

ASX Announcement

20 May 2015

Vimy Announces \$30M Funding Package with Resource Capital Fund VI

Highlights

- Vimy to raise \$5 million through a placement of 16.67 million shares to Resource Capital Fund VI L.P. at 30 cents/share
- The \$5 million will be used to complete the Pre-Feasibility Study on the Mulga Rock Uranium Project
- Vimy and RCF have agreed in-principle terms for additional funding of \$25 million
- The total \$30 million package, if completed, is expected to fund Vimy through to project financing of the Mulga Rock Uranium Project

Vimy Resources Limited (ASX: VMY) ("**Vimy**" or the "**Company**") is pleased to advise mining focused private equity fund, Resource Capital Fund VI L.P. ("**RCF**") has agreed to subscribe \$5 million in equity through a share placement ("**Placement**"), and has conditionally offered to provide an additional \$25 million of funding in the form of a royalty and bridging loan.

Placement

The Placement will be undertaken at 30 cents per share ("**Issue Price**") and comprise the issue of 16,666,667 fully paid ordinary shares ("**Shares**"), together with the issue of an additional 1,500,000 Shares to RCF in satisfaction of the up-front fee ("**Up-front Fee**") associated with the overall \$30 million funding package being offered by RCF ("**Funding Package**").

The \$5 million proceeds from the Placement are expected to allow the Company to complete the pre-feasibility study on its 100% owned Mulga Rock Uranium Project ("**MRUP**") northeast of Kalgoorlie in Western Australia ("**Pre-Feasibility Study**"). The Pre-Feasibility Study is expected to be delivered in Q3 2015.

The 30 cents Issue Price represents a 14% discount to the 30 day volume weighted average closing price of \$0.35 prior to the issue date. Following the Placement and payment of the Up-front Fee, RCF will hold 7.98% of the Company's issued capital.

In connection with the Placement, and in anticipation of the remaining elements of the Funding Package (discussed below), Vimy has given RCF the right to nominate a director to the Vimy board. RCF's board representation right only becomes available upon RCF (i) having provided total dollars of greater than A\$10 million as contemplated in the Funding Package or (ii) holding 10% or more of all Shares as described in the application form. RCF will cease to be entitled to board representation on the later of 31 March 2018 and RCF ceasing to hold a 10% interest in Shares.

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Additional funding

Vimy has accepted RCF's in-principle offer of additional funding of \$25 million, comprising:

- \$10 million cash in exchange for a 1.15% royalty on all revenue from the MRUP ("**Royalty**"); and
- a \$15 million, unsecured bridging loan with a 31 March 2017 repayment date (subject to the occurrence of accelerated repayment events) ("**Bridging Loan**").

The Bridging Loan will contemplate payment of interest at customary rates for facilities of this nature, with rate incentives for early and on-time interest payments. Vimy may elect to make interest payments in cash or in Shares (the latter calculated by reference to a 20 day VWAP). Certain acceleration events will trigger a higher interest rate, in which circumstances RCF may require interest payments to be made in Shares at the Issue Price.

The provision of this additional funding in the form of the Royalty and the Bridging Loan by RCF is subject to completion of formal documentation and customary conditions precedent, including satisfactory completion of further, confirmatory due diligence by RCF, receipt by RCF of final Investment Committee approval and (if necessary) FIRB approval. Whilst the Company expects to complete documentation for the Royalty and the Bridging Loan in the near future and is not aware of any reason why the conditions precedent to draw down would not be satisfied, investors should proceed on the basis that the Royalty and the Bridging Loan (and the funding associated with them) has not been finalised and therefore remain uncertain.

Progression of MRUP

The Funding Package, if completed, is expected to fund the Company through to project financing for the MRUP.

RCF is a specialist resources and mining private equity investor with a proven track record of supporting emerging resources companies. Its investment is a further endorsement of the quality and potential of the MRUP.

Vimy's CEO and Managing Director, Mike Young, said:

"We are very happy to have RCF's support for the Mulga Rock Uranium Project. The recently released Scoping Study confirmed our belief that we have one of Australia's best undeveloped uranium projects, viable at today's long term pricing."

"RCF's funding package will provide the funds we need to complete our studies and secure project financing for the MRUP."

RCF's investment closely follows the completion of the Mulga Rock Scoping Study (as released to the ASX on 6 May 2015), which indicates that the project is economic at current long-term contract prices for uranium. Results of the Scoping Study will be incorporated into the Pre-Feasibility Study.

Highlights of the Scoping Study include:

Attractive deposit with sufficient scale and long mine life

- MRUP is the third largest undeveloped uranium deposit in Australia
- Total resource estimate of 59.7Mt at 550ppm U₃O₈ for a contained 72.7Mlbs U₃O₈
- Life of Mine (**LoM**) of 16 years with an estimated total production of 47.0Mlbs U₃O₈
- 70% of the uranium mining inventory for first 7 years is from Indicated Resources

Low cash cost, robust financials

- C1 cost in years 1 to 7 of US\$25/lb U₃O₈ including by-product credits of US\$4.19/lb U₃O₈
- C1 cost for LoM of US\$29/lb U₃O₈ including by-product credits of US\$2.26/lb U₃O₈
- MRUP will generate an average annual EBITDA of A\$161 million at US\$75/lb U₃O₈ price
- Robust pre-tax NPV₁₀ of A\$764M with a 39% IRR and a 2.6 year payback
- Breakeven price US\$46/lb U₃O₈ including capital payback (@10% discount rate)

Low risk and low cost mining process

- Simple open-pit mining operation up to a maximum depth of 74 metres
- Process plant to use low-cost acid leaching and resin-in-pulp
- MRUP environmental approvals and permitting are well advanced
- A number of opportunities have been identified to further reduce operating and capital costs, which will be incorporated into the Pre-Feasibility Study currently underway



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The Company confirms that all the material assumptions underpinning the information in its release of 6 May 2015 continue to apply and have not materially changed.

The Resource Estimate referred to above was announced to the market by the Company on 20 April 2015. The Company is not aware of any new information, or data, that affects the information in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

About RCF

Resource Capital Funds ("RCF" or the "Funds") are private equity funds with mandates to make investments exclusively in the mining sector across a diversified range of hard mineral commodities and geographic regions. The Funds are managed by RCF Management L.L.C. which has its principal office in Denver and additional offices in Perth, New York (Long Island), and Toronto. RCF pioneered the concept of mining-focused private equity funds and strives to produce superior returns to its investors, portfolio companies, and fellow equity investors. Since inception, RCF has supported 135 mining companies (and several mining-services companies) involving projects located in 44 countries and relating to 29 commodities.

RCF is currently investing its sixth fund, Resource Capital Fund VI L.P., with committed capital of \$2.04 billion and currently manages three other active private equity funds, Resource Capital Fund V L.P., Resource Capital Fund IV L.P. and Resource Capital Fund III L.P. The Funds' committed capital is sourced primarily from US-based institutional investors. Further information about Resource Capital Funds can be found on its website resourcecapitalfunds.com.

RCF has experience in building management teams specifically suited to develop and/or operate assets and has the resources and networks to draw upon to source top talent from around the world. In addition to providing financing, RCF has the in-house technical and financial expertise to actively guide a mining company's management team through the process of raising capital in the public equity and project financing markets. RCF's management team consists of individuals with extensive commercial and technical experience in the mining industry.

About Vimy

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

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 and vimyresources.com.au respectively.

Directors and Management

The Hon. Cheryl Edwardes – Chairman
Mike Young – CEO and Managing Director
Julian Tapp – Executive Director
David Cornell – Non-Executive Director
Felicity Gooding – Non-Executive Director
Shane McBride – Chief Financial Officer and Company Secretary
Tony Chamberlain – Project Manager, Mulga Rock Project
Xavier Moreau – General Manager, Geology and Exploration

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