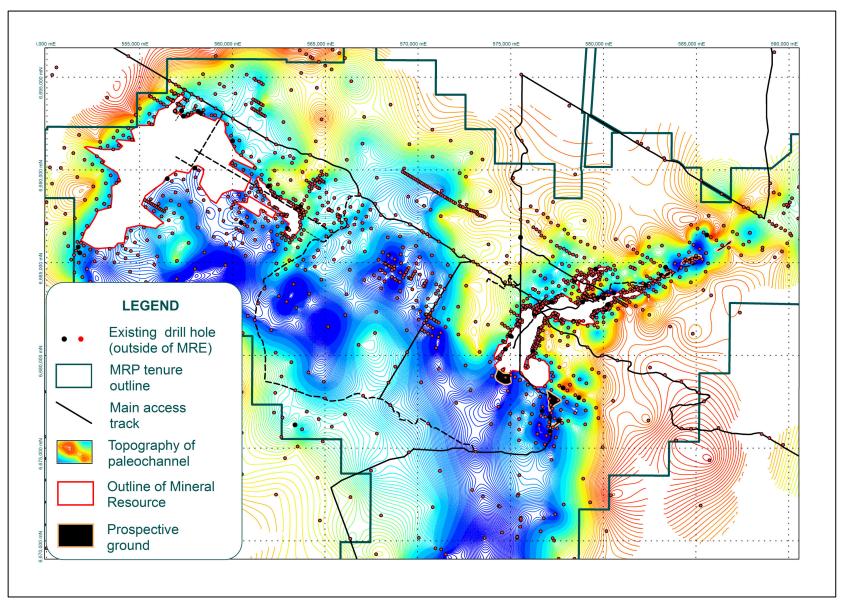


Figure 5-4: Location of resource areas and paleochannels

6 Mineral Resource

The location of the deposits making up the Mulga Rock Project, namely Ambassador and Princess (Mulga Rock East) and Shogun and Emperor (Mulga Rock West) is shown in Figure 6-1.

The current resources in the Mulga Rock deposits were reviewed at a high level. In SRK's opinion, the estimation of the resources was done professionally and carefully, taking into account all the elements affecting them. Therefore, SRK regards that the quoted figures of global grades and tonnages are acceptable for valuation purposes.

SRK's high-level review concentrated on the Ambassador deposit. The Mulga Rock Project resources as at November 2016 are summarised in Table 6-1.

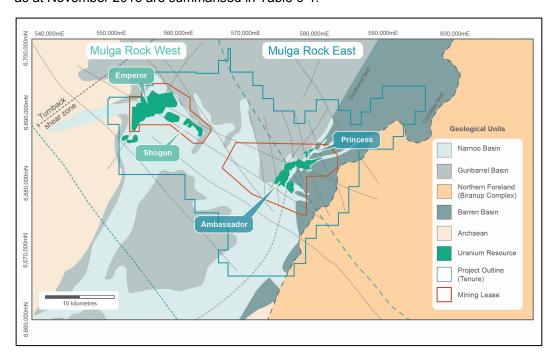


Figure 6-1: Location of Mulga Rock uranium deposits

Source: Vimy Resources Limited

Table 6-1: Mulga Rock Project Total Resource as at November 2016

Deposit/ Resources Classification		Cut-off grade (U ₃ O ₈ ppm)	Tonnes (Mt)	U₃O ₈ (ppm)	U₃O ₈ (MIb)
Mulga Rock East					
Princess	Indicated	150	1.3	690	1.9
Princess	Inferred	150	2.5	380	2.1
Ambassador	Indicated	150	19.8	720	31.5
Ambassador	Inferred	150	10.4	330	7.7
		Subtotal	34.1	580	43.2
Mulga Rock West					
Emperor	Inferred	150	30.8	440	29.8
Shogun	Indicated	150	1.9	680	2.9
Shogun Inferred		150	1.1	390	0.9
		Subtotal	33.7	450	33.6
		Total Resource	67.8	510	76.8

Source: Vimy ASX announcement 8 November 2016 Table 2

6.1 Data

The Mulga Rock deposits were explored by means of various types of drilling over time, as detailed below:

- Ambassador: 1,331 aircore (AC) and reverse circulation (RC) holes with a combined length of 89,498 m, 288 diamond holes with a total length of 16,062 m and 5 sonic holes with total length of 306 m
- **Princess**: 171 AC and RC holes with a combined length of 9,749 m, and 9 diamond holes with a total length of 611 m
- **Emperor**: 524 AC and RC holes with a combined length of 33,881 m, 263 diamond holes with a total length of 12,259 m and 1 sonic hole, 48 m long
- **Shogun:** 429 AC and RC holes with a combined length of 22,973 m, and 49 diamond holes with a total length of 2,303 m.

Figure 6-2 shows the location of the holes and drill types at the Ambassador deposit. PNC's RC and AC assay data were excluded from the resource estimation.

The historical PNC diamond holes show good recovery, but were subject to characterisation sampling. Limited QA/QC data for the historical PNC holes are available.

Vimy's pre-2010 diamond drilling used selective geochemical sampling based on gamma geophysical log results (Coffey, July 2015 p 59). SRK does not consider this sampling regime to be optimal due to inconsistencies in the gamma logging and the fact that cores represent much smaller volumes than gamma measurements. This practice of selective sampling has since been abandoned. In addition to diamond drill holes, Vimy also completed aircore and sonic drill holes. The chemical assays from the aircore holes seem to undercall U_3O_8 grades, and have been excluded from the resource estimation process.

In general, the geochemical sampling procedures used by Vimy are considered by SRK to be reasonable, and the assaying performed by Ultratrace – a combination of inductively coupled plasma mass spectrometry (ICP-MS) and inductively coupled plasma atomic emission spectroscopy (ICP-AES) techniques are valid techniques. Globally, the total number of diamond holes used to calibrate the radiometric values is adequate and may actually allow for local corrections of the gamma values to be made.

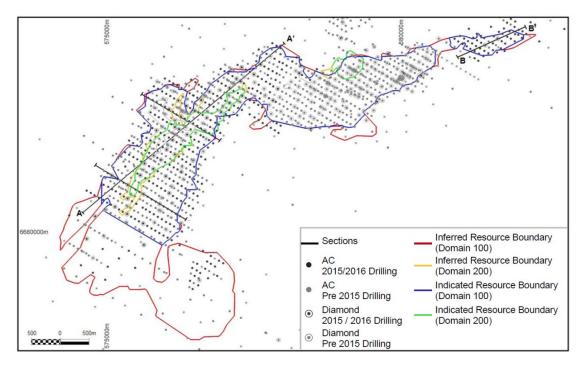


Figure 6-2: Drill hole locations and types - Ambassador deposit

The majority of the data is derived from radiometric measurements (gamma logs) and the Vimy logging, which was calibrated at the AMDEL facilities in Adelaide.

Verification drilling (diamond-aircore, diamond-diamond and aircore-aircore, 117 twinned holes, including the 2014 to 2015 program) was used as part of the quality assurance/ quality control (QA/QC) program undertaken by Vimy. The results suggest that aircore assays undercall U_3O_8 levels. Vimy's QA/QC program (field duplicates, external pulp duplicates and standards) is comprehensive and includes nine in-house standards (five created from lignitic or organic material and four from fine-grained sandstone material). For drilling conducted prior to and during 2014, biases were observed for all elements analysed – this was attributed to possible homogenisation problems when the certified reference materials (CRMs) were prepared and certified by Geostats. SRK has not sighted the results from the more recent drilling.

The most important issue concerning the data is the significant disequilibrium between original radiometric data and chemical assays. This disequilibrium depends on the geological domain, and more generally, the location within the deposit. To account for this, Vimy and AMC (2016) applied a correction to the radiometric data, depending on the type of data collected either by PNC or Vimy, the geological domain and the grade range. The documentation describing the corrections appears incomplete, (one inconsistency between corrections mentioned in the figures and in the text and handling of inflection points at the boundaries of the grade ranges not discussed) and this makes its evaluation difficult). This may simply be a reporting issue, but should be addressed nevertheless.

6.2 Resource estimation

Vimy and Coffey's resource estimation within the mineralisation model is classical and shows no major flaws. It includes the following steps for the Ambassador deposit:

- Combination of chemical and factored equivalent Uranium values
- Compositing to 0.5 m constant length
- For mineralisation domains 100 and 200, which are essentially flat-lying and thin, the 0.5 m composites are re-composited to the full width of the domain: this is a classical 2D thicknessaccumulation approach, which is legitimate, depending on the proposed mining method: no vertical selectivity can be accommodated.

• Statistical analysis, declustering and top-cutting to limit the impact of the very high grades; the choice of top-cuts which vary with the mineralisation is acceptable.

- Variography: The variograms obtained are typical of those obtained when using radiometric data
 low nugget effect and long ranges, which may be slightly optimistic.
- Definition of a block model with 50 by 50 by 10 m parent cells and sub-blocking down to 10 by 10 by 0.25 m; parent cell size is dictated by the drilling density, which is generally fairly consistent (mostly 80 by 100 m, with areas of 40 by 100 m spacing).
- Grade estimation by Ordinary Kriging and within each geological domain, in one unique pass. For domains 100 and 200, the estimation is essentially 2D.

The approach is quite valid, but the resulting estimation is rather smooth and does not reflect the potential higher selectivity which can be reached at mining stage, where grade control will allow separation into much smaller blocks. While more data will be needed, SRK understands that Vimy is investigating non-linear geostatistical methods (like simulation or Uniform Conditioning) to account for a higher selectivity within the 3D estimated domains 300 and 400. This may lead to a higher metal recovery. In addition, as already mentioned, for domains 100 and 200, no vertical selectivity is currently allowed for by the 2D estimation method. Vimy has advised that it is investigating this issue through 3D simulations within Domain 100 and SRK concurs with this approach; together with the results of the trial pits at Ambassador, these studies should help in optimising the mining parameters.

Average values by lithology are used for bulk density, based on a limited, but reasonable, amount of wireline and immersion measurements, supplemented by caliper measurements when bulk densities were below 1.0.

Based on the drilling density and data quality, the classification applied to the resources is justified.

In summary, the geology of the Project area is well understood, with uranium mineralisation being hosted by sandstone and a range of organic matter rich lithologies. The data used for the resource estimation are mostly from radiometric measurements. Historical data (from PNC essentially) appear to be of moderate quality, while more recent data from Vimy (since 2009) are generally good, although recovery of the samples from aircore drilling in 2009 is not always high (Coffey, 2010), and there appears to be a slight low bias between reported aircore grades and diamond core grades.

The Ambassador deposit shows a clear positive disequilibrium (the chemical grades are generally higher than the grades obtained by conversion of the radiometric measurements), but the factoring method is acceptable, provided the correction method is made clearer.

The resource estimation process (2D and 3D Ordinary Kriging) is reasonable, and no fatal flaw was found. Due to the existing drilling density, large (50 by 50 by 10 m) blocks were estimated, with subblocking to account for the geometry of the layers. Selectivity during mining will be able to obtain higher metal recovery at a higher grade. SRK recommends the following work on the Resources:

- Update the documentation of the factoring of the radiometric values
- Re-estimation of the resources, based on a more realistic mining selectivity assumption: Vimy
 has built trial pits at Ambassador which proved helpful in validating the geological model and
 testing the mining method and is currently working with 3D simulations for one domain at
 Ambassador, which is a good technique for testing vertical selectivity. If successful, the use of
 non-linear geostatistical techniques (simulation or Uniform Conditioning, for instance) should be
 extended to the other domains, in particular the deeper ones (300 and 400) where drill density is
 relatively low.

The estimation of the resources of the other three deposits uses similar methods, as the geology is essentially the same. In addition to U_3O_8 , other elements are estimated, but are not considered material to the current valuation, and SRK has therefore not reviewed their estimation.

7 Ore Reserves

The Mulga Rock Project consists of two main areas, Mulga Rock East, compromising the Princess and Ambassador deposits and Mulga Rock West, comprising of Shogun and Emperor deposits.

The Mulga Rock Project has been subject to a number of mine planning studies and reviews:

- Two prior scoping studies 2010 and 2015, including the 2015 Coffey mining options study
- Mulga Rock Uranium PFS, by AMC Consultants in February 2016
- Mine Planning and Ore Reserves update by Vimy in October 2016.

The pre-2010 work considered in situ leaching options and is considered out of date. The 2015 Coffey Mining scoping study considered a range of mining methods including truck and shovel, bucket wheel excavator (BWE), dozer trap and in-pit crushing and conveying (IPCC). The AMC 2016 Mining prefeasibility study comprised a phased study that reviewed the prior Coffey work, considered the additional mining method option of draglines and developed the mine planning to support the 2015 maiden Ore Reserves.

Vimy further progressed the mine planning work after the completion of the AMC study. The study refined the mining methods and incorporated study updates from other disciplines including the updated Mineral Resource estimate released to the ASX on 23 June 2016.

7.1 AMC PFS Mine Planning and Maiden Ore Reserves

The AMC study adopted a phased approach where Phase 1 involved the review of the options studies by Coffey and included a review of the previous Coffey mine planning work, open pit optimisation, sensitivity work and preliminary assessments.

Phase 2 was a more detailed analysis and resulted in improved confidence in the estimate to a quoted 20% accuracy.

7.1.1 Mining methods

As the proposed mining operation's strip ratio is very high, most of the mine planning technical effort has focused on examining options and opportunities to consider lower cost overburden mining systems. The mining methods were considered by AMC in its Phase 1 analysis included BWE, dozer trap, IPCC and conventional truck and shovel.

The selected mining method is a base-case overburden mining option changing from BWE to dozer trap, and finally ending with IPCC. The final selection of the IPCC was based on an improved understanding of the physical properties and prevalence of the silcrete materials as the study work progressed as well as a site visit to an IPCC operation in China.

The increasing geological knowledge as the project developed indicated the presence of cemented sand and silcrete within the overburden which was not conducive to the consideration of BWEs or draglines. Hence, the remaining overburden mining methods considered in the Phase 2 analysis were IPCC, truck and excavator and dozer trap, on the basis of some competent materials in a free-dig environment. The base-case overburden mining method was revised to IPCC as the IPCC option is less sensitive to overburden with harder materials.

Most of the technical supporting information regarding the overburden physical material properties has been derived from the mine geotechnical programs which includes two significant test pits.

The geotechnical review points to the silicified sand layers as not being confidently established. The hard silcrete layer is quoted as being continuous with a variable thickness, Vimy reports that

improved geological understanding from test pits dug in 2016 suggests the silcrete is less continuous than previously thought.

SRK notes that the evolution of the mining methods in the study was progressive and final development of the IPCC option presented in the provided documentation is conceptual, with limited levels of engineering being demonstrated in the reporting. SRK regards that this approach falls short of the expectations when considering non-conventional mining methods in a PFS. This concern is mitigated to a large degree by the lack of project sensitivity to the mining costs.

The selected overburden mining method as outlined in the PFS is therefore IPCC matched to hydraulic face shovels for overburden removal at the Ambassador and Emperor deposits. This system is proposed in order to mine free-dig overburden to the hard silcrete level in strips. The silcrete layer is proposed to be subject to drill and blast and mined with the lower free-dig layer also by means of IPCC methodology. AMC estimated 2.5% of materials require drill and blast mining methods.

This overburden approach requires two horizons to be mined simultaneously, averaging 17.5 Mtpa per IPCC system at Ambassador and 35 Mtpa at Emperor. The mining systems require peak capacities of 70 Mtpa, with the first years at Ambassador pit requiring 35 Mtpa.

The Princess and Shogun deposits are proposed to be mined using 350 t class excavators and 180 t payload trucks on a contractor mining basis.

Ore mining is proposed to be undertaken by a dedicated ore mining fleet of smaller and more selective conventional truck and excavator mining equipment, using 200 t class excavator on 4 to 5 m benches, loading 90 t trucks. The technical description around the mining of the uranium ore is limited, but is described as being of low density, high porosity and is fully saturated. Potential for heaving was noted and hence depressurisation is required. Drawdown of water is not predicted as likely, due to low permeability.

It appears likely that the operating conditions for ore mining will be less than ideal. SRK again notes that this is not seen as a fatal flaw due to the lack of sensitivity to the mining costs.

An ongoing mine planning technical risk noted by SRK is related to material characterisation. The PFS reporting highlights a lack of confidence in the understanding of the characterisation. The selection and configuration of the IPCC system and associated capital and operating costs are influenced by this information. To address these concerns, Vimy completed two test pits in early 2016 to obtain better technical data on the overburden material in relation to its competency/ hardness.

SRK supports the mining method selection process, but notes the PFS mine planning component has a number of omissions, including:

- Lack of development of the mining methodology
- No reporting or selection analysis of alternative forms of IPCC such as semi-mobile or pit rim systems
- Lack of supporting engineering and drawings of the mechanised mining systems
- No definition of overland haulage using conveyors and associated infrastructure
- Budget quotations appear to be supported by conceptual configurations
- Lack of stage plans, figures and descriptions to demonstrate operability, show how the benches will be mined, how access is to be maintained and how backfilling will be advanced
- Lack of justification and description of how the IPCC system will be configured
- No discussion regarding trafficability for both the IPCC and the mobile fleet
- Overburden testwork beyond unconfined compressive strength such as ground-bearing pressures was not noted.

SRK has not reviewed the DFS which is currently being undertaken; however, Vimy advises the issues highlighted in the PFS are currently being addressed through the DFS.

7.1.2 Open pit optimisation

AMC conducted Whittle open pit optimisation to identify the pit geometry and run sensitivities. AMC reported that the project inventory is relatively insensitive to mining and process cost changes. The key sensitivity items identified were the revenue-based drivers of uranium price and product recovery.

Dilution on 10m by 10m by 1m leads to relatively large ore losses and dilution is in the order of 9% ore loss and 20% dilution at Ambassador. SRK considers these outcomes are conservative, considering selective mining equipment can be used.

The optimisation processes defined selected shells with a combined inventory of 53 Mt ore, 820 Mt waste, and a strip ratio of 15.5:1.

Although not explicitly stated, it appears the open pit optimisation considered all resource classifications, including Inferred. The mining method described in the optimisation reporting was dozer trap. SRK notes that the dozer trap and IPCC cost estimates have similar low operating costs at A\$0.83/t bulk waste, and the project sensitivity to mining costs is low.

The large Ambassador pit was demonstrated as being insensitive to changes in inventory and cash flow with changes in the mining costs. The other large pit, Emperor, was marginally more sensitive to change. The report demonstrates that overall, the Project is insensitive to mining costs on both cash flow and inventory.

7.1.3 Pit design

Pit designs were developed in the study. These have not been demonstrated with stage drawings as incorporating provision for the selected IPCC mining method and backfilling. The designs align well with the optimisation pit shells. SRK does not consider this to be a serious flaw due to any adjustments affecting the mine operating costs, with minimal impact on the total project inventory or cash flow.

7.1.4 Production scheduling

The study outlined the mining sequence at Princess, Ambassador, Shogun and Emperor pits. Ambassador is the primary focus for the first years of operation. The Princess deposit was developed first as it is a small pit and was desired as a tailings storage location.

The target production rate is 3 Mlb/a U₃O₈.

Summary figures from the mine production schedule are given in Figure 7-1, Figure 7-2 and Figure 7-3.

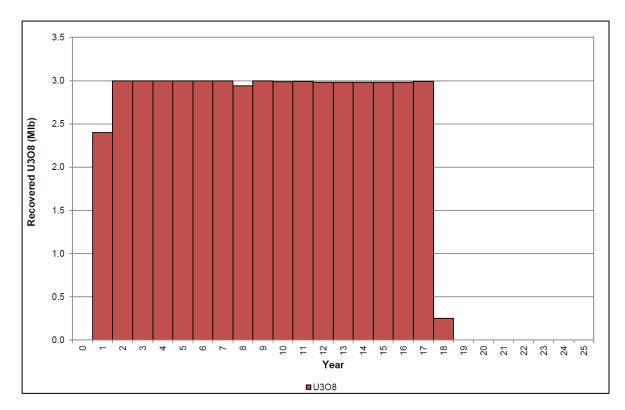


Figure 7-1: AMC production schedule - Recovered Uranium price by production year Source: AMC, Mulga Rock Uranium PFS, AMC, February 2016

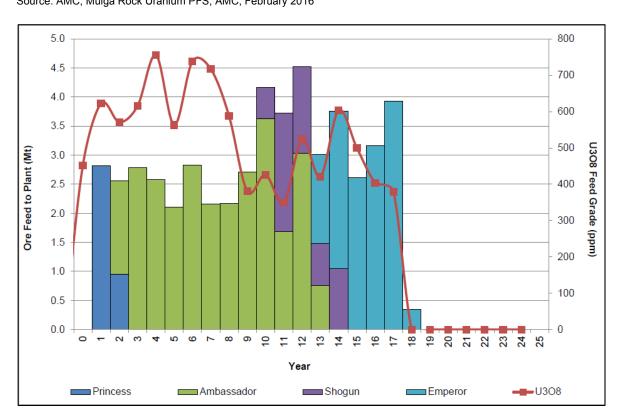


Figure 7-2: AMC production schedule – Material movement by deposit

Source: AMC, Mulga Rock Uranium PFS, AMC, February 2016

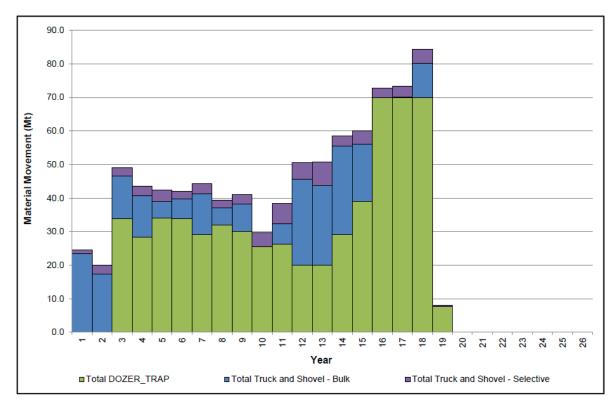


Figure 7-3: AMC production schedule - Material movement by equipment

Source: AMC, Mulga Rock Uranium PFS, AMC, February 2016

7.1.5 U₃O₈ Price assumptions

SRK notes there has been a downward trend in U_3O_8 spot price from US\$34.70/lb to US\$20.21/lb and in the Contract pricing which ranged from US\$44.00/lb to US\$35.55/lb during 2016 (IMF, 2016; Cameco, 2016). Vimy has adopted a uranium price of US\$55/lb to US\$75/lb for the project economic evaluation which is based on consensus views for long-term (2019 - 2025) contract prices (Consensus Economics, 2015).

The basis for this higher long-term contract price for uranium is based on forecast over supply until 2020, where a shortfall in supply will require a higher average price of US\$70/lb over the period 2019 - 2025 is required to bring new supply online (Raymond James, 2015). It is considered that a price of US\$70/lb is required to support the addition of new production into the uranium market (Consensus Economics, 2015).

7.2 Ore Reserves Update - October 2016

Since completing the PFS in 2015, Vimy has continued the assessment of the Mulga Rock Project with refinements to the mine planning work and incorporation of the Mineral Resource updates. The Ore Reserves update is supported by the Vimy 2016 Ore Reserve Update Report. The Update Report highlights changes across the Project and refers to the prior PFS report for technical support.

The mine planning changes incorporated into the Ore Reserves Update Report included:

- Updated Mineral Resource model
- Regularisation size reduced, reducing ore loss and dilution (from 10 by 10 by 1 m to 10 by 10 by 0.5 m)
- Material reductions to modelled overburden moisture contents
- Increases in dry bulk densities

- · Steepened pit slopes
- IPCC proposed at all deposits outside Princess
- Mining costs updated to reflect the revised mining methods
- Metal prices adjusted to London Metals Exchange (LME) spot prices as of 30 September 2016
- · Open pit optimisation updated
- · Mine designs updated
- Updated mine production schedule.

Only summary information has been included in the Update Report which therefore does not contain the engineering detail to address the queries raised in the PFS for IPCC engineering, methodology and associated material characterisation. As with the PFS, SRK notes that without the engineering detail this is a shortcoming of the stated level of the study. Outside of the Update Report, Vimy has indicated that a number of configuration changes have been made to the IPCC system to de-risk the application of the technology.

Increased mining selectivity was considered in the Update Report, with the block model regularisation approach adjusted to use a 0.5 m selectivity in the Z axis, which results in reduced ore loss and dilution as outlined in Table 7-1. SRK supports this change.

Table 7-1: Updated ore loss and dilution

Ambassador	Status	Mineralisation (Mt)	U ₃ O ₈ (ppm)	U ₃ O ₈ (Mlb)	Tonnes change	U₃O ₈ Grade change	U₃O ₈ Metal change
Unregularise	d Mineral Resource Model	34.70	547	41.85	100%		
	Ore Loss	1.23	255	0.69	3.5%		
	Dilution	2.63	0	0	7.6%		
	Regularised Model	36.59	514	41.46	105.5%	93.9%	99.1%
Princess	Princess Status		U ₃ O ₈ (ppm)	U ₃ O ₈ (Mlb)	Tonnes change	U ₃ O ₈ Grade change	U₃O ₈ Metal change
Unregularise	d Mineral Resource Model	3.84	480	4.07	100%		
	Ore Loss	0.06	248	0.03	1.5%		
	Dilution	0.30	27	0.02	7.9%		
	Regularised Model	4.09	450	4.06	106.4%	93.7%	99.7%
Shogun	Status	Ore (Mt)	U ₃ O ₈ (ppm)	U ₃ O ₈ (Mlb)	Tonnes change	U₃O ₈ Grade change	U₃O₃ Metal change
Unregularise	d Mineral Resource Model	2.96	576	3.75	100%		
	Ore Loss	0.26	247	0.14	8.8%		
	Dilution	0.34	0	0	11.6%		
	Regularised Model	3.04	539	3.61	102.8%	93.6%	96.2%

Source: Vimy Ore Reserve Update Report, November 2016

Sensitivities were run on the updated project as part of the open pit optimisation updates. The results are presented in Table 7-2. The results show the project is sensitive to foreign exchange, process recovery and uranium pricing. As with the prior PFS, the project is insensitive to mining costs.

Table 7-2: Updated optimisation sensitivities

Change in input		Change in cashflow (A\$)			
Change	Description	Ambassador	Princess	Shogun	
+10%	FX rate	-15.10%	-18.70%	-15.30%	
+10%	Process recovery	16.00%	21.80%	17.40%	
-10%	U ₃ O ₈ Metal Price	-15.64%	-19.46%	-16.78%	
-10%	Ore loss	-15.70%	-14.50%	-13.70%	
+10%	Dilution	-4.40%	-6.70%	-3.30%	
+10%	Process cost	-4.40%	-6.70%	-3.30%	
+10%	Mining cost	-2.30%	-4.60%	-3.70%	
+10%	Overall Slope Angle	0.40%	2.30%	0.00%	

Source: Vimy Ore Reserve Update Report, November 2016

The uranium pricing considered in the update is unchanged from the PFS. The support of the US\$75/lb pricing used in based on Consensus Economics prices, dated December 2015.

SRK note that over the past year the uranium spot price has softened to the current spot pricing of below US\$20/lb. Vimy note in the Update Report, "In a stable uranium market the long term contract market would be expected to command a premium of around 20-25% over spot market prices, so a long term contract price of US\$75/lb equates to a spot market price of US\$60-62.50/lb, which would be consistent with the current market consensus concerning the long term trajectory of uranium spot prices." Vimy has indicated that sensitivities have been run at US\$65/lb and US\$55/lb with positive outcomes (Vimy updated Ore Reserves as at October 2016).

The foreign exchange rate reported for the Maiden Ore Reserve is A\$1 to US\$0.76. This exchange rate was used in the AMC mine planning study work and reported in the documentation. The Maiden Ore Reserve exchange rate was reported in Table 1 Section 4 of the Maiden Ore Reserves and additionally noted in the Vimy's Ore Reserve Update Report (page 27 and Table 3-4). Vimy has pointed out that the financial model supporting the Maiden Ore Reserves used an exchange rate of A\$1 to US\$0.70 as noted in the ASX release dated 17 November 2015.

The updated open pit optimisation again utilised all confidence categories. SRK does not have an issue with this approach, as long as classifications other than Measured and Indicated are considered as waste in the financial model, and are not reported in Ore Reserves unless they form part of the dilution estimate, which is the case in Vimy's 2016 Updated Ore Reserve.

The mine designs were updated. The Shogun design was heavily smoothed to account for consideration of an IPCC system. This has increased the waste movements materially and moved the design away from the theoretical optimisation solution.

7.2.1 October 2016 Ore Reserves Update

The Vimy updated Ore Reserves as at November 2016 are given in Table 7-3.

Table 7-3: 2016 Updated Ore Reserves

Deposit/ Resource Classification		Cut-off grade (ppm U₃O ₈)	Tonnes (Mt) ^{1,2}	U ₃ O ₈ (ppm) ³	Total Metal U ₃ O ₈ (Mlb) ⁴			
Mulga Rock East								
Princess	Probable	150	1.1	734	1.7			
Ambassador	Probable	150	16.4	753	27.3			
	Subtotal	150	17.5	752	29.0			
Mulga Rock West								
Shogun	Probable	150	1.2	808	2.2			
	150	1.2	808	2.2				
	150	18.7	755	31.2				

Source: Vimy Ore Reserve Update Report, November 2016

SRK has not sighted the financial model for the updated Ore Reserve; however, Vimy does note positive project economics.

SRK regards the key risks with the Ore Reserves update relate to the Uranium pricing and the foreign exchange rate used in the financial analysis.

8 Metallurgy and Processing Review

Simulus Engineers was requested to complete a high-level processing technical review and assessment of the Project PFS report.

8.1 Documentation reviewed

The documentation reviewed has been limited to the following sections of the November 2015 PFS Report Rev 0, completed by AMEC Foster Wheeler:

- Section 1 Executive summary
- Section 5 Process design
- Section 6 Year 9 expansion
- Section 10 Capital cost estimate
- · Section 11- Operating cost estimate
- Section 14 Recommendations
- Appendix 5.1 Process flow diagrams
- Appendix 5.3 Process design criteria
- Appendix 5.8 Ref 22 ANSTO testwork report C1120
- Appendix 5.8 Ref 26 AML Report (beneficiation testwork report).
- Appendix 5.8 Ref 28 ANSTO progress Note 5

The following documents were also reviewed:

- Mulga Rock samples beneficiation testwork Allied Mineral Laboratories, June 2015
- PFS-MRUP-002 Uranium Ore Beneficiation 'Proof-of-Concept' Rev 1
- Chart of overall uranium leach extent (RIP discharge solids basis) from recent piloting
- ANSTO Report C1334 to EMA Mulga Rock Proof of Concept Phase

8.2 Project Resource and Plant design basis

The PFS testwork sample was obtained from a bulk diamond drill program. The samples are reported to represent the first seven years of initial production. A total of eight holes were completed:

- Princess 3 holes
- Ambassador East 3 holes
- Ambassador West 2 holes.

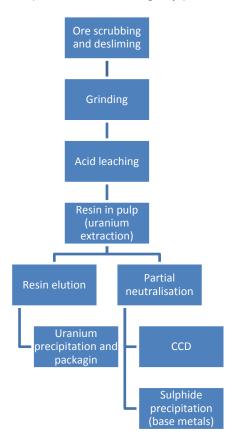
Diamond core from each deposit was blended using high-grade lignitic ore and low-grade carbonaceous sands to achieve a uranium grade of 600 - 700ppm U_3O_8 , to simulate the expected uranium ore grade delivered to the mill as shown in the PFS production schedule (Figure 7-2).

8.3 Project Resource and Plant design basis

The basis of the plant process design is supported by sufficient testwork and seems reasonable; however, further documentation of the mine schedule and its implication on plant design is recommended. A yearly ore schedule is provided in the PFS report, along with anticipated annual production. There is supporting testwork for the process design criteria at the average uranium grade expected for the first 10 years. The process design criteria state a nominal blend of 60:40 for lignite and carbonaceous sands; however, further information to support this nominated blend is required. More detailed ore variability work in order to determine the impact on uranium recovery, reagent

consumptions and equipment sizings according to the mine schedule and Vimy indicates this is being done in the DFS.

The current process flowsheet incorporates the following key process steps:



The overall flowsheet is logical and technically sound. All main process units are used in other operations. The uranium extraction circuit consists of a standard and simple configuration followed by resin-in-pulp (RIP) operation. A wide range of tests, including piloting operations, have been completed to support the selection of RIP configuration. For base metals recovery, the use of sulphide precipitation is a low technical risk option.

8.5 Testwork supporting the design

The beneficiation testwork report has been reviewed and it is considered to support the design.

A range of leach testwork has been completed to support the PFS and more recently piloting activities have also been undertaken to support the DFS. The key parameters of leach and RIP performance have been verified through the recent piloting. Leach tests have been conducted using saline water provided from site.

Downstream circuit performance is less site-specific and has not been reviewed in detail.

8.6 Engineering design

A high-level review of the Project's process engineering suggests that the level of design detail is suitable for PFS level of study.

8.7 Operating cost

Overall, the process operating costs calculated for the Project appear sound and aligned with the

process design criteria.

It is SRK's opinion that the projected maintenance costs are slightly lower than will be incurred in practice. The PFS report states that the use of higher corrosion resistant materials is expected to reduce maintenance costs. It is SRK's experience in similar hydrometallurgy operations that ongoing maintenance costs are similar or higher in corrosive environments, not lower. SRK recommends that future maintenance cost allowances, exclusive of labour, be 3.5% - 4% of capital cost, instead of the 2.5% included in the PFS.

8.8 Capital cost

The capital cost for the process plant has been prepared by AMEC Foster Wheeler to a PFS level of study. AMEC highlights the potential benefit of modular construction and fabrication to reduce project capital costs and/or escalation risk. SRK supports the investigation of modularisation during future project development studies.

8.9 Reserve Estimation – process plant related modifying factors

The key physical and financial metrics shown in Table 8-1 have been reviewed as the process related modifying factors used in the estimation of the Reserve.

Table 8-1: Modifying factors used in estimation of the Reserve

Modifying factor	Value	Verified?	Supporting data
ROM feed rate	2.65 Mtpa	Yes	PFS PDC
Uranium grade (Year 1 – Year 10)	601 ppm	Yes	Testwork sample similar grade
Overall metallurgical recoveries			
Uranium	85.3%	Yes	Beneficiation testwork, Pilot plant trend
Copper	35%	Yes	Beneficiation, ANSTO reports + calculation
Zinc	48%	Yes	Beneficiation, ANSTO reports + calculation
Nickel	43%	Yes	Beneficiation, ANSTO reports + calculation
Cobalt	38%	Yes	Beneficiation, ANSTO reports + calculation
Annual production – U ₃ O ₈	3.0 Mlb	Yes	Calculated
Process plan and infrastructure costs	US\$254	Yes	As per PFS Report
Operating costs (C1 excluding by-product credits)	US\$31.50	Yes	As per PFS report – process cost of US\$16.85/lb verified

Operating costs after by-product credits were not verified without product sales terms and metal price assumptions.

9 Other Considerations

9.1.1 Uranium price history

The uranium price in US\$/lb for the period January 2010 to October 2016 is shown in Figure 9-1 highlighting variability in uranium price over the past five years. In order to make a reasonable comparison between transactions conducted at different times SRK have normalise implied purchase prices based on spot prices at the time of transaction and the October 2016 spot price.



Figure 9-1: Uranium price history, January 2010 to October 2016

Source: IMF NUEXCO exchange spot price, US\$/lb

10 Valuation of Mulga Rock Project

10.1 Introduction

All exploration projects can be classified according to the Development Stage Categories as defined in the VALMIN Code (2005):

- **Exploration Areas** properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.
- Advanced Exploration Areas properties where considerable exploration has been undertaken
 and specific targets have been identified that warrant further detailed evaluation, usually by drill
 testing, trenching or some other form of detailed geological sampling. A resource estimate may
 or may not have been made but sufficient work will have been undertaken on at least one prospect
 to provide both a good understanding of the type of mineralisation present and encouragement
 that further work will elevate one or more of the prospects to the resource category.
- Pre-Development Projects properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral or Petroleum Resources have been identified, even if no further Valuation, Technical Assessment, delineation or advanced exploration is being undertaken.
- Development Property properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.
- Operating Mines mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Vimy's Mulga Rock Project relates to exploration areas, advanced exploration areas and predevelopment projects according to the VALMIN Code definitions above.

10.2 Valuation approaches

While the VALMIN Code (2015) states that decisions as to which valuation methodology is used are the responsibility of the Expert or Specialist, where possible, SRK considers a number of methods from the various valuation approaches of Market, Income and Cost.

The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The three generally accepted Valuation approaches, as listed and defined in the VALMIN Code (2015) are:

- Income Approach
- Market Approach
- Cost Approach.

The **Market Approach** is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market (VALMIN Code, 2015). Methods include comparable transactions, MTR and option or farm-in agreement terms analysis.

The **Income Approach** is based on the principle of anticipation of benefits and includes all methods that are based on the income or cashflow generation potential of the Mineral Property (VALMIN Code, 2015). Valuation methods that follow this approach include Discounted Cashflow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods. The Geological Risk Method also falls within this category.

The **Cost Approach** is based on the principle of contribution to value (VALMIN Code, 2015). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the Mineral Property. Geoscience ratings methods are also considered to fall within this category, as the state of knowledge of an area is often a factor of the effort expended on exploration.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the property, and hence the amount and quality of the information available on the mineral potential of the property. Table 10-1 presents the VALMIN Code (2015) guide on the applicability of the various valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

Table 10-1: Suggested valuation approaches for different types of Mineral Properties

Valuation approach	Exploration properties	• • • • • • • • • • • • • • • • • • • •		Production properties
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code, 2015

The use of cost-based methods, such as considering suitable multiples of exploration expenditure is best suited to exploration properties, before Mineral Resources are reliably estimated. These methods are considered suitable for the mineral assets under consideration. In this study, MEE is used as an alternate valuation technique which supports the Preferred valuation.

Due to the current volatility in uranium prices, SRK favours the use of the Comparable Transaction method of valuation, a market-based approach, for the assessment of value of Vimy's Mulga Rock Project.

In general, these methods are accepted valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market derived data.

The "Market Value" is defined in the VALMIN Code (2015) as the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion

The "**Technical Value**" is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Valuation methods are, in general, subsets of valuation approaches and for example the Income Based Approach comprises several methods. Furthermore, some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb considered suitable only to benchmark valuations completed using primary methods.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or property value in each of the various categories of development. In some

instances, a particular mineral asset or property or project may comprise assets which logically fall under more than one of the previously discussed development categories.

10.3 Market approach

10.3.1 Comparable transactions

SRK initially considered a total of 22 transactions occurring between April 2011 and September 2016 and involving projects at the exploration stage or with late stage uranium resource, feasibility study and in operation on a global basis. Of these transactions, five transaction involved exploration properties with no declared Resources, eight involved properties with declared uranium Resources at the time of the transaction and nine transactions of properties with declared Reserves. SRK notes that the mineralisation style and uranium grades from the selected comparable transactions vary, but have similar stages of development. The transactions were analysed according to the stated total transaction values. All values and factors quoted are in Australian dollars.

When considering the relevant transactions, the implied price in A\$ per pound of uranium using rate at the time of the transaction has been factored by the current uranium price (US\$21.19/lb average spot price, NUEXCO 2016, source IMF) and the uranium price at the time of the transaction.

The transactions considered are described in Table 10-4, Table 10-7 and Table 10-8.

10.3.2 Analysis of transactions

The transactions were analysed in terms of the implied purchase price in A\$ and the reported uranium Reserve/Resource pounds at the time of the transaction. All values are in A\$, converted from the reported currency where necessary at the exchange rate prevailing at the time of the transaction. Share prices at the time of the announcement of the transactions were considered where shares formed a part of the consideration, and the timing of payments, as set out in the initial agreements, was also taken into account.

The uranium price at the time of the transaction was considered, and the implied US\$/lb transaction price was normalised to the average October 2016 uranium price of US\$21.19/lb (Figure 10-1, Figure 10-3 and Figure 10-5).

Analysis of uranium transactions with declared Reserves

An analysis of nine transactions involving projects with declared Mineral Resources and associated Ore Reserves occurring since January 2011, is summarised in Table 10-4 and shown in Figure 10-1 and Figure 10-2. It is noted that the Langer Heinrich project which has an active mining operation traded at a higher rate (A\$5.97/lb to A\$7.16/lb) than other transactions of projects in Feasibility and development (A\$0.08/lb to A\$2.31/lb).

From its analysis (Table 10-4) and on considering the development stage of the Mulga Rock Project, SRK has adopted Low and High valuation factors which are taken from transactions not including operating mines, with the weighted average for of A\$1.76/lb adopted for the Low factor, and the maximum value of A\$2.31/lb used for the High factor. The weighted average of all transactions of A\$2.21/lb has been selected for the Preferred factor. The valuation of the declared Reserves at Mulga Rock is shown in Table 10-3.

Table 10-2: Analysis of properties with declared Reserves

	Analysis	A\$/Ib U₃O ₈	Normalised A\$/lb U ₃ O ₈
	Number	9	9
	Minimum	0.11	0.09
Declared	Maximum	9.53	7.16
Reserves (All)	Median	1.48	0.87
	Mean	3.12	2.04
	Weighted Average	3.81	2.21
	Number	7	7
Declared	Minimum	0.11	0.09
Reserves,	Maximum	4.53	2.31
mining projects	Median	2.80	1.27
removed	Mean	2.59	1.24
	Weighted Average	3.76	1.76

Table 10-3: Valuation of declared Reserves at Mulga Rock using selected factors

	Contained		Valuation Range			
Project	U ₃ O ₈ MIb	Low A\$1.76/lb	Preferred A\$2.21/lb	High A\$2.31/lb 3.93 63.06		
Princess	1.70	2.99	3.76	3.93		
Ambassador	27.30	48.05	60.33	63.06		
Shogun	2.20	3.87	4.86	5.08		
Total	31.20	54.91	68.95	72.07		

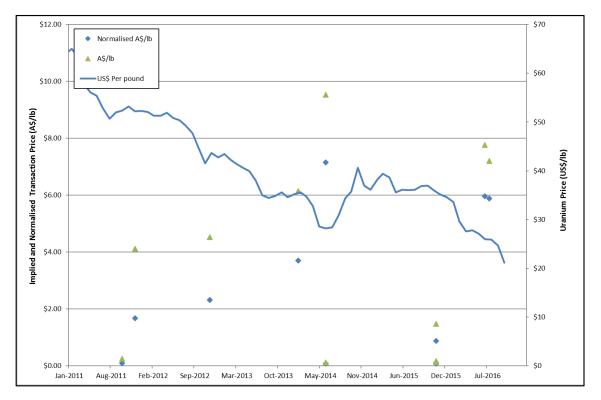


Figure 10-1: Transaction price (A\$/Ib U₃O₈) of properties with declared Reserves

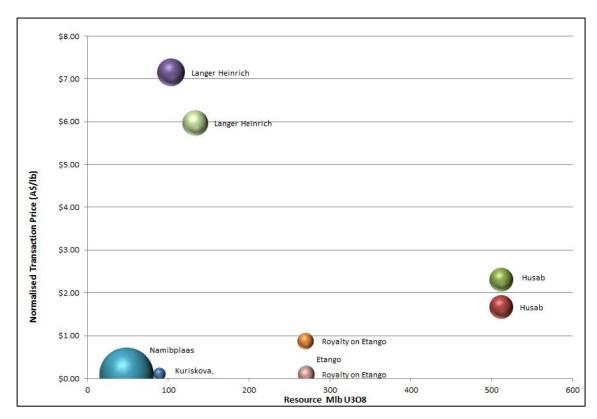


Figure 10-2: Transaction price (A\$/lb U_3O_8) of projects with declared Resources vs Mlb U_3O_8 , bubble size indicating relative U_3O_8 grade

Table 10-4: Comparable transactions with declared Reserves

Seller	Buyer	Asset	Country	Percent acquired (%)	Announcement Date	U₃O ₈ Price (US\$/Ib)	Exchange Rate A\$1: US\$		Stage	Tonnes	Grade (ppm)	Contained Ib	A\$/lb U ₃ O ₈	Normalised A\$/lb U ₃ O ₈
Etherlin Management	Forsys Metals Corp	Namibplaas	Namibia	30	1/10/2011	52.34	1.0378	6,875,612	Feasibility	169,100,000	110	88,857,314	0.25	0.10
Extract Resources	Taurus Mineral Limited	Husab	Namibia	57	1/12/2011	52.18	1.0384	1,252,206,314	Feasibility	583,300,000	400	511,686,604	4.12	1.67
Guangdong Nuclear Power Holding Co. Ltd.	Epangelo Mining Company (Pty) Limited	Husab project	Namibia	10	23/11/2012	41.50	0.9087	210,520,000	Feasibility	583,300,000	400	511,686,604	4.53	2.31
Paladin Energy Ltd	China Uranium Corporation Limited	Langer Heinrich Mine	Namibia	25	1/06/2014	28.23	0.768	190,000,000	Operation	137,400,000.00	550	103,800,000.00	9.53	7.16
European Uranium Resources	Forte Energy NL	Kuriskova,	Slovakia	50	1/06/2014	28.23	0.768	2,114,709	Feasibility	11,700,000	2,141	48,375,461	0.11	0.09
Bannerman Resources Limited	Resource Capital Funds	Royalty on Etango project	Namibia	2	11/11/2015	35.93	0.7189	4,313,400	Feasibility	658,900,000	190	270,200,000	1.48	0.87
Bannerman Resources Limited	Resource Capital Funds	Royalty on Etango project	Namibia	17	11/11/2015	35.93	0.7189	5,844,800	Feasibility	658,900,000	190	270,700,000	0.18	0.11
Private Investor - Clive Jones	Bannerman Resources Limited	Etango project	Namibia	20	11/11/2015	35.93	0.7189	5,003,996	Feasibility	658,900,000	190	270,700,000	0.13	0.08
Paladin Energy Ltd	China Uranium Corporation Limited	Langer Heinrich Mine	Namibia	24	1/07/2016	27.59	0.7655	190,000,000	Operation	128,370,000.00	470	133,086,454.00	7.77	5.97

Source: SNL Database accessed Oct 2016

Analysis of uranium Resource transactions

Analysis of eight transactions of properties with declared Mineral Resources, but without Ore Reserves occurring since January 2011 are summarised in Table 10-5 and shown in Table 10-7. Of these eight transactions, two historic (non-JORC) were not considered comparable to Vimy's Mulga Rock Project due to the size and grade of the deposit.

Of the six remaining transactions, two were in Australia and include Mineral Resources with similar grades to the Mulga Rock deposits. These are considered by SRK to represent the deposits most comparable to the Mulga Rock Project, due to its similar grade, location and likely mining methods.

From its analysis, SRK has adopted Low, High and Preferred valuation factors in terms of contained U_3O_8 (equivalent) as indicated in Table 10-6. The valuation factors used are the median of A\$0.87/lb for the Low factor, maximum A\$1.83/lb for the High factor and the mean A\$0.91/lb for the Preferred factor (Table 10-5). The valuation of the Mulga Rock Project's declared Resources (exclusive of Reserves) is shown in Table 10-6.

Table 10-5: Analysis of properties with declared Resources

Analy	rsis	A\$/Ib U₃O ₈	Normalised A\$/Ib U ₃ O ₈		
	Number	Number 8			
	Minimum	0.08	0.03		
Declared	Maximum	3.77	1.83		
Resources (All transactions)	Median	0.95	0.45		
แลกรอบเบารา	Mean	1.33	0.70		
	Weighted Average	1.47	0.79		
	Number	6	6		
	Minimum	0.29	0.11		
Declared	Maximum	3.77	1.83		
Resources (historic resources	Median	1.64	0.87		
excluded)	Mean	1.73	0.91		
	Weighted Average	1.54	0.83		

Table 10-6: Valuation of Mineral Resources (excluding Reserves) at Mulga Rock using selected factors

	Contained	Valuation Range					
Project	Contained U₃O ₈ Mlb	Low A\$0.87/lb	Preferred A\$0.91/lb	High A\$1.83/lb			
Princess	2.3	2.00	2.09	4.21			
Ambassador	11.9	10.35	10.83	21.78			
Emperor	29.8	25.93	27.12	54.53			
Shogun	1.6	1.39	1.46	2.93			
Total	45.6	39.67	41.50	83.45			

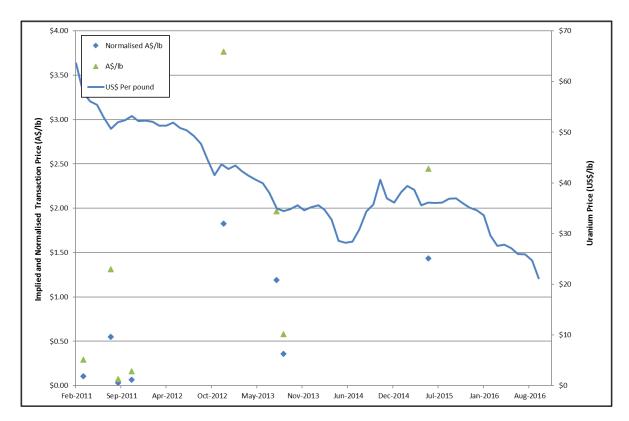


Figure 10-3: Transaction price (A\$/Ib U₃O₃) of properties with declared Resources

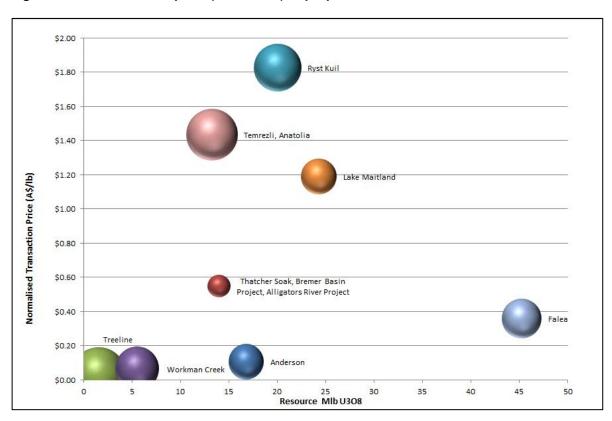


Figure 10-4: Transaction price (A\$/lb U_3O_8) of projects with declared Resources vs Mlb U_3O_8 , bubble size indicating relative U_3O_8 grade

Table 10-7: Comparable transactions with Resources

Seller	Buyer	Asset	Country	Percent acquired (%)	Announcement Date	U ₃ O ₈ Price (US\$/lb U ₃ O ₈)	Exchange rate A\$1: US\$	Price (US\$)	Tonnes	Grade (ppm)	Classification	Total Contained Ib U ₃ O ₈	A\$/lb U₃O ₈	Normalised A\$/lb U₃O ₈
Concentric Energy Corp	Global Met Coal	Anderson	USA	100%	1/04/2011	57.82	1.0453	5,117,907	14,060,000	540	Measured, Indicated, Inferred	16,782,689	0.29	0.11
Uranex Ltd	Shangai Zhongfu Group	Thatcher Soak, Bremer Basin Project, Alligators River Project	Australia	100%	1/08/2011	50.68	1.0301	18,944,165	28,000,000	220	Inferred	14,000,000	1.31	0.55
Concordia Resource Corp	Tigris Uranium Corp	Treeline	USA	100%	1/09/2011	51.98	1.0464	123,940	593,448	1,300	Historical	1,543,000	0.08	0.03
Cooper Minerals Inc	Uranium Energy Corp	Workman Creek	USA	100%	1/11/2011	53.19	1.0431	935,140	3,222,000	860	Historical	5,542,000	0.16	0.06
Areva NC	Peninsula Energy Ltd	Ryst Kuil	South Africa	74%	11/12/2012	43.67	0.8948	50,000,000	9,095,000	1000	Inferred	20,051,043	3.77	1.83
Mega Uranium	Toro Energy Ltd	Lake Maitland	Australia	65%	1/08/2013	34.99	0.9349	29,024,126	19,900,000	560	Measured, Indicated, Inferred	24,300,000	1.97	1.19
Rockgate Capital Corp	Denison Mines Corp	Falea	Mali	100%	1/09/2013	34.45	0.8752	23,057,271	31,020,000	680	Measured, Indicated, Inferred	45,270,000	0.58	0.36
Anatolia Energy Limited	Uranium Resources Inc	Temrezli, Anatolia	Turkey	100%	1/06/2015	36.14	0.768	24,942,515	5,206,000	1,157	Measured, Indicated, Inferred	13,282,000	2.45	1.43

Source: SNL Database, accessed Oct 2016

Projects highlighted in red are not considered comparable to Mulga Rocks due to Resource classification status, size and grade

Analysis of uranium exploration property transactions

Comparative transactions of exploration properties without declared Mineral Resources that have occurred since August 2012 are summarised in Table 10-8 and shown in Figure 10-5. Of these five transactions, only one is located in Australia. These exploration projects targeted sandstone hosted (2) and unconformity related (3) mineralisation.

From its analysis in , SRK has adopted the Low, High and Preferred valuation factors in terms of A\$/km², with the factors selected being the weighted average value of A\$428/km² for the Low factor, the mean of the three most recent transactions of A\$2,147/km² for the High factor and the overall mean of A\$1,321/km² for the Preferred factor.

Table 10-8: Comparable uranium exploration properties without defined Resources

Seller	Buyer	Asset	Country	Date	Deal Value (US\$M)	U₃O₃ (US\$/lb)		Percentage acquired (%)	Area (km²)	A\$/km²	Normalised A\$/km²
Tanzania Minerals Corp	Karoo Exploration Corp	Songea/ Lindi	Tanzania	9/08/2012	0.8	49.25	0.8947	100	2,606	343	148
Kibo Mining Public Limited Company	Metal Tiger plc	Pinewood portfolio	Tanzania	14/01/2015	0.10	36.13	0.71	50	9,033	30	18
ALX Uranium Corp.	Cameco Corporation	27 mineral claims	Canada	25/02/2016	0.17	33.62	0.714	99	70.6	3,407	2,147
Eclipse Metals Limited	Rio Tinto	Part of Liverpool project uranium tenements /	Australia	22/08/2016	4	25.87	0.7655	90	1400	4,132	3,384
St Jacques Mineral Corp.	Rockridge Capital Corporation	Uranium property	Canada	19/10/2016	0.27	24.66	0.7655	100	333.6	1,057	909

Source: SNL database accessed Oct 2016

Table 10-9: Analysis of exploration properties based on area

Analysis	Area (km²)	A\$/km²	Normalised A\$/km²
Number	5	5	5
Minimum	71	30	18
Maximum	9,033	4,132	3,384
Median	1,400	1,057	909
Mean	2,689	1,794	1,321
Weighted Average	-	561	428

			Valuation Range	
Tenement	Area (km²)	Low A\$428/km ²	Preferred A\$1,321/km ²	High A\$2,147/km²
E39/1148	156.47	66,968	206,694	335,937
E39/1149	177.50	75,971	234,482	381,100
E39/1150	76.24	32,633	100,719	163,697
E39/1551	38.63	16,533	51,027	82,933
E39/1902	136.79	58,548	180,704	293,695
E39/876	67.28	28,796	88,877	144,450
E39/877	90.88	38,897	120,052	195,119
Total	743.80	318,345	982,555	1,596,931

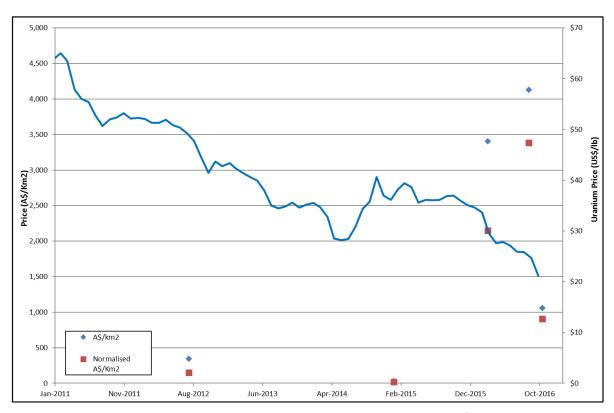


Figure 10-5: Transactions assessed on the basis of Area (A\$/km²) based comparable transactions for exploration properties normalised to October 2016 NUEXCO exchange spot price

10.3.3 Comparison with Yardstick method

In the Yardstick method of valuation, specified percentages of the spot price of the metal are used to value the Mineral Resources and Ore Reserves. Commonly used factors relative to Resource classification are shown in Table 10-11.

Table 10-11: Yardstick factors and corresponding valuation factors based on October 2016 spot price for uranium

	Percentage of	spot price (%)	Valuation fact	or (A\$/Ib U₃O ₈)
	Low	High	Low	High
Not in reported Resource	0.0	0.5	0.00	0.14
Inferred Resources	0.5	1.0	0.14	0.28
Indicated Resources	1.0	2.0	0.28	0.56
Measured Resources	2.0	5.0	0.56	1.39
Reserves	5.0	10.0	1.39	2.78

The average October 2016 uranium price of US\$21.19/lb and an exchange rate of A\$1=US\$0.7613 have been used.

Yardstick valuation factors fall within the range for Inferred Resources of A\$0.14/lb to A\$0.28/lb, Indicated Resources A\$0.28/lb to A\$0.56/lb, Measured Resources A\$0.56/lb to A\$1.39/lb and Reserves A\$1.39/lb to A\$2.78/lb. This supports the valuation range of A\$0.87/lb to A\$2.31/lb derived from the analysis of comparative transactions.

SRK notes that the Yardstick method is not generally considered to be a suitable primary valuation method, but is considered an acceptable secondary valuation method (Lawrence, 2012). In this case, SRK is of the opinion that the Yardstick valuation method supports the valuation range derived from the analysis of comparable transactions, and assists in identifying a Preferred factor within the range.

10.3.4 Multiples of Exploration Expenditure

- The Project has a significant historical exploration including drilling (3,754 drill holes for a total of 229,951 m). To assess past exploration expenditure, SRK has used expenditure reported to the Department of Minerals and Petroleum WA (DMP) for tenements in the project area (Table 10-12). The nominal expenditure has been adjusted using average yearly inflation rates.
- SRK has considered a Prospectivity Enhancement Multiplier (PEM) of 0.5 is appropriate for the historic exploration costs incurred between 1978 and 2007 for the following reasons:
- The historic PNC drilling provides significant value in defining the uranium mineralisation regionally. During this period, a total of 1,910 drill holes for 119,749 m were drilled. Of this number, 421 are diamond drill holes (20,357 m) and 12,482 samples were assayed.
- Due to the age of this exploration work, much of the historic drilling has required subsequent re-drilling and validation work to develop Resources to a JORC Code standard.

SRK considers a PEM of 0.5 for Historic exploration data is appropriate.

Since its acquisition in 2007, Vimy has conducted exploration drilling, scoping studies and Scoping and pre-feasibility studies to evaluate the Mulga Rock Project.

- Resource and exploration drilling comprised 1,805 drill holes for a total of 108,174 m with 29,643 assays collected. Of this drilling, 210 diamond drill holes were drilled for 11,885 m.
- The drilling at Ambassador and development of a JORC Code Compliant Inferred Resource deposits has been assigned a PEM of 1.5.
- The work enabled by this expenditure has been successful in adding value to the Project, as it enabled the successful delineation of both open-pittable Resources (2014 2016). SRK considers a PEM of 2 is appropriate for this work.

SRK considers a PEM of 1.5 is appropriate for Vimy's drilling and development exploration expenditures at Ambassador, while subsequent studies attract a PEM of 2.0.

Table 10-12: Summary of exploration work evaluated on the Mulga Rock Project

Period	Work Conducted		Nominal expenditure (A\$M)	CPI (Annual)	Value (A\$M)	PEM Value (A\$M)
1978 - 1996	PNC Exploration drilling and testwork		12.96	2.63%	17.44	8.72
2003 - 2007	Eaglefield drilling on E39/877 and E39/876	0.5	0.94	2.33%	1.23	0.62
2008	 First EAMA drill program initiated (Jan 2008) Desktop studies and flora surveys for MRD and Narnoo 	1.5	0.65	4.35%	0.83	1.25
2009	Airborne geophysics program at Minigwal and Gunbarrel (Sept 2008) Diamond drilling program at MRD (Oct 2008) Initial JORC Code Inferred Resource estimate for MRD (Jan 2009) Diamond drilling results released for MRD (Mar 2009)		2.5	3.88%	3.07	4.61
2010	 Initiation and substantial completion of Ambassador scoping study (late 2009) Review of historic drilling data from Narnoo Hydrometallurgical studies and process development work by ANSTO (Mar 2010) 	1.5	4.53	3.13%	5.36	8.04
2011	 Finalisation of scoping study; release of key findings to ASX (Nov 2010) Location, excavation and re-logging of drill-cuttings from percussion drill holes MRD Uranium Inferred Resource Estimates and Exploration Targets released (Sept 2011) 	1.5	3.41	2.18%	3.91	5.87
2012	 Construction of new access road (early 2012) Air-core drilling and gamma logging program (Mar 2012) Discovery of Princess deposit (Mar 2012) 	1.5	2.26	1.78%	2.54	3.80
2013	 Optimisation of processing stage - testwork by ANSTO and ALS Ammtec (mid 2013) Commencement of ground gravimetric survey (mid 2013) Expansion of flora and fauna surveys, and hydrogeological assessments 	1.5	3.98	1.90%	4.39	6.58
2014	 Geological technical studies - re-interpretation of the geology and controls on mineralisation Background monitoring of Project area: weather, ground water levels and chemistry, gamma radiation, radon gas and dust levels Development of camera trapping protocol for monitoring small marsupials in Project area 	2	3.73	2.33%	4.04	8.07
2015	 Completion of Scoping Study by AMEC Foster Wheeler and Coffey Mining (May 2015) In-fill drilling program and air core drilling exploration program (Mar Quarter 2015) Groundwater drilling program to test suitability for extraction and re-injection (Mar Quarter 2015) Commercial-scale pilot ore beneficiation testwork 	2	9.29	2.75%	9.82	19.65
2016	 Completion of Pre-Feasibility Study (Nov 2015) DFS In-fill drilling program completed for Ambassador and Shogun deposits (Feb 2016) Construction of two geotechnical test pits in Ambassador deposit by Piacentini & Son (Oct 2015) Work commenced on metallurgical pilot plant (Feb 2016) Geotechnical drilling program completed for Ambassador, Princess & Shogun deposits (Jan 2016) Public Environmental Review document released for public review period (Dec 2015) 	2	19.28	2.93%	19.84	39.69
	released for public review period (Dec 2015)				70.40	400.00
Ĺ	Total				72.48	106.89

10.4 Previous valuations

The VALMIN Code (2015) requires that an Independent Valuation report should refer to other recent valuations or Expert Reports undertaken on the mineral properties being assessed. SRK notes a previous valuation conducted by SRK in May 2014 which was conducted on the Mulga Rock Project. It is noted that the previous valuation used similar methodology to value the Mulga Rock Project. The valuation presented in this report is materially higher as it reflects the additional work completed, including the definition of additional Resources, completion of a PFS and declaration of Reserves.

11 Conclusions

11.1 Asset Valuation

SRK's approach to the valuation of the Mulga Rock Project is based on factors derived from the analysis of comparative market transactions which has been validated against the valuation range obtained using the commonly applied Yardstick valuation metrics and MEE approach. SRK has only considered the valuation of the currently defined Ore Reserves, Mineral Resources and any exploration potential associated with the surrounding tenure. SRK valuation has considered only the uranium mineralisation (U₃O₈) and not the associated base metal potential as this is not considered to be material..

- The 1.15% royalty held by Resource Capital Fund VI L.P which is based on revenue from future
 production has not been considered as the value of potential future revenue cannot be assessed
 at this stage.
- The Low and Preferred valuation for the declared Reserves (October 2016) are considered based on comparative transactions considering the contained lb U₃O₈ based on A\$1.76/lb U₃O₈ for the Low factor, US\$2.31/lb U₃O₈ for the High factor and A\$2.21/lb U₃O₈ for the Preferred factor.
- The Low and Preferred valuations for the declared Resources (October 2016) are based on comparative transactions considering the contained lb U₃O₈ within Inferred and Indicated Resources based on A\$0.87/lb U₃O₈ for the Low factor, A\$1.83/lb U₃O₈ for the High factor and A\$0.91/lb U₃O₈ for the Preferred factor.
- Exploration areas are considered on an area basis for tenure outside of the Resource areas (743.8 km²). The valuation factors are derived from comparable transactions based on the Low, High and Preferred valuation factors in terms of A\$/km², with A\$428/km² for the Low factor, A\$2,147/km² for the High factor and A\$1,321/km² for the Preferred factor.
- The MEE approach considered historic expenditure across the Project area and provides guidance and support for the Preferred valuation indicating a total of A\$106.89M.

Using a spot price of US\$21.19, the Yardstick factors for Inferred (0.5% to 1% of the current uranium spot price), Indicated (1% to 2% of the current uranium spot price) Resources and Reserves (5% to 10% of current spot price) produce a range of A\$50.5M to A\$100.9M, with most of this value (a range of between A\$43.4M to A\$86.8M) being derived from the Declared Reserves. This is in reasonable agreement with the range derived using the factor obtained from the comparative transactions analysis.

Table 11-1: Summary of SRK's Valuation of Vimy's mineral assets as at November 2016

Vimy's Mineral Assets Valuation	Low value (A\$M)	Preferred value (A\$M)	High value (A\$M)	
Mules Book Donosite Dovolonment Project	Reserves	54.9	69.0	72.1
Mulga Rock Deposits – Development Project	Resources	39.7	41.5	83.4
Mulga Rock Deposits – Exploration A	0.3	1.0	1.6	
Total	94.9	111.5	157.1	

Project Number: VIM002

Report Title: Independent Specialist Report relating to the mineral assets of

Vimy Resources Limited

Compiled by

Matthew Greentree

Principal Consultant

Peer Reviewed by

Jeames McKibben

Principal Consultant

12 References

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SRK Consulting Appendices

Appendices

SRK Consulting Appendix A

Appendix A: Tenement Report

26 October 2016

Xavier Moreau General Manager – Geology and Exploration Ground Floor, 10 Richardson Street WEST PERTH WA 6005

Dear Mr Moreau

DUE DILIGENCE REPORT REQUESTED BY VIMY RESOURCES

This due diligence report is prepared pursuant to your instructions received on behalf of Vimy Resources received by this office on 21 October 2016.

There are 16 tenements (collectively referred to as "the tenement") forming part of this report and the tenements set out in the table below:

	Tenement	Holder		Tenement	Holder
1	E39/876	Narnoo Mining Pty Ltd	10	L39/239	Narnoo Mining Pty Ltd
2	E39/877	Narnoo Mining Pty Ltd	11	L39/240	Narnoo Mining Pty Ltd
3	E39/1148	Narnoo Mining Pty Ltd	12	L39/241	Narnoo Mining Pty Ltd
4	E39/1149	Narnoo Mining Pty Ltd	13	L39/242	Narnoo Mining Pty Ltd
5	E39/1150	Narnoo Mining Pty Ltd	14	L39/243	Narnoo Mining Pty Ltd
6	E39/1551	Narnoo Mining Pty Ltd	15	M39/1104	Narnoo Mining Pty Ltd
7	E39/1902	Narnoo Mining Pty Ltd	16	M39/1105	Narnoo Mining Pty Ltd
8	L39/193	Narnoo Mining Pty Ltd			
9	L39/219	Narnoo Mining Pty Ltd			

The findings contained in this report are based on an examination of the following information:

- Department of Mines and Petroleum ("DMP") Register searches;
- DMP Tengraph plans and Quick Appraisal searches; and
- Department of Aboriginal Affairs online register of Aboriginal Sites and Aboriginal Places.

In relation to the tenements the subject of this report, we are of the opinion that the tenements are in good standing with no outstanding obligations.

The following is a summary of our findings based on information current as at 25 October 2016 and is limited to a report summary as per your instructions.

- a) All applicable rents and other fees due under the *Mining Act* 1978 ("**Mining Act**") and *Mining Regulations* 1981 (WA) have been paid.
- b) There are no outstanding expenditure reports due.
- c) The next imminent expiry of tenements are E39/876 and E39/877 which expire on 27 February 2017. These tenements can be extended for further 1 year periods.
- d) Caveat: E39/876, E37/877, E39/1148, E39/1149, E39/1150, E39/1551, L39/193 and L39/219 are encumbered by Consent Caveats lodged by Resource Capital Fund V1 L.P. 100/100 shares in Narnoo Mining Pty Ltd registered on 20 August 2015
- Mortgage (473105) was lodged by Resource Capital Fund V1 L.P. in respect to 100/100 shares in Narnoo Mining Pty Ltd registered on 19 August 2015 Against E39/876, E39/877, E39/1148, E39/1149, E39/1150, E39/1551, L39/193, L39/219 and L39/239 registered on 19 August 2015.

Mortgage (495891) lodged by Resource Capital Fund V1 L.P. in respect to 100/100 shares in Narnoo Mining Pty Ltd on 21 October 2016 against M39/1104 and M39/1105 is currently pending/awaiting registration.

g) E39/876, E39/877, E39/1148-1151, E39/1901 form part of Combined group report Narnoo (C

215/2007) with a reporting date of 9 July of each year.

h) Expenditure for year ending 2016 for E39/1149 was \$180,000.00 and was not met by Narnoo, \$66,067,00 expended. However, an application for exemption from meeting the annual expenditure commitment was lodged and granted on 19 August 2016. It is noted that the annual expenditure commitment for this title has not been met for the past 4 years, however all exemption from expenditure applications have been granted.

Expenditure for year ending 2016 for E39/1150 was \$96,000.00 and was not met by Narnoo, \$58,788.00 expended. However an application for exemption from meeting expenditure commitment was lodged and granted on 19 August 2016. Further, annual expenditure commitment for this title have not been met for the past 3 years, however all exemption from

expenditure applications have been granted.

E39/1902 was recently granted on 23 August 2016 and expires on 22 August 2021, minimum expenditure for year ending 2017 is \$46,000.00.

Miscellaneous licence 39/193 has been granted for the purpose of a search of groundwater

licence and subject to the following notable conditions:

- Written notification, where practicable, of the time frame, type and extent of proposed ground disturbing activities being forwarded to the Department of Water, Victoria Park, seven days prior to commencement of those activities.
- Any significant waterway (flowing or not), wetland or its fringing vegetation that may exist on site not being disturbed or removed without prior written approval from the Department of Water.
- The rights of ingress to and egress from the Licence being at all reasonable times preserved to officers of the Department of Water for inspection and investigation purposes.
- The storage and disposal of hydrocarbons, chemicals and potentially hazardous substances being in accordance with the Department of Water's Guidelines and Water Quality Protection
- The storage and disposal of hydrocarbons, chemicals and potentially hazardous substances being in accordance with the Department of Water's Guidelines and Water Quality Protection Notes
- The storage and disposal of hydrocarbons, chemicals and potentially hazardous substances being in accordance with the Department of Water's Guidelines and Water Quality Protection
- Unless permission is first obtained from the Department of Water ground breaking activities are prohibited within the floodway and within a lateral distance of:
 - 50 metres from a perennial waterway; and
 - 30 metres from a seasonal waterway.
- Activities requiring the abstraction of groundwater are prohibited unless a bore construction and abstraction licence has been granted by the Department of Water.
- In respect to the area outlined in "red" and designated FNA 7835 in TENGRAPH (former Wongatha native title claim WC99/01) the following condition shall apply:
 - If the Central Desert Native Title Services (CDNTS) sends a request by pre-paid post to the Licensee's address within 90 days after the grant of the Licence, the Licensee shall within 30 days of the request execute in favour of the CDNTS the revised CDNTS Wongatha Interim Standard Heritage Agreement.

It is unknown whether Narnoo executed an agreement for L39/193.

- Further, L39/193 was subject to two Mining Act objections lodged by Epsilon Energy Ltd and AngloGold Ashanti Australia Ltd/ Independence Group NL for encroachment on tenure. These objections were withdrawn but it is unknown if the objections were resolved by agreement.
- Standard Conditions imposed upon grant in respect to L39/219 and L39/239 including below:
 - The area of the miscellaneous licence to be reduced as soon as practicable after construction, to a minimum for the safe maintenance and operations of the licence purposes.
- m) Standard Endorsements in respect to the following imposed on grant of tenure:
 - Water Resources Management Areas L39/219, L39/239, L39/240, L39/241 and L39/242:
 - Waterways Conservation Act, 1976
 - Rights in Water and Irrigation Act, 1914
 - Metropolitan Water Supply, Sewerage and Drainage Act, 1909
 - Country Areas Water Supply Act, 1947

- Water Agencies (Powers) Act 1984
- Water Resources Legislation Amendment Act 2007
- ii. Artesian (confined) Aquifers and Wells L39/219, M39/1104
- iii. Waterways L39/219, M39/1104, M39/1105 Advice shall be sought from DoW if proposing any activity in respect to licence purpose within a defined waterway and within a lateral distance of:
 - 50 metres from the outer-most water dependent vegetation of any perennial waterway, and
 - 30 metres from the outer-most water dependent vegetation of any seasonal waterway.
- iv. Proclaimed Ground Water Areas L39/219, L39/240, L39/241, L39/242, M39/1104 and M39/1105:
 - The taking of groundwater and the construction or altering of any well is prohibited without current licences for these activities issued by DoW, unless an exemption otherwise applies.
 - Where a pipeline falls within the definition of a pipeline as defined in section
 4 of the Petroleum Pipelines Act, 1969 (PPA), the Licensee must obtain a
 Petroleum Pipeline Licence (PPL) as provided for in the PPA, but where a
 PPL licence is not required, then the Licensee is to comply with the
 requirements of the Gas Standards (Gas Supply and System Safety)
 Regulations, 2000 in respect to the pipeline.
- n) Miscellaneous Licence 39/243 was lodged on 26 April 2016 and is still pending. A Mining Act objection by Anglo Gold Ashanti Limited/Independence Group NL was lodged on 20 May 2016 and remains recoded on the register. The tenement will not be granted until the objection is resolved. The licence was processed under s.24MD(6B) Native Title Act 1993 and cleared the infrastructure advertising period.
- o) **Mining Lease 39/1104** commenced on 19 October 2016 and has an annual expenditure commitment of \$1,046,000.00 for year ending 2017. There is a mortgage by Resource Capital pending registration which was lodged on 21 October 2016.
- p) Mining Lease 39/1105
 - a. A Mining Act objection by AngloGold Ashanti Limited/Independence Group NL was lodged on 17 May 2016 however was finalised on 26 July 2016. It is unknown if the objection was resolved by way of an agreement between the parties.
 - b. There is a mortgage pending registration which was lodged on 21 October 2016.
 - c. The annual expenditure commitment for year ending 2017 is \$568,200,000.00
- q) Aboriginal Heritage Registered Sites
 - The holder of any tenement must act in accordance with the provisions of the *Aboriginal Heritage Act 1972* and any Regulations thereunder.
 - Searches were undertaken on the online register of Aboriginal heritage and Heritage Places and maintained by the Western Australian Department of Aboriginal Affairs (DAA) to search for Aboriginal sites and Heritage Places located on the tenements. Registered Heritage Sites are recorded against the following tenements:

Tenement	Holder	Heritage Site
E39/876	Narnoo Mining Pty Ltd	 Site ID 1985 - "MINIGWAL 2", artefacts/scatter site Site ID 1986 - "MINIGWAL 3", artefacts/scatter site.
E39/1149	Narnoo Mining Pty Ltd	 Site ID 1985 - "MINIGWAL 2", artefacts/scatter site Site ID 1986 - "MINIGWAL 3", artefacts/scatter site. Site ID 1987 - "MINIGWAL 4", artefacts/scatter site, Quarry Site ID 1988 - "MINIGWAL 5", artefacts/scatter site.
M39/1105	Narnoo Mining Pty Ltd	 Site ID 1985 - "MINIGWAL 2", artefacts/scatter site Site ID 1986 - "MINIGWAL 3", artefacts/scatter site.

- Please ensure that any interference with the Sites will be in strict conformity with the provisions of the Aboriginal Heritage Act 1972 or the Environment Protection and Biodiversity Conservation Act 1999.
- Any exploration over an Aboriginal Site requires the consent of the Minister made by application pursuant to section 18 of the Aboriginal Heritage Act 1972. A section 18

application to impact the Site is made by giving notice to the Aboriginal Cultural Material Committee (ACMC) accompanied by the information as to the intended use of the land and Sites on the Land. It is noted that destruction, damage or alteration (impact) to an Aboriginal Site without the prior consent of the Minister for Aboriginal Affairs is an offence under section 17 of the *Aboriginal Heritage Act 1972*.

- The Government's Due Diligence Guidelines assist tenement holders to understand their obligations under the Aboriginal Heritage Act and inform their risk-management decisions.
- There are no Heritage Places affecting the tenements.
- r) All tenements have cleared native title. There are no native title claims affecting the tenements. All tenements have been granted with the condition to comply with the *Aboriginal Heritage Act 1972*.
- s) Pursuant to Mining Rehabilitation Fund legislation which replaces the current bonding system, tenement holders are to complete a Disturbance Report each financial year and pay a Mining Rehabilitation Fund Levy, which became compulsory commencing 1 July 2014.

General Assumptions

In preparation of this report we have assumed the accuracy and completeness of the Register searches and other information sourced in relation to the tenements.

Please do not hesitate to contact us should you require further information or clarification on any aspect of this report.

Yours faithfully

April French LLB Lawyer

AUSTWIDE LEGAL PTYLTD

SRK Consulting Client Distribution Record

SRK Report Client Distribution Record

Project Number: VIM002

Report Title: Independent Specialist Report relating to the mineral assets of Vimy

Resources Limited

Date Issued: 16/12/2016

Name/Title	Company	
Adam Myers	BDO	
Ron Chamberlain	Vimy Resources Limited	

Rev No.	Date	Revised By	Revision Details
0	14/11/2016	Matthew Greentree	Draft Report
1	18/11/2016	Matthew Greentree	Final Report
2	25/11/2016	Matthew Greentree	Final Report (revised)
3	29/11/2016	Matthew Greentree	Final Report (revised)
4	5/12/2016	Matthew Greentree	Final Report (revised)
5	12/12/2016	Matthew Greentree	Final Report (revised)
6	13/12/2016	Matthew Greentree	Final Report (revised)
7	15/12/2016	Matthew Greentree	Final Report (revised)
8	16/12/2016	Matthew Greentree	Final Report (revised)

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