



# Quarterly Activities Report

September 2017



## Highlights - “Moving to the go line”

- **Major Ore Reserves upgrade: 36% increase to Ore Reserves, now at 42.3Mlbs U<sub>3</sub>O<sub>8</sub> from 22.7Mt at 845ppm U<sub>3</sub>O<sub>8</sub>**
- **Significant Mineral Resource upgrade: 17% increase to global Mineral Resource, now at 90.1Mlbs U<sub>3</sub>O<sub>8</sub> being 71.2Mt at 570ppm U<sub>3</sub>O<sub>8</sub>**
- **Mineral Resource and Ore Reserves updates significantly improve Project economics**
- **High-grade at Mulga Rock East comprises 25Mlbs at 1,500ppm U<sub>3</sub>O<sub>8</sub>**
- **Successful placement of \$6 million to new institutional and sophisticated investors**
- **Vimy’s high quality product confirmed by all three Western uranium conversion facilities (Cameco, Areva and ConverDyn)**

Vimy Resources Limited (“Vimy” or “the Company”; ASX:VMY) is pleased to provide its Quarterly Activities Report for the period ended 30 September 2017.

Managing Director and CEO Mike Young commented: *“The Vimy team members all have their heads down working hard to deliver the Definitive Feasibility Study in late November.*

*“The resource and reserve upgrades announced during the Quarter greatly improve the economics of the Project. Pleasingly, the uranium price sensitivity analysis showed robust economics as the Project is relatively unaffected by changes to the uranium price.*

*“As I’ve said before, the Mulga Rock Project is a world-class deposit and I expect the DFS to demonstrate that categorically.”*

### Major Ore Reserve Update at Mulga Rock – now 42.3Mlbs U<sub>3</sub>O<sub>8</sub>

The Company announced a major Ore Reserves upgrade at the Mulga Rock Project on 4 September 2017. The update comprises 22.7Mt at 845ppm U<sub>3</sub>O<sub>8</sub> for a total metal content of 42.3Mlb (19,185t) of U<sub>3</sub>O<sub>8</sub>. This Ore Reserve was derived from the upgraded global Mineral Resource of 71.2Mt at 570ppm for total contained metal content of 90.1Mlbs U<sub>3</sub>O<sub>8</sub>, as announced on 12 July 2017.

Optimised pits designs, which form the basis of the mine design for the DFS, are based on the entire Mineral Resource for the Mulga Rock Project, which was also significantly upgraded during the Quarter (see details below).

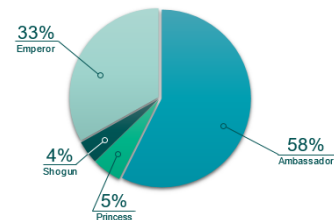
### Ore Reserves



Higher grade Resource within AMBASSADOR contains 25Mlbs @ 0.15% U<sub>3</sub>O<sub>8</sub>



63% of Global Resource in Mulga Rock East - focus of initial mine development



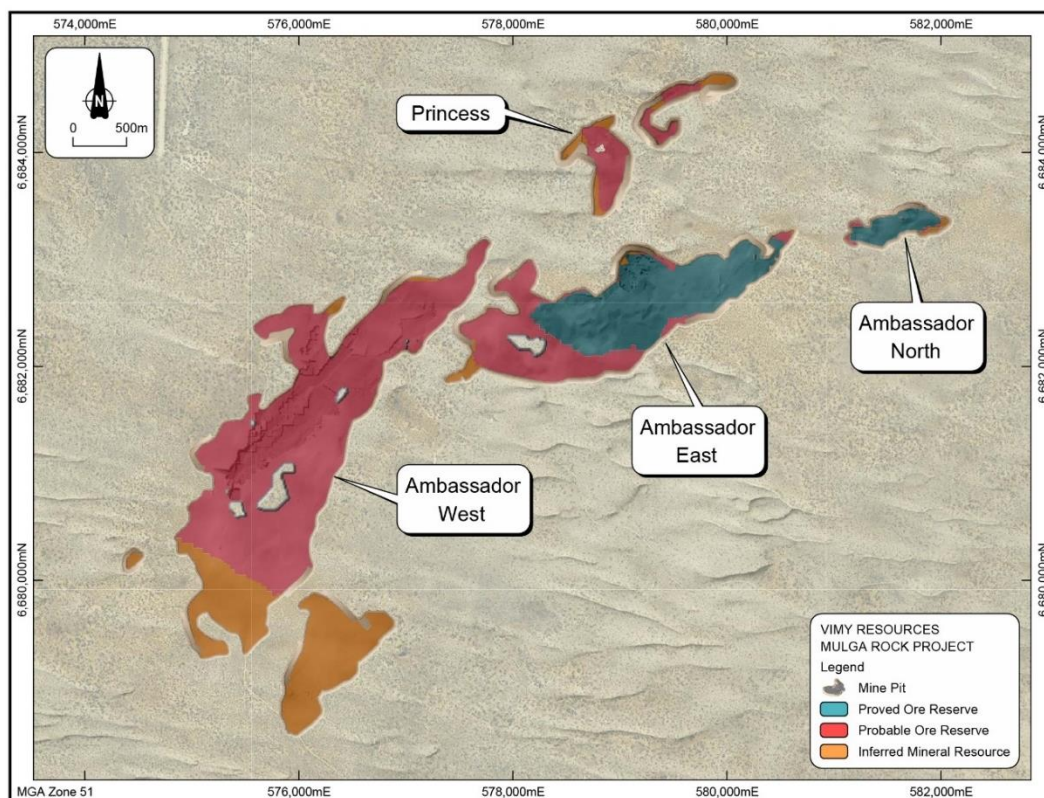
**STATE & FEDERAL MINISTERIAL APPROVALS**

The contained metal within the optimised pit designs for Princess, Ambassador and Shogun consists of 85% Ore Reserves and more than 90% Ore Reserves in the first ten years of production. In addition to the Ore Reserves, there is 7.3Mlbs from 6.5Mt at 505ppm U<sub>3</sub>O<sub>8</sub> of inferred resource inside the optimised pit designs.

Detailed mine planning and scheduling was completed using the optimised pit designs and was independently reviewed by Mining Plus. For planning and design purposes, the optimised pits and subsequent pit designs are derived using all available Mineral Resources, including Inferred material. The material in Inferred Resource does not contribute materially to the first 10 years of the mine schedule as ore to be mined between Years 1 to 10 comprises over 90% Ore Reserves. Overall, the optimised pit designs for Princess, Ambassador and Shogun contain 85% of Proved and Probable Ore Reserves. There was a 98% conversion of Measured resources into Proved Ore Reserves, and 91% conversion of Indicated material into Probable Ore Reserves.

The mining schedule anticipates mining the northern satellite pit at Ambassador first to create a sterilised void for an in-pit tailings disposal facility at commencement of operations. Sequencing of the remaining pits is dependent on uranium grade, mining methodology and equipment utilisation. There is sufficient mineral inventory within the Ore Reserves pit designs to support 13 years of operation.

Figure 1 shows the optimised pit designs for the Ambassador and Princess deposits, and demonstrates the predominance of the Ore Reserves within the pit designs.



**Figure 1: Plan view of the Ambassador and Princess optimised pit designs and Ore Reserves classification**

The Ore Reserves (Table 1) are derived from, and are a sub-set of, the Mulga Rock Mineral Resource (Table 2) as released to the ASX on 12 July 2017. The modifying factors for the Ore Reserves update are based on the results of ongoing work as part of the DFS currently nearing completion, and the previous Ore Reserves update released to the ASX on 16 November 2016.

**Table 1: Mulga Rock Project Ore Reserves, August 2017**

Deposit / Resource	Classification	Cut-off Grade (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (Mt) <sup>1,2</sup>	U <sub>3</sub> O <sub>8</sub> (ppm) <sup>3</sup>	U <sub>3</sub> O <sub>8</sub> (Mlbs) <sup>4</sup>
<b>Mulga Rock East</b>					
Ambassador	Proved	150	5.3	1,055	12.3
Ambassador	Probable	150	14.1	775	24.0
Princess	Probable	150	1.7	870	3.3
<b>Sub-total</b>			<b>21.1</b>	<b>850</b>	<b>39.6</b>
<b>Mulga Rock West</b>					
Shogun	Probable	150	1.6	760	2.7
<b>Sub-total</b>			<b>1.6</b>	<b>760</b>	<b>2.7</b>
<b>Total Reserves</b>			<b>22.7</b>	<b>845</b>	<b>42.3</b>

1. Tonnages and grades are reported including mining dilution.
2. t = metric dry tonnes; appropriate rounding has been applied and rounding errors may occur.
3. Using cut combined U<sub>3</sub>O<sub>8</sub> composites (combined chemical and radiometric grades).
4. Metallurgical plant recovery factors are not applied to Total Metal content.

The information in Table 1 above is extracted from ASX announcement entitled “Major Ore Reserve Update – Moving to the go line” released on 4 September 2017 and available to download from [asx.com.au](http://asx.com.au) ASX:VMY. The Company is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

### Significant upgrade in Uranium Resource at Mulga Rock – now 90.1Mlbs U<sub>3</sub>O<sub>8</sub>

On 12 July 2017, the Company announced that the global Mineral Resource at the Mulga Rock Project had increased by 17% to 71.2Mt at 570ppm U<sub>3</sub>O<sub>8</sub> for 90.1Mlbs U<sub>3</sub>O<sub>8</sub> compared to the November 2016 estimate of 76.8Mlb U<sub>3</sub>O<sub>8</sub>. Significantly, there is a 90% conversion of Indicated and Measured resources to Proved and Probable Ore Reserves.

**Table 2: Mulga Rock Project Mineral Resource, July 2017<sup>1,2</sup>**

Deposit / Resource	Classification	Cut-off Grade (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (Mt) <sup>1</sup>	U <sub>3</sub> O <sub>8</sub> (ppm) <sup>2</sup>	U <sub>3</sub> O <sub>8</sub> (Mlbs)
<b>Mulga Rock East</b>					
Ambassador	Measured	150	5.2	1,100	12.6
Ambassador	Indicated	150	14.8	800	26.0
Ambassador	Inferred	150	14.2	420	13.1
Princess	Indicated	150	2.0	820	3.6
Princess	Inferred	150	1.3	420	1.2
<b>Sub-total</b>			<b>37.4</b>	<b>680</b>	<b>56.4</b>
<b>Mulga Rock West</b>					
Emperor	Inferred	150	30.8	440	29.8
Shogun	Indicated	150	2.2	680	3.2
Shogun	Inferred	150	0.9	290	0.6
<b>Sub-total</b>			<b>33.8</b>	<b>450</b>	<b>33.6</b>
<b>Total Resource</b>			<b>71.2</b>	<b>570</b>	<b>90.1</b>

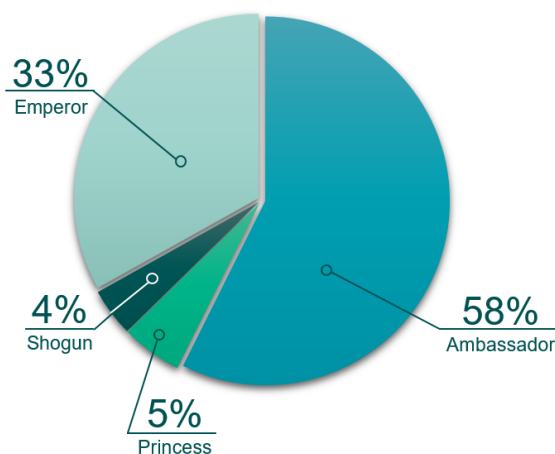
1. t = metric dry tonnes; Appropriate rounding has been applied, and rounding errors may occur.
2. Using cut combined U<sub>3</sub>O<sub>8</sub> composites (combined chemical and radiometric grades).

The information in Table 2 above is extracted from ASX announcement entitled “*Significant Resource Update – Mulga Rock Cracks 90Mlbs*” released on 12 July 2017 and available to download from [asx.com.au](http://asx.com.au) ASX:VMY. The Company is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

## Mulga Rock East

The Mulga Rock East mining centre, comprising the Princess and Ambassador deposits, represents 63% of the global resource and will be the focus of initial mine development. The Mineral Resource at Mulga Rock East has increased by 30% for a total of 56.4Mlb U<sub>3</sub>O<sub>8</sub> at 670ppm U<sub>3</sub>O<sub>8</sub> compared to the November 2016 estimate. There is a high-grade component within the Ambassador deposit containing 25Mlb at an average uranium grade of 0.15% U<sub>3</sub>O<sub>8</sub>, with 91% of that in Measured and Indicated status.

Higher grade zones within Ambassador comprise 25Mlb at 0.15% (1,500ppm) U<sub>3</sub>O<sub>8</sub>. In mining studies currently underway, it is evident that early mining of much of this high-grade zone will provide significantly improved economics, compared to the PFS, released in November 2015, and underpin the initial project payback period.



**Figure 2: 2017 Mulga Rock Project Mineral Resource – Contained Metal by Deposit**

## Uranium Price Sensitivity

The optimised pit designs for the Ore Reserves estimate remained economic under a broad range of uranium prices both at current term prices and expected future incentive prices. For example, the weighted average price of term contracts for uranium purchased by owners and operators of US civilian nuclear power reactors in 2016 was US\$46.11/lb U<sub>3</sub>O<sub>8</sub> equivalent and therefore Vimy considers that the pit design price ranges are appropriate.

The Ore Reserves update was based on optimised pit shells derived at US\$55/lb U<sub>3</sub>O<sub>8</sub> (previously US\$75/lb U<sub>3</sub>O<sub>8</sub>). Despite a US\$20/lb reduction in the uranium price, the Ore Reserves increased by 36% in contained metal and is a direct result of the significant mineral resource update announced in July 2017. This highlights the relative insensitivity that the Mulga Rock Project has to the uranium price.

Figure 3 shows the pit shells for Princess and Ambassador for a range of uranium prices between US\$45 to US\$65/lb U<sub>3</sub>O<sub>8</sub>. The optimised pit designs are economically robust with only 7% of the Ore Reserves laying outside the optimised pit designs at a uranium contract price of US\$45/lb U<sub>3</sub>O<sub>8</sub>. There is virtually no change to the width or depth of the Ambassador pit between US\$45 to US\$65/lb U<sub>3</sub>O<sub>8</sub>. At lower uranium prices, the southern end of Ambassador becomes less economic due to increasing overburden depth. This is important for the Mulga Rock Project as the mine design will not change to any great extent irrespective of uranium contract price above US\$45/lb.

The Ore Reserves remain cashflow positive above a uranium price of US\$25/lb U<sub>3</sub>O<sub>8</sub>.



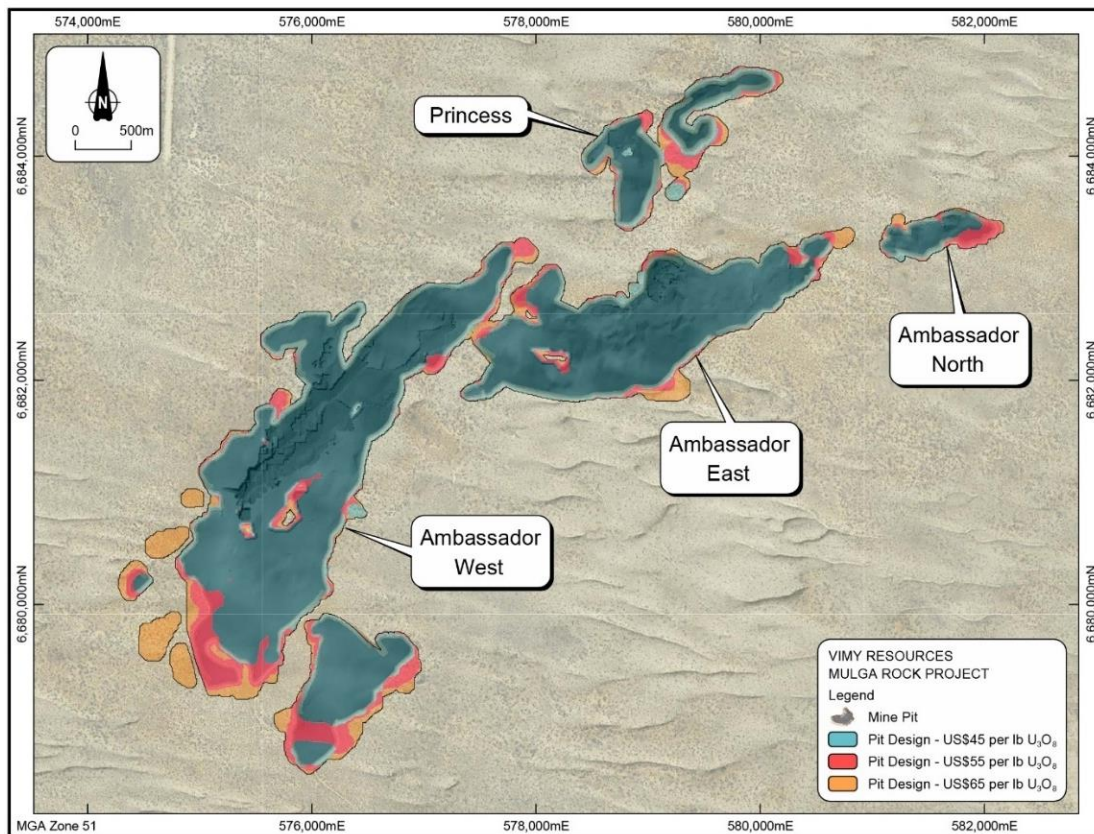


Figure 3: Change in pit shell boundary with varying long-term uranium price

### Completion of \$6M Placement

On 31 July 2017, the Company announced that it had received commitments from new institutional and sophisticated investors to raise \$6 million in new funds at \$0.14 per share.

Morgans Corporate Limited acted as lead manager and bookrunner to the Placement which was heavily oversubscribed.

At completion of the Placement on 4 August 2017, the Company issued 43 million fully paid ordinary shares at an issue price of \$0.14 per share, representing approximately 13.5% of the shares on issue.

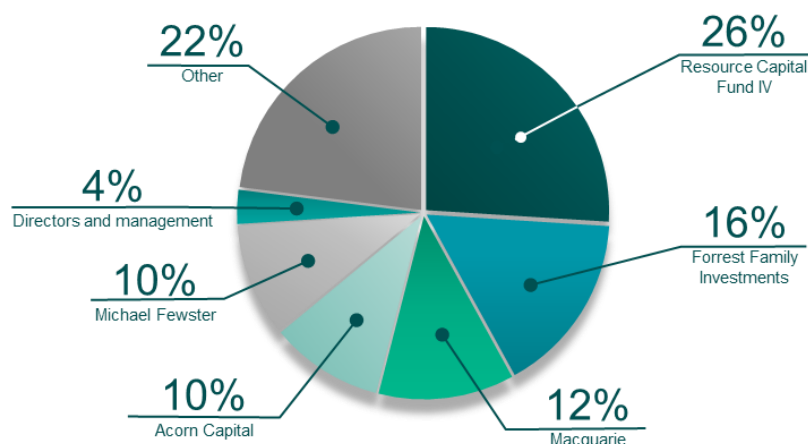


Figure 4: Capital structure at completion of the Placement

## Converters confirm high-quality product from Vimy's Mulga Rock Project

On 6 September 2017, the Company announced that it had received all results from testing of the Uranium Ore Concentrate (UOC) product samples dispatched to three international commercial converters, confirming the high-quality product from the Mulga Rock Project.

The samples were dispatched to Cameco Corporation in Canada, New Areva in France and ConverDyn in the USA for testing and quality assurance purposes. They were produced during 2016 from Vimy's pilot plant as part of the Definitive Feasibility Study, the ore feed having been extracted as part of the geotechnical investigation trenches (*ASX Announcement 14 June 2016*).

Testing of Vimy's proposed product by converters is an essential part of the quality assurance that nuclear utilities require before entering into long-term offtake agreements.

Vimy also opened accounts with all three converters, which is another important step to enable interaction with utility customers.

## Tenements

### Tenement details as at 30 September 2017

Tenement	Nature of Interest	Mineral Field	Interest at Beginning of Quarter	Interest at End of Quarter
M39/1104	Granted	Mt Margaret	100%	100%
M39/1105	Granted	Mt Margaret	100%	100%
E39/876	Granted	Mt Margaret	100%	100%
E39/877	Granted	Mt Margaret	100%	100%
E39/1148	Granted	Mt Margaret	100%	100%
E39/1149	Granted	Mt Margaret	100%	100%
E39/1150	Granted	Mt Margaret	100%	100%
E39/1551	Granted	Mt Margaret	100%	100%
E39/1683	Granted	Mt Margaret	100%	100%
E39/1902	Granted	Mt Margaret	100%	100%
E39/1953	Granted	Mt Margaret	0%	100%
P39/4878	Amalgamated	Mt Margaret	100%	0%
P39/4879	Amalgamated	Mt Margaret	100%	0%
P39/4880	Amalgamated	Mt Margaret	100%	0%
P39/4881	Amalgamated	Mt Margaret	100%	0%
P39/4882	Amalgamated	Mt Margaret	100%	0%
L39/193	Granted	Mt Margaret	100%	100%
L39/219	Granted	Mt Margaret	100%	100%
L39/239	Granted	Mt Margaret	100%	100%
L39/240	Granted	Mt Margaret	100%	100%
L39/241	Granted	Mt Margaret	100%	100%
L39/242	Granted	Mt Margaret	100%	100%
L39/252	Granted	Mt Margaret	100%	100%
L39/253	Granted	Mt Margaret	100%	100%
L39/254	Granted	Mt Margaret	100%	100%

## Ongoing activities

The main focus of the Company during the December Quarter is completing the DFS, followed by a release to the ASX in late November. Very few work streams are still ongoing as the team finalises the collation, drafting and writing process.

The DFS will be the focus of our marketing during December and early 2018 as we roll out the results to capital markets, power utilities, and strategic investors.

Vimy is a uranium company focussed on development and growth. To this end, as well as progressing the Mulga Rock Project, the Company will evaluate acquisition opportunities both domestically and overseas.

## Expenditure

Exploration and evaluation expenditure for the 30 September 2017 Quarter was \$1,934,197, including allocation for staff costs.

This has reduced from the 30 June 2017 quarter spend of \$2,193,796 as the Project Definitive Feasibility Study comes to a conclusion.

## Corporate

### Appointment of Non-Executive Director

Subsequent to the end of the Quarter, the Company was pleased to welcome Dr Vanessa Guthrie as a new Non-Executive Director as the representative of Resource Capital Fund VI L.P. to the Board of Vimy on 6 October 2017.

Vanessa is a highly experienced mining executive with over thirty years' experience in the resources sector. Her background includes an extensive focus on uranium having served as Managing Director and CEO of uranium developer Toro Energy Limited and VP Sustainable Development at Woodside Energy. She is currently Chair of the Minerals Council of Australia, Deputy Chair of the WACA, a non-executive Director of the Australian Broadcasting Corporation and Santos Limited, and a Council member of Curtin University.

### Change of Share Registry

On 22 September 2017, responsibility for the Company's share registry services was transferred to Computershare Investor Services Pty Ltd.

### Cash at Bank

Cash at the end of the 30 September 2017 Quarter amounted to \$9.9 million.

During the Quarter the Company received its research and development tax incentive claim for the 2017 financial year, amounting to \$2.3 million.



**Mike Young**

Managing Director and CEO

Tel: +61 8 9389 2700

26 October 2017



## About Vimy Resources

Vimy Resources Limited (ASX: VMY) is a Perth-based resource development company. Vimy's primary focus is the development of the Mulga Rock Project, one of Australia's largest undeveloped uranium resources which is located 240km ENE of Kalgoorlie in the Great Victoria Desert of Western Australia.

Vimy harnesses science and technology to maintain the environment.

### Directors and Management

The Hon. Cheryl Edwardes AM  
Chairman

Mike Young  
CEO and Managing Director

Julian Tapp  
Executive Director

David Cornell  
Non-Executive Director

Mal James  
Non-Executive Director

Andy Haslam  
Non-Executive Director

Dr Vanessa Guthrie  
Non-Executive Director

Ron Chamberlain  
Chief Financial Officer and Company Secretary

Tony Chamberlain  
Chief Operating Officer

Xavier Moreau  
General Manager, Geology and Exploration

For a comprehensive view of information that has been lodged on the ASX online lodgement system and the Company website please visit [asx.com.au](http://asx.com.au) and [vimyresources.com.au](http://vimyresources.com.au) respectively.

#### Principal Place of Business

Ground Floor  
10 Richardson Street  
West Perth WA 6005

Postal Address:  
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West Perth WA 6872

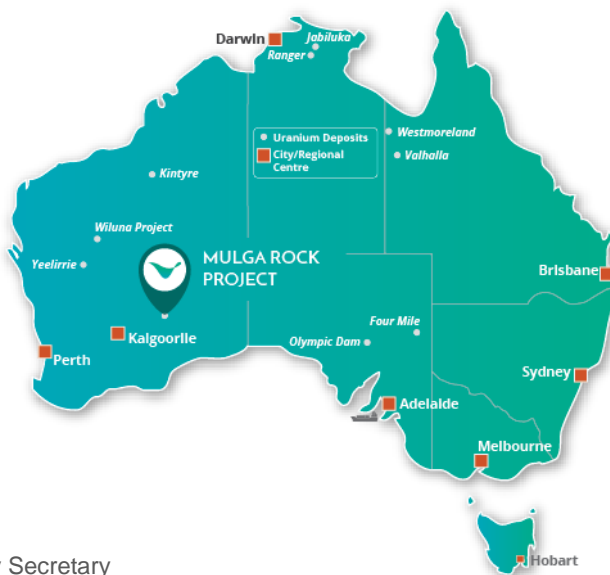
T: +61 8 9389 2700  
F: +61 8 9389 2722  
E: [info@vimyresources.com.au](mailto:info@vimyresources.com.au)

ABN: 56 120 178 949

#### Share Registry

Computershare Investor Services

T: 1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)  
F: 61 3 9473 2500  
W: [www.computershare.com](http://www.computershare.com)  
E: [www.investorcentre.com/contact](http://www.investorcentre.com/contact)



THE MULGA ROCK PROJECT  
CONTAINS A RESOURCE OF



U<sub>3</sub>O<sub>8</sub>



The creation of approximately  
**490 new jobs**  
IN WESTERN AUSTRALIA

Royalty and payroll tax  
payments of around

**A\$19m**

PER YEAR TO THE  
STATE GOVERNMENT

The amount of uranium produced  
if used in nuclear power plants to  
displace coal fired electricity would  
offset more than



**70 million tonnes**  
of carbon dioxide equivalent  
emissions which is  
**around 13%**

of Australia's total greenhouse  
gas emissions.



**STATE & FEDERAL  
MINISTERIAL  
APPROVALS**