

Vimy Resources Limited  
Australian Uranium Conference – 15 July 2015

Mike Young, Managing Director and CEO



# ● ● Mulga Rock Uranium Project, Western Australia



## The second largest uranium deposit in Western Australia

- Large, low cost, long life asset
- 59.7 Mt @ 550ppm  $U_3O_8$  for 73 Mlb (32,800t)  $U_3O_8$ \*
- Clear cut geology, mining and metallurgy
- Targeting first production in 2018
- 16 year LOM with estimated total production 47 Mlb  $U_3O_8$
- PFS identifies upside risk on resource and LOM

## Targeting development in H2 CY16

- Pre-feasibility Study to be completed Q3 2015 with Feasibility Study to commence September 2015
- Investment decision and commencement of construction anticipated in 2H 2016
- State and Federal Government support for uranium mining and export including China and India
- Experienced management team with focus on production and development – *proven track record of building mines*

\* See appendix for full details of mineral resource estimate



# ● ● Corporate overview



## Capital structure <sup>1</sup>

Shares on issue <sup>1</sup>	227.7 million
Share price (14 July 15)	\$ 0.40
Market cap <sup>1</sup>	\$ 91 million
Cash <sup>1</sup>	\$ 8.9 million
Bank debt	\$ 0 million
Options (unlisted)	57 million @ 35c (June 2016)
	0.2 million @ 126c (Jan 2017)
	2.9 million @ 35c (June 2018)
	8.7 million @ 154c (Dec 2018)
	8.7 million @ 70c (Dec 2018)
	1.4 million @ 80c (Dec 2019)



## Board and technical team <sup>2</sup>

The Hon. Cheryl Edwardes	Non-Executive Chairman
Mike Young	CEO and Managing Director
Julian Tapp	Executive Director
David Cornell	Non-Executive Director
Aaron Hood	Non-Executive Director
Shane McBride	CFO and Company Secretary
Tony Chamberlain	Project Manager MRUP
Xavier Moreau	GM - Geology and Exploration

## Significant shareholders <sup>1</sup>

Forrest Family Investments	25%
Acorn Capital	21%
Macquarie	19%
Michael Fewster	16%
Resource Capital Funds VI <sup>1</sup>	8%
Directors	3.5%

<sup>1</sup> Includes issue of 18.2m shares to RCF associated on 21 May 2015.  
Cash is pro forma 31 March 2015 including \$5m RCF placement proceeds.

<sup>2</sup> RCF has a right to nominate a Director after providing >\$10m as contemplated in funding package or >10% of Vimy issued shares.



## ● ● Recent achievements



### Successful Mulga Rock Scoping Study

- Supports Vimy's view that the MRUP is Australia's best undeveloped uranium project
- Indicates that the project is economic at current long-term contract prices for uranium
- Simple mining process, production growth potential, resource growth potential

#### Key Financials - *see appendix for details*

Capex	A\$332m plus A\$46m pre-strip
C1 cost (first 7 years)	US\$25/lb U <sub>3</sub> O <sub>8</sub> *
C1 cost (LoM)	US\$29/lb U <sub>3</sub> O <sub>8</sub> *
Average annual EBITDA	A\$161m at US\$75/lb U <sub>3</sub> O <sub>8</sub> price
NPV (10% DCF)	A\$764m **
IRR	39% **
Payback from start of production	2.6 years

\* Including by-product credits    \*\* Inclusive of royalty, pre-tax

#### Financing – Resource Capital Fund

- A\$30 million funding package agreed with Resource Capital Fund VI
- Intended to fund Vimy through to project financing of Mulga Rock Uranium Project
- Initial A\$5 million via share placement for Mulga Rock Pre-Feasibility study with in-principle terms agreed for additional funding of \$25 million – *subject to remaining DD*



# ● ● Why Uranium?



## A paradigm shift is coming

- Global market balance switching to an overall shortage
  - > New reactors cause big increase in demand
  - > 3 years' supply to initially fill core + 1 year's stock in supply chain
- Increased demand mainly from China
  - > China expected to add **15 GW<sub>e</sub>** of capacity in 2015
  - > Around 12,000t of concentrate before reactors switched on



Growing demand



Cheapest form of electricity

## Uranium trading at 10 year lows – unsustainable

- Project delays and closures to create tightening supply
- Long term prices expected to be at least US\$75/lb
- Growing demand but slowing current investment

## Nuclear power

- A non-fossil fuel for base load power
  - > Easy to transport, no particulates, low-CO<sub>2</sub>
  - > Vimy U output = 50 Mt CO<sub>2</sub> abatement
- One of the cheapest forms of electricity

*"The uranium market balance is expected to tighten substantially due to a delay in the development of major uranium mining projects and the rise in China's nuclear capacity. China and India alone have a total of 267 reactors slated for construction over coming years."*

**Gary Gray MP**

## ● ● China in 20 years – assumptions

### China continues to grow albeit at a progressively slower rate

- Since the beginning of this century China's rate of growth has been around 10% pa
- It is expected to slow; averaging between 5% and 6% y-o-y over the next 20 years – economy will still treble in size
- By 2035 – average wealth as measured by GDP / capita will be approaching US\$30,000 per person

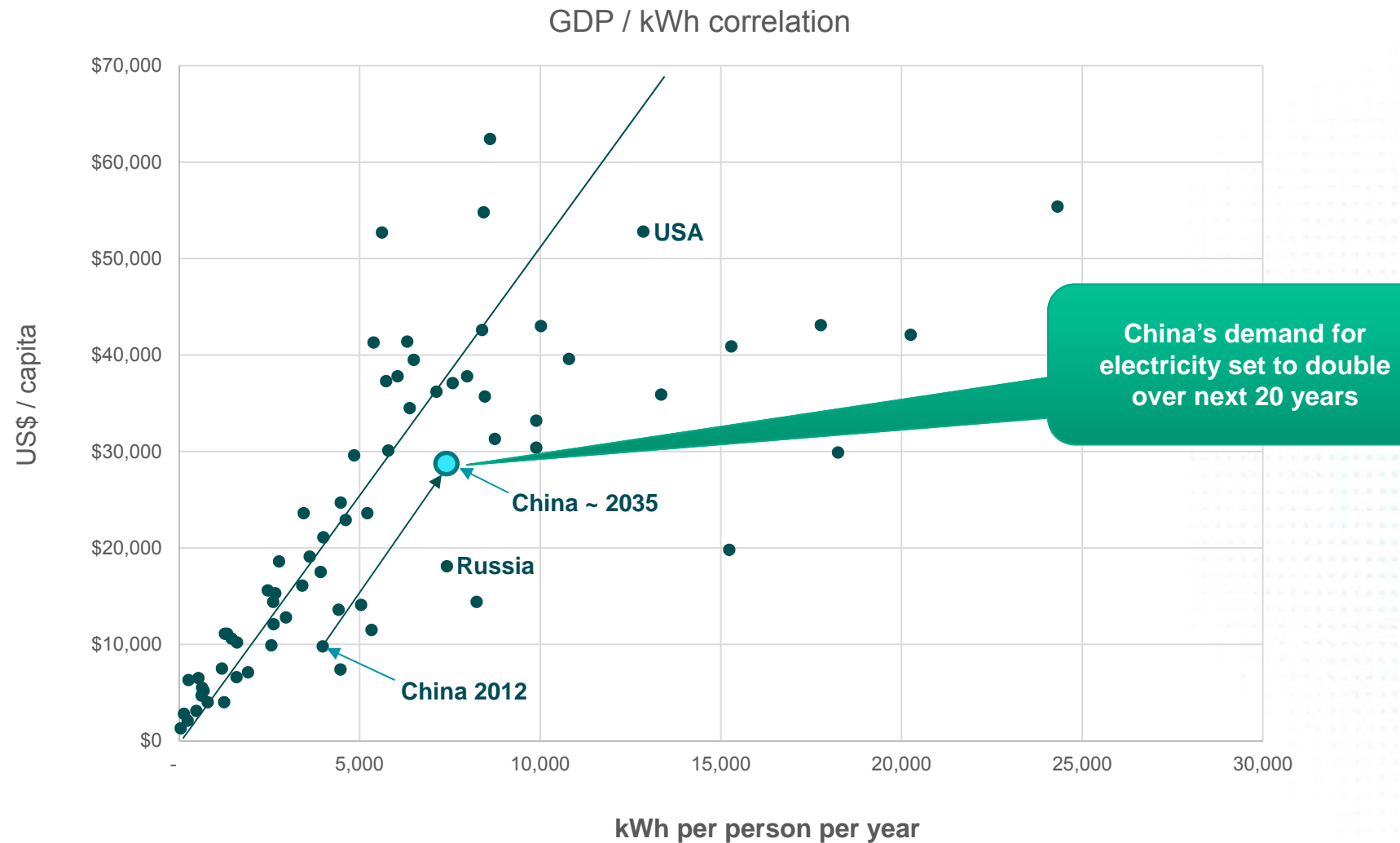
### China – other developments

- China's population reaches a peak at around 1.45 billion people
- Its economy becomes more oriented towards domestic consumers (slightly less energy intensive)
- Electricity consumption in line with level of wealth per person ~ 7,000kWh
- Current levels of generating efficiency would therefore require capacity > 2,500GW – ***roughly doubling***

Equivalent to  
a mid-ranking  
European  
economy –  
*increase  
electricity use*

Will require  
equivalent  
of > 1GW  
addition  
every week  
for next 20 years

## ● ● Electricity intensity – per capita GDP vs electricity use



Source: CIA World Fact Book; Vimy

## ● ● This decade – market balance view

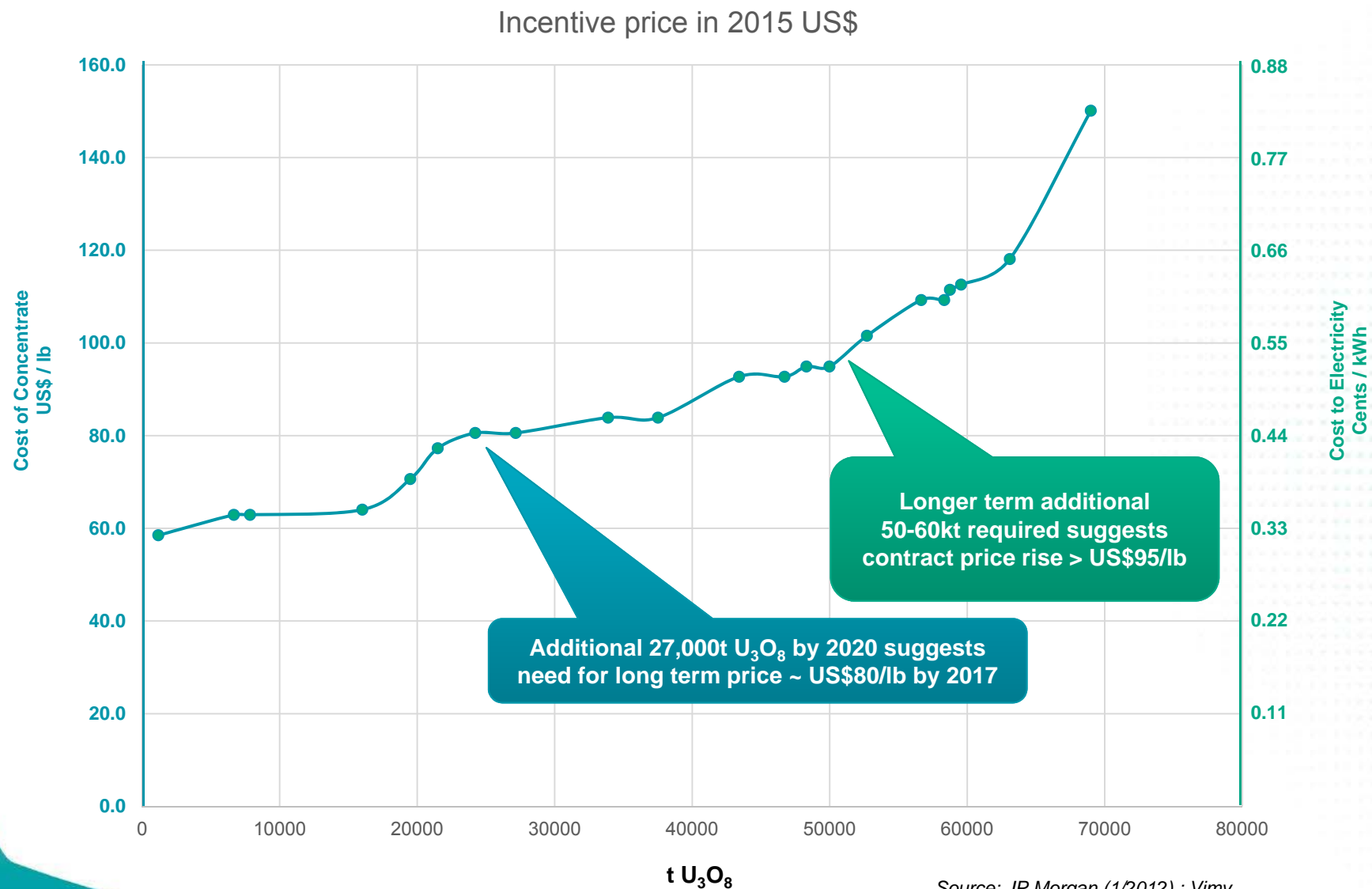
t U <sub>3</sub> O <sub>8</sub> 000s	Primary Supply	Russian HEU	Other Secondary	Reactor Demand	Core Fill	Balance
2011	64	11	8	-80	-2	+1
2012	68	11	8	-70	-7	+11
2013	71	11	8	-70	-9	+11
2014	68	0	12	-70	-11	0
2015	70	0	12	-71	-13	-2
2016	72	0	11	-77	-8	-2
2017	74	0	11	-81	-8	-5
2018	80	0	9	-85	-9	-5
2019	83	0	9	-91	-9	-8
2020	85	0	9	-92	-13	-11

Supply increases by around  
17,000t U<sub>3</sub>O<sub>8</sub> by 2020

Demand  
(Reactor Burn and Core fill)  
continually outstrips Supply



## ● ● Uranium incentive price chart

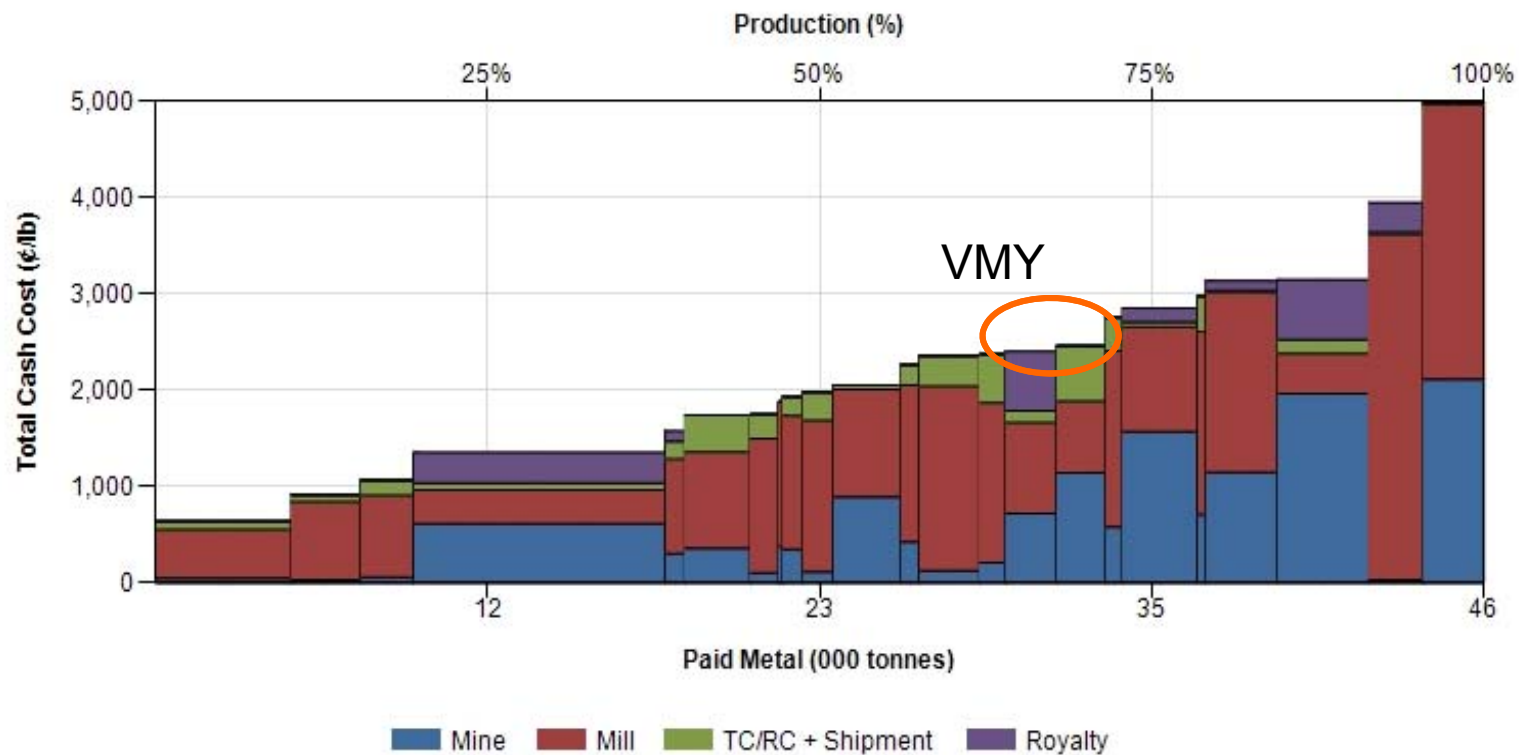


## ● ● Cash Cost Curve – SNL.COM

### SNL Mine Economics Cost Curve

#### Modeled Cost and Production

Period: 2015



## ● ● Pre-feasibility study and schedule

### Metallurgical test work – key breakthrough

- 8" DDH bulk sampling – Princess and Ambassador (completed)
- **Beneficiation work yields excellent results**
- Leach and U extraction test work (underway)
- Uranium and base metal recovery (underway)

### Environmental approvals

- Draft Public Environmental Review (**PER**) submitted June 2015
- PER approval expected mid-CY2016

### Feasibility study – 2H CY15 to 2H CY16

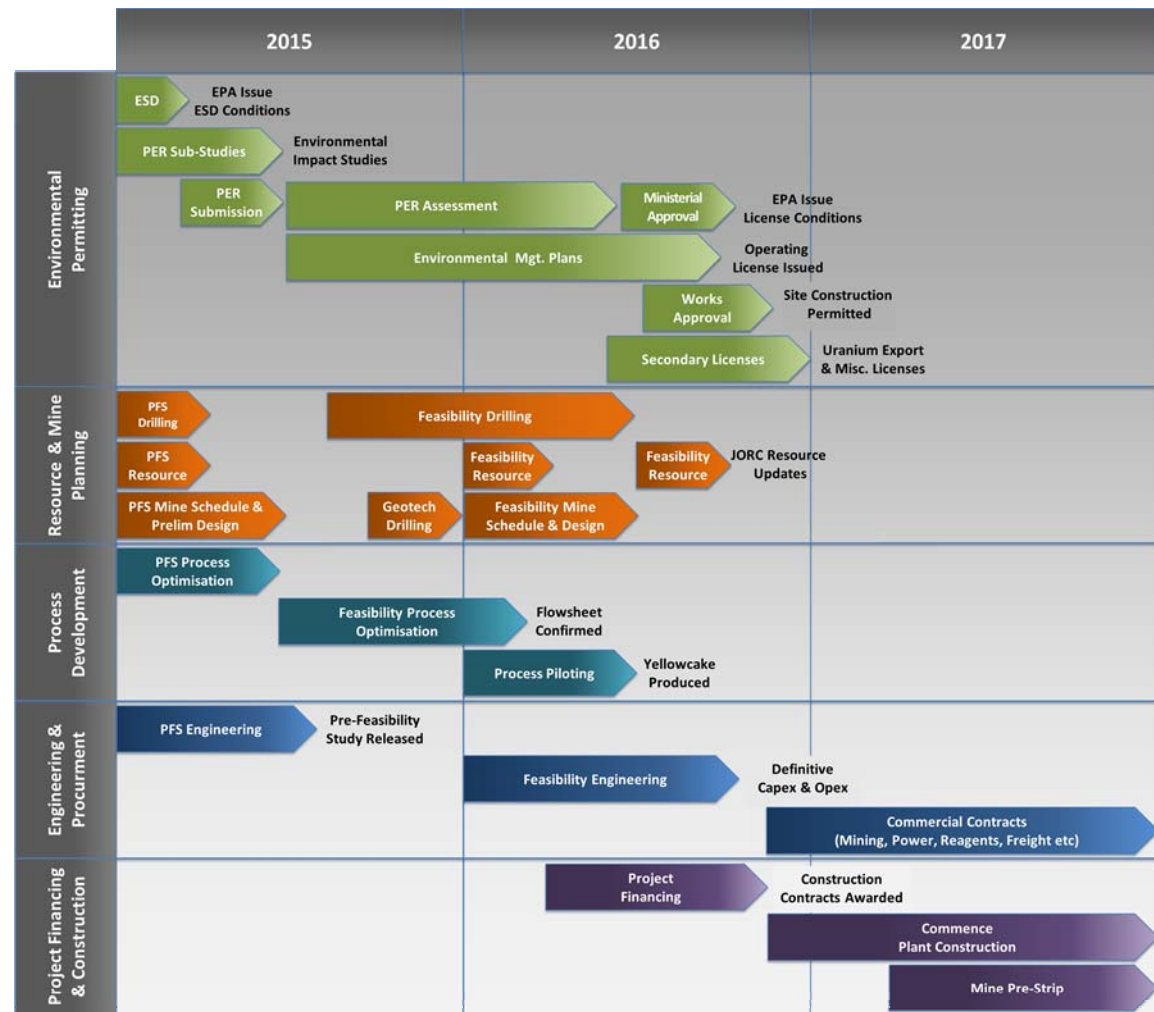
- Infill drilling, resource estimation, and mine optimisation and scheduling
- Geotechnical investigation trenches – geotec, hydrogeology, bulk sampling
- Recovery optimisation and pilot plant to confirm up-scaling of front-end processing
- Engineering studies and long lead items



## ● ● Pre-feasibility Study snapshot July 2015



- Mulga Rock – a significant deposit > 72.7Mlb  $U_3O_8$  (59.7Mt @ 550ppm  $U_3O_8$ )\*
- Vimy aims to produce >1,300 tpa  $U_3O_8$  for +15 years
- Capital and operating costs competitive and falling
- Considered possible to produce concentrate (and by-products) at low costs
- Could be under construction in 2H 2016 – *“First shovel in ground”*

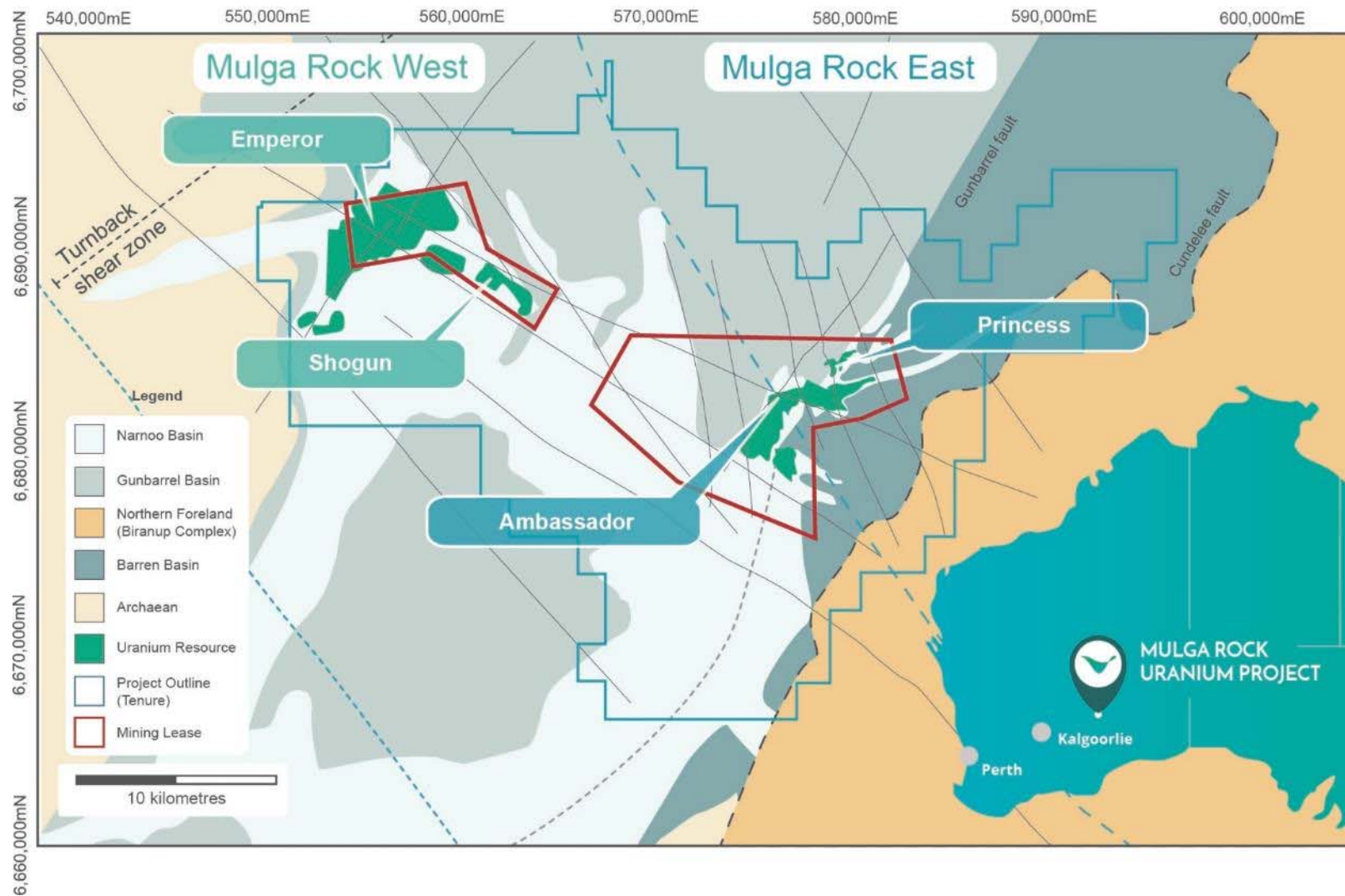


\* See appendix for full details of mineral resource estimate

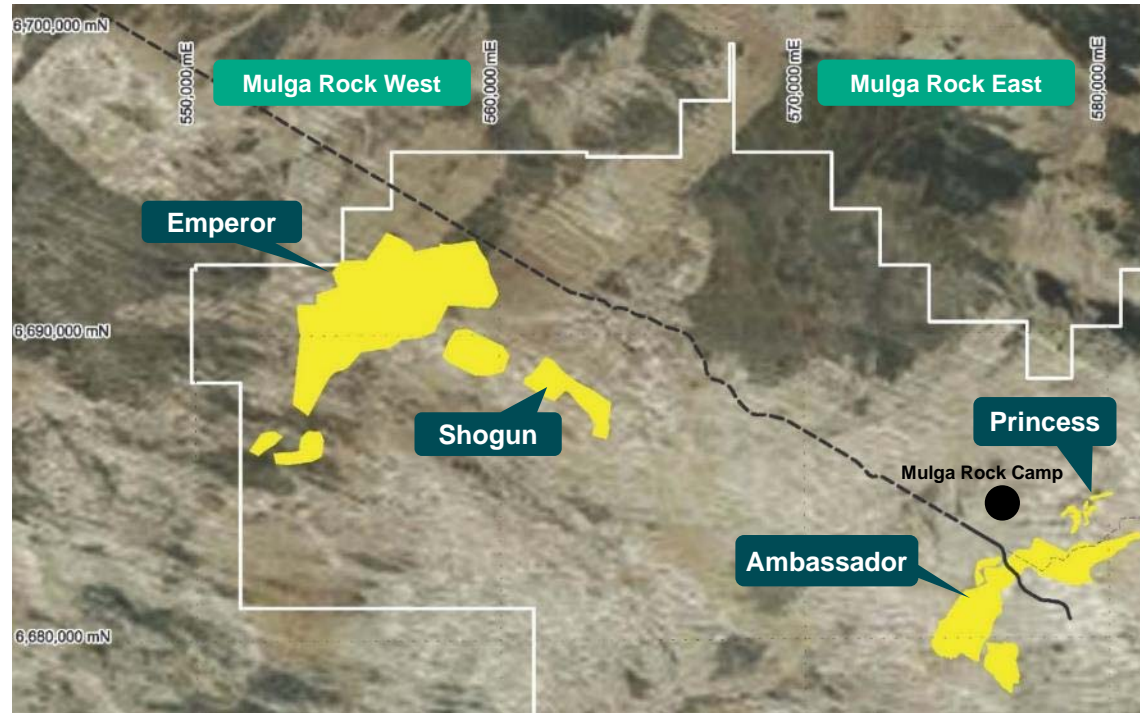


## ● ● Project plan of deposits

### ● Initial focus on Mulga Rock East



# ● ● Mulga Rock Uranium Project



- Remote, arid location with no local inhabitants +200km to nearest town
- Deposits covered by granted Mining Leases
- Access is via the Tropicana Mine Road – AngloGold Ashanti

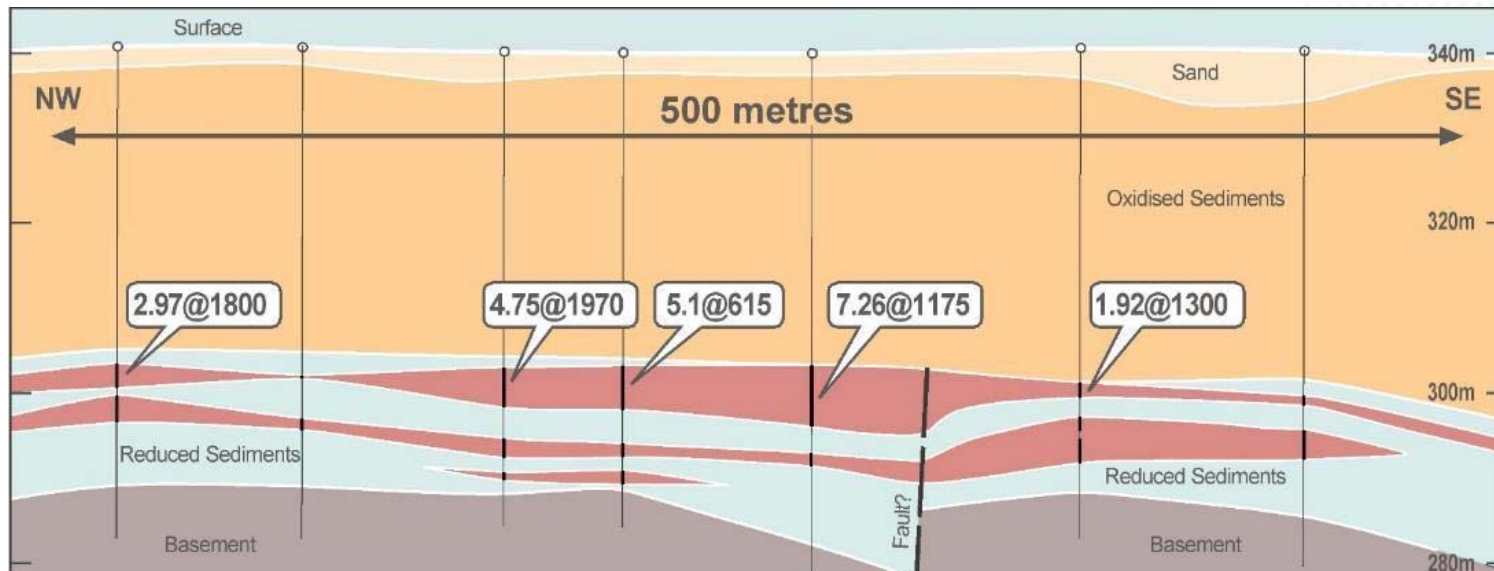


## ● ● Geology – flat and simple

- Hosted within deeply weathered sediments comprising:
  - > carbonaceous sandstone; silt; sandy lignites
- Mostly **Uraninite ( $\text{UO}_2$ )** associated with carbonaceous material – no complex silicate minerals
- Deep weathering = *soft friable rock*
- Deep pit voids to provide tailings disposal and waste dumps



Footprint of Ambassador on Perth



## ● ● Mining – open pit

- Recent in-fill drilling confirmed continuity and grade
- Japanese test pit at Shogun in 1980s shows clear demarcation between carbon-rich mineralisation and oxidised overburden
- Deep weathering allows for free dig mining methods
- PFS/DFS to explore bulk mining methods for overburden excavation using coal mining technology
- Strip mining allows waste dumping in pit voids



Test pit at Shogun dug by PNC in the 1980s

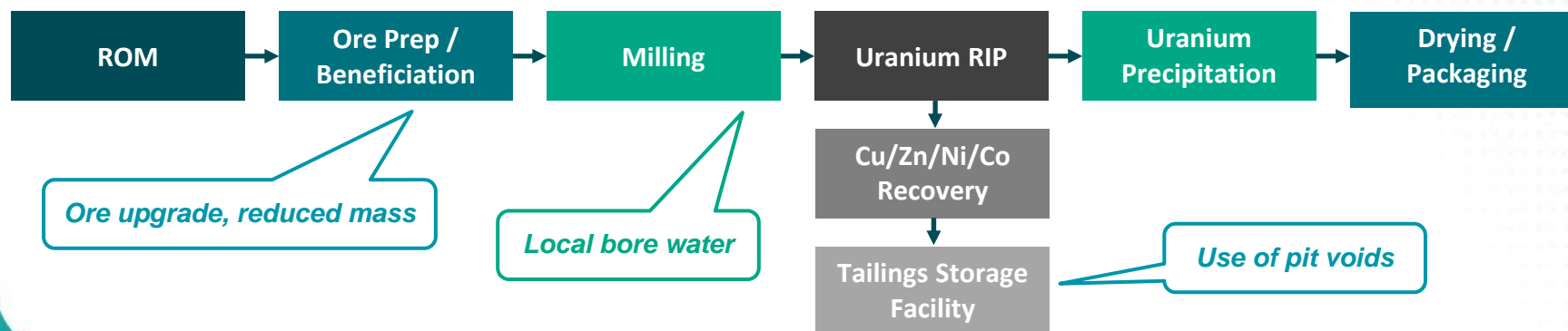


Close-up in test pit showing carbon-rich ore and free dig nature of material



## ● ● Simple metallurgy – acid leach and resin-in-pulp

- Beneficiation removes >65% of gangue prior to leach circuit
- Proposed flow-sheet developed – acid leach and RIP
- Acid leach uranium extraction
  - > *Acid leach = proven technology*
- Acid leach exhibits fast kinetics at ambient temperatures
  - > *Simple process and simple plant design*
- Resin-in-pulp best for use in carbonaceous ore
- Base metal recovery as mixed carbonates
  - > *By-product credits from Cu/Zn + Ni/Co*
- PFS test work for completion September 2015



## ● ● Simple metallurgy – myth busting

### ● Beneficiation breakthrough:

- > Ore is amenable to beneficiation = **higher grade feed and smaller process plant**
- > Significant improvements in reagent consumption and leach kinetics = **reduced costs**
- > Significant reduction in water usage and tailings volume

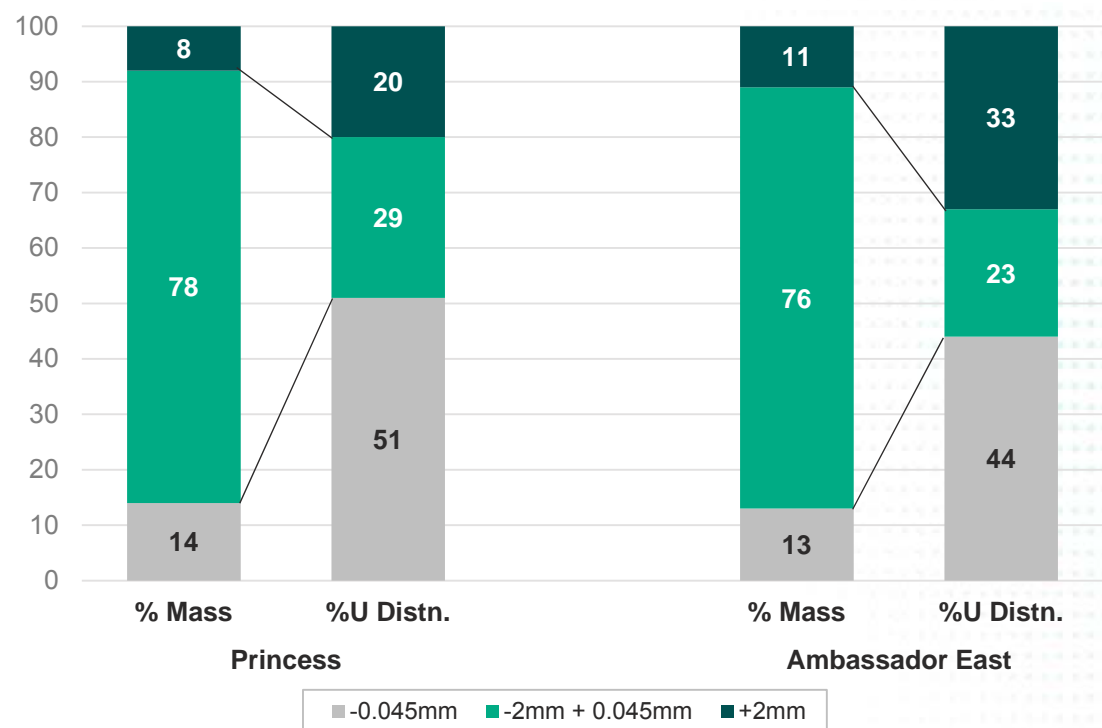


Beneficiation



Uranium Ore Concentrate

Fine Sand



Percentage of mass and uranium distribution in sized ROM material

## ● ● Simple metallurgy – myth busting

### Key highlights from the test work:

- Uranium resource contains a large portion of coarse, unmineralised silicate sand
- Uranium mineralisation is associated with light carbonaceous and clay minerals
- Uranium grades resulting from beneficiation are 2.7 – 3.4 times the original grade
- Mass rejection of 65-72% of ROM ore achieved
- Beneficiated ore uranium recoveries of 95-96% to final concentrate achieved



### Final beneficiation results on a run of mine ore basis

Deposit	Initial Head Grade ppm $U_3O_8$	Beneficiated Ore Grade ppm $U_3O_8$	Uranium Upgrade *	% Mass Rejected	% Uranium Loss
Princess	657	2252	3.43	72	5.1
Ambassador	723	1980	2.74	65	4.1

\* Calculated by dividing beneficiated uranium grade by initial head grade

## ● ● Investment summary



### A unique uranium development

Located in a safe jurisdiction, with low risk and low costs mining process

Attractive deposit with sufficient scale and long mine life

Funding agreed through to project financing

Investment decision anticipated in H2 2016

Targeting first concentrate production in 2018

Robust financials, low cash costs

Excellent leverage opportunity to growing uranium demand, mainly from Chinese reactor builds

Experienced management team with proven track records in mining and production







## Appendix

Resource tables, project metrics and biographies

# ● ● People : The Board



## **The Hon. Cheryl Edwardes – Non-Executive Chairman**

- Former WA State Government Minister holding Ministries of Environment, Labour Relations and Attorney General
- Providing statutory and approvals advice to Atlas Iron, Hancock Prospecting, FTI Consulting
- Significant networks in State and Federal Government and broad experience and networks in China's business community

## **Mike Young – Chief Executive Officer and Managing Director**

- Founding Managing Director of BC Iron Limited (ASX200:BCI) from 2006 – 2013. BC Iron went from first drill hole to first ore on ship in under four years and now exports 6 Mtpa of Iron Ore from a JV with FMG (75:25 BCI:FMG)
- Experienced Mining Consultant – Resource Modelling and Estimation – with Golder Associates
- Founding director of uranium developer Bannerman Resources and currently non-executive Chairman of Cassini Resources
- Studied at Queens University, Ontario and worked on Uranium exploration projects and mines in Canada

## **Julian Tapp – Executive Director**

- Head of Government Relations and Director of Strategy at Fortescue Metals Group until 2012 with special responsibility for expediting approvals
- Trained as an economist in London, lectured at a number of universities including the London School of Economics
- Economist and later Chief Economist for Ford of Europe, BP and Rover Group before transitioning into role as Director of New Business Development

## **David Cornell – Non-Executive Director**

- Founding director of the Element Group with significant commercial and financial experience in the mining and oil and gas sectors
- Previously an associate director at the LinQ group which managed Australia's largest listed resource fund
- Specialist in providing corporate and professional services to both WA junior explorers and international mining companies

## **Aaron Hood– Non-Executive Director**

- BEng (Mechanical) and BCom both from the University of Western Australia and MBA from INSEAD
- Ten years in Sydney and Perth as executive director of a private equity firm with investments in mining services, oil and gas
- Chief Investment Officer for Squadron Resources, part of the Minderoo Group of companies

## ● ● People : The Team



### **Shane McBride – Chief Financial Officer and Company Secretary**

- Certified Practicing Accountant with over 33 years of commercial management experience gained in listed Australian companies
- Served as CFO, company secretary and director in exploration, development and producing mining companies
- Fellow of CPA Australia and Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators

### **Xavier Moreau – Geology and Exploration**

- General Manager of Geology and Exploration at Vimy since February 2010
- Valuable uranium project management experience with Areva and U3O8 Limited
- Extensive experience in uranium and gold exploration with Areva and Afmeco with significant time spent on Goldfields projects
- Educated in France and Canada and holds an Honours degree in Geology

### **Tony Chamberlain – Project Manager, Mulga Rock Project**

- Involved in a number of uranium projects in Australia, Asia, Africa and Eurasia
- Extensive operational and process engineering experience with WMC and BHP Billiton projects
- Delivered pre-feasibility and feasibility studies and process design packages for Goldfields, Barrick, Paladin and Mega Uranium

## ● ● U<sub>3</sub>O<sub>8</sub> Mineral Resource Estimate



Deposit / Resource	Classification	Cut-off Grade (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (Mt)	U <sub>3</sub> O <sub>8</sub> (ppm)	U <sub>3</sub> O <sub>8</sub> (Mlb)
<b>Mulga Rock East</b>					
Princess	Indicated	200	1.3	690	1.9
Princess	Inferred	200	2.5	380	2.1
Ambassador	Indicated	200	13.0	750	21.6
Ambassador	Inferred	200	15.1	480	15.9
<b>Sub-total</b>			<b>31.9</b>	<b>590</b>	<b>41.5</b>
<b>Mulga Rock West</b>					
Emperor	Inferred	200	24.1	500	26.4
Shogun	Inferred	200	3.7	590	4.8
<b>Sub-total</b>			<b>27.8</b>	<b>510</b>	<b>31.2</b>
<b>Total Resource</b>			<b>59.7</b>	<b>550</b>	<b>72.7</b>

*This resource estimate was released to the ASX on 20 April 2015*

*Please see <http://www.asx.com.au/asxpdf/20150420/pdf/42xzgjl1tgfsvy.pdf>*



## ● ● Base Metal Mineral Resource Estimate



Deposit / Resource	Tonnes (Mt)	Cu (ppm)	Zn (ppm)	Ni (ppm)	Co (ppm)
<b>Mulga Rock East – tonnes and grade</b>					
Princess – Indicated	1.3	750	1280	440	210
Princess – Inferred	2.5	270	500	250	140
Ambassador – Indicated	13.0	340	1350	600	250
Ambassador – Inferred	15.1	170	320	300	160
<b>Total</b>	<b>31.9</b>	<b>270</b>	<b>790</b>	<b>420</b>	<b>200</b>

Deposit / Resource	Status	Cu (kt)	Zn (kt)	Ni (kt)	Co (kt)
<b>Mulga Rock East – contained metal</b>					
Princess	Indicated	0.9	1.6	0.6	0.3
Princess	Inferred	0.7	1.3	0.6	0.4
Ambassador	Indicated	4.4	17.5	7.8	3.3
Ambassador	Inferred	2.6	4.8	4.6	2.4
<b>Total</b>		<b>8.6</b>	<b>25.2</b>	<b>13.6</b>	<b>6.4</b>

*This resource estimate was released to the ASX on 20 April 2015*

*Please see <http://www.asx.com.au/asxpdf/20150420/pdf/42xzqjl1tgfsvy.pdf>*

## ● ● Key physical and financial metrics



The Scoping Study results confirm the potential for the MRUP to be a low-cost uranium producer over a 16 year mine-life

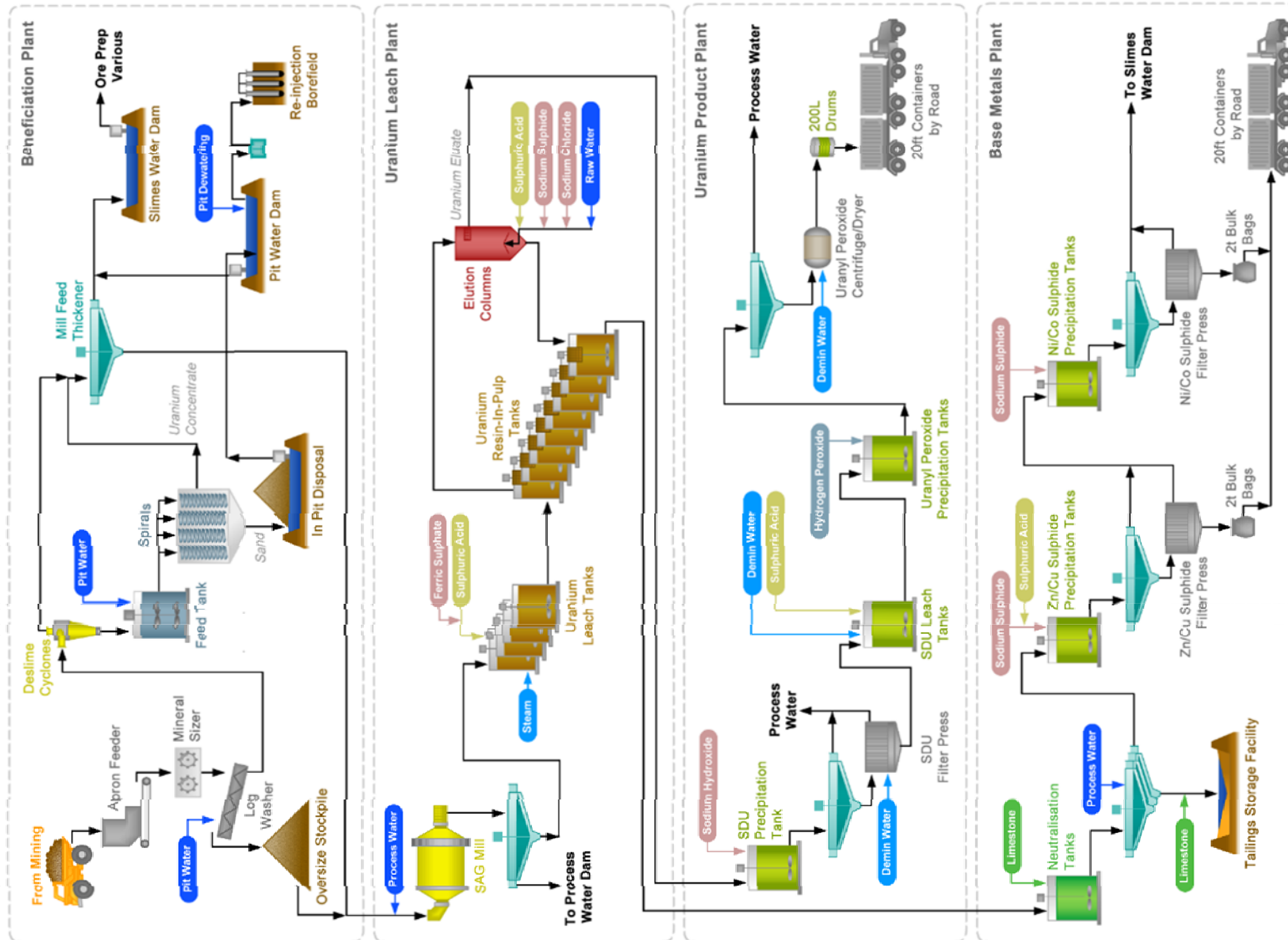
A flat exchange rate of A\$1.00 : \$US0.76 and a flat uranium price of US\$75/lb U<sub>3</sub>O<sub>8</sub> have been assumed across the entire project life for the Scoping Study. The uranium price used represents a consensus view of the market analysts' long-term price to incentivise new uranium production.

Life of Mine (LOM)	16 years
Nameplate Run-of-Mine	2.55 Mtpa
ROM Uranium Grade (Years 1-7)	640 ppm U <sub>3</sub> O <sub>8</sub>
ROM Uranium Grade (LOM)	498 ppm U <sub>3</sub> O <sub>8</sub>
Average Strip Ratio LOM (waste tonne / ore tonne)	13.6
Overall Metallurgical Recoveries	
Uranium	89%
Copper	41%
Zinc	61%
Nickel	48%
Cobalt	46%
Annual Production – Uranium as U <sub>3</sub> O <sub>8</sub>	3.00 Mlbs U <sub>3</sub> O <sub>8</sub>
Process plant and infrastructure capital costs	A\$332M
Mine pre-strip cost (additional to process plant capital)	A\$46M
Sustaining capital (LOM)	A\$108M
Uranium Opex Years 1 - 7 (after by-product credits)	US\$25.24 / lb U <sub>3</sub> O <sub>8</sub>
Uranium Opex Years 1 - 7 (before by-product credits)	US\$29.43 / lb U <sub>3</sub> O <sub>8</sub>
Uranium Opex LOM (after by-product credits)	US\$29.11 / lb U <sub>3</sub> O <sub>8</sub>
Uranium Opex LPM (before by-product credits)	US\$31.37 / lb U <sub>3</sub> O <sub>8</sub>
Base Case Uranium Price	US\$75.00 / lb U <sub>3</sub> O <sub>8</sub>
Exchange Rate A\$:US\$	0.76
<b>NPV (inclusive of royalty, pre-tax @ 10% DCF)</b>	<b>A\$764M</b>
<b>IRR (inclusive royalty, pre-tax)</b>	<b>39.1%</b>
<b>Payback from start of production</b>	<b>2.6 years</b>

The scoping study was released to the ASX on 6 May 2015.

Please see <http://www.asx.com.au/asxpdf/20150506/pdf/42yd6q5ljg8jq9.pdf>

# ● ● Schematic of Mulga Rock process plant



## ● ● Disclaimer and Statement of Confirmation



The purpose of this presentation is to provide general information about Vimy Resource Limited (**Vimy**); it constitutes a professional opinion only and is given in good faith. It is not recommended that any person makes any investment decision in relation to Vimy based on this presentation. To the extent that this presentation contains "forward-looking statements" they are only subjective predictions and are subject to inherent risks and uncertainties which could cause outcomes to differ materially from those expressed, implied or projected in such forward-looking statements. No representation or warranty, express or implied, is made by Vimy that the material contained in this presentation is accurate, reliable, relevant or complete, or will be achieved or prove to be correct.

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### **Statement of Confirmation by Company**

The Company confirms that all the material assumptions underpinning the information in the Scoping Study 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.