

Quarterly Activities Report

as at 30 June 2015

Highlights

- **\$30m funding package with RCF Fund VI, and the addition of RCF as a significant strategic shareholder in Vimy**
- **Ore beneficiation results confirmed at a commercial scale, with up to 72% mass reduction of gangue in ore throughput with a minimal loss of uranium**
- **Scoping Study supports the development of the Mulga Rock Uranium Project at current long term uranium price**
- **Mulga Rock total Resource upgraded by 12%**

Vimy Resources Limited ("**Vimy**" **ASX: VMY**) is pleased to announce its Quarterly Activities Report for the period ended 30 June 2015. Significant progress was made in increasing our geological confidence of the Resource deposit and its metallurgy, as well as towards the commercial development of the Mulga Rock Uranium Project (**MRUP**).

Confirmation of Ore Beneficiation Results at Commercial Scale

Commercial scale pilot test work, completed during the Quarter, confirmed that the uranium mineralisation at the MRUP can be easily beneficiated to produce a highly concentrated plant feed.

Beneficiation test work demonstrated that the uranium mineralisation is primarily associated with the lighter carbonaceous and clay minerals intermixed with non-mineralised silica-rich coarse sands. The silica sand can be removed, with minimal loss of uranium, using simple gravity separation. The expected volume of the upgraded ore to be processed through the main process plant is therefore significantly reduced.

Uranium grades resulting from this ore beneficiation testwork are 2.7-3.4 times greater than the originals, with a mass rejection range of 65-72% of run-of-mine ore achieved. Uranium recoveries to final concentrate ranged from 95-96%.

Positive Outcomes of Ore Beneficiation

Having now proven the ore beneficiation results at commercial scale, the Company is confident that ore beneficiation will have a significant positive impact on the Project's economics. By more than doubling the run-of-mine uranium head grade the benefits listed below are expected to flow on during the

feasibility studies relative to the parameters used in the Scoping Study as announced on 6 May 2015: through

- **Reduced Capital Costs:** Following installation of the front end beneficiation plant, the process plant capital costs will decrease as the process plant will be approximately half the original proposed size. The final uranium precipitation and packaging plant will remain the same size;
- **Reduced Operating Costs:** Process Power costs will reduce as the process plant is smaller; reagent consumption will decrease; borefield water requirements will decrease significantly;
- **Reduced Tailings:** Mass of process tailings will be approximately half the original amount;
- **Improved process efficiency:** Higher uranium resin loading capacities will be achieved during resin-in-pulp, resulting in lower resin inventory, lower first fill costs and lower impurities in final yellowcake product; and
- **Reduced maintenance:** Equipment wear rates will reduce as the abrasive sand component would have been removed from the process plant feed.

Table 1 below provides an overall summary of the beneficiation results showing the initial uranium grade of the starting material and the final beneficiated mineral concentrate. Results show the initial ore feed is upgraded by 2.7-3.4 times, while rejecting 65-72% of the initial mass. Uranium losses were very low with only 4-5% loss incurred in the silica sand rejects.

Table 1 Overall summary of beneficiation results on a run-of-mine ore basis

Deposit	Initial Head Grade ppm U ₃ O ₈	Beneficiated Ore Grade ppm U ₃ O ₈	Uranium Upgrade *	% Mass Rejected	% Uranium Loss
Princess	657	2,252	3.43	72	5.1
Ambassador	723	1,980	2.74	65	4.1

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

Next Steps

Investigations will also commence on undertaking heavy liquid separation test work on Vimy's extensive drilling sample library to develop a Geometallurgical model to predict the percent ore beneficiation that can be achieved in each block of the Resource model, as well as chloride deportment test-work (from the ore to the leach solution).

An extended continuous pilot program will be performed as part of the Feasibility Study to confirm equipment sizing and specifications.

\$30m Financing Package with RCF

Resource Capital Fund VI L.P. (RCF) became a strategic investor in Vimy following a \$5m equity placement in May 2015 (**Placement**). This was part of a total \$30m funding package agreed with RCF that includes the provision of a bridging loan and purchase of a royalty.

RCF holds 7.98% of the Vimy's issued capital following the Placement. The Placement proceeds will allow the Company to complete the Pre-feasibility Study on Vimy's MRUP.

RCF has the right to nominate a director to the Vimy board subject to it providing more than \$10m of funding to Vimy or being issued more than 10% or more of its issued capital.

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**). Interest is to be paid at customary rates for facilities of this nature, in cash or shares, and with rate incentives for early and on-time interest payments.

The provision of this additional funding in the form of the Royalty and the Bridging Loan by RCF is subject to customary conditions precedent, including satisfactory completion of further, confirmatory due diligence by RCF, receipt by RCF of final Investment Committee approval and 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) have not been finalised and therefore remain uncertain.

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.

Scoping Study Supports Development of Mulga Rock Uranium Project at Current Long Term Uranium Price

RCF's investment in Vimy closely followed the completion of the Mulga Rock Uranium Project Scoping Study (**Scoping Study**) undertaken by Amec Foster Wheeler Australia Pty Ltd (**Amec Foster Wheeler**) and Coffey Mining (**Coffey**) and released to the ASX on 6 May 2015. The Scoping Study indicated that the MRUP is economic at current long-term contract prices for uranium.

The Scoping Study included a preliminary economic evaluation and supports Vimy's view that the MRUP is one of the best undeveloped uranium projects in Australia. Key highlights from the Scoping Study include:

Attractive deposit with sufficient scale and long mine life

- MRUP is the third largest undeveloped uranium deposit in Australia after Jabiluka and Yellerie.
- 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
- C1 cost for LoM of US\$29/lb U₃O₈ including by-product credits
- MRUP will generate an average annual EBITDA of \$161 million at US\$75/lb U₃O₈ price
- Robust pre-tax NPV₁₀ of \$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 process
- 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

Physical and Financial Summary

A summary of the key physical and financial parameters for the MRUP is provided in Table 2. A flat exchange rate of A\$1.00:US\$0.76 and a flat uranium price of US\$75/lb U₃O₈ (**FOB Terms**) has been assumed across the entire project life for the Scoping Study. The uranium price used represents a consensus view of market analysts' long-term price to incentivise new uranium production. Several scenario analyses are presented in this release.

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

Table 2: Key Physical and Financial Metrics

Life of Mine (LoM)	16 years
Nameplate Run-of-Mine (ROM)	2.55 Mtpa
ROM Uranium Grade (Years 1-7)	640 ppm U ₃ O ₈
ROM Uranium Grade (LoM)	498 ppm U ₃ O ₈
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 ₃ O ₈	3.00 Mlbs U ₃ O ₈
Process plant and infrastructure capital costs	A\$332M
Mine pre-strip cost (additional to process plant capital)	A\$46M
Sustaining capital (LoM)	A\$108M
Capital expansion Year 7 – beneficiation	A\$15M
Uranium Opex Years 1 - 7 (after by-product credits)	US\$25.24/lb U ₃ O ₈
Uranium Opex Years 1 - 7 (before by-product credits)	US\$29.43/lb U ₃ O ₈
Uranium Opex LoM (after by-product credits)	US\$29.11/lb U ₃ O ₈
Uranium Opex LoM (before by-product credits)	US\$31.37/lb U ₃ O ₈
Base Case Uranium Price	US\$75.00/lb U ₃ O ₈
Exchange Rate A\$:US\$	0.76
NPV (inclusive of royalty, pre-tax @ 10% DCF)	A\$764M
IRR (inclusive royalty, pre-tax)	39.1%
Payback from start of production	2.6 years

Project Development Schedule

An investment decision to develop the MRUP is expected to occur in the second half CY2016. The Scoping Study has identified no critical technical flaws, and the Pre-feasibility Study is expected to be completed during the September Quarter 2015.

Definition drilling will continue at Ambassador, Emperor and Shogun to increase the confidence level of the current resource. Bulk sampling to support pilot plant testwork and ore variability will be carried out during the Feasibility Study.

A significant number of potential improvements were identified during the Scoping Study. Mining costs are a future area of focus with dozer trap mining method, pit floor conveying or continuous excavators all providing potential significant savings in removing overburden.

There has been excellent progress to date in reducing acid consumption, and additional process development work will be undertaken to further reduce reagent costs and energy consumption. Pilot plant test work for the uranium flow sheet will commence in early 2016 to demonstrate the process flow sheet ahead of completing the Feasibility Study in late-2016.

Amec Foster Wheeler has estimated an engineering, procurement and construction period of 18 months, with 12 months to physically construct and erect the plant.

Cautionary Statement:

The Company advises the Scoping Study referred to in this announcement is based on lower-level technical and preliminary economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. The Production Target referred to in this announcement is partly based on Inferred Mineral Resources (being 22% of the project payback period and 63% of the total project mining inventory). There is a low level of geological confidence associated with the Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target or preliminary economic assessment will be realised.

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.

Significant Resource Upgrade for Mulga Rock Uranium Project

Vimy updated its Ambassador Resource Estimate for the MRUP during the Quarter. The estimate was completed by the independent resource consultant, Coffey Mining, and is based on an extensive in-fill drill program completed and announced earlier this year.

The Ambassador resource currently makes up more than half of the total resource for the MRUP, and the increased resource base means Vimy can enter the development phase of the project with greater confidence.

Key highlights include:

1. **30% increase in Ambassador average grade:** Ambassador's average uranium resource grade has increased by 30% from 469ppm to 610ppm U₃O₈;

2. **33% Increase in Ambassador resource:** Ambassador mineral resource estimate has increased to 28.1Mt at 610ppm U₃O₈ for a contained 37.5Mlbs U₃O₈, representing a 33% increase in the contained metal of the previous resource estimate;
3. **58% of Ambassador classified as Indicated:** Approximately 58% of the Ambassador resource is now in the Indicated Resource category, totalling 13.0Mt at 750ppm U₃O₈ for 21.6Mlbs U₃O₈; and
4. **12% increase in Mulga Rock total Resource:** Mulga Rock total Mineral Resource Estimate has now increased by 12% to 59.7Mt at 550ppm U₃O₈ for a contained 72.7Mlbs U₃O₈.

A summary of the total Mineral Resource Estimate for the MRUP is shown in Table 3. MRUP has a total Resource Estimate of 59.7Mt at 550ppm U₃O₈ for a contained 72.7Mlbs U₃O₈. Approximately one third of the total Resource is now in the Indicated category. The overall average Resource uranium grade has increased from 490ppm to 550ppm U₃O₈, representing a 12% increase in grade on the previous Mineral Resource Estimate update provided to the ASX on 18 December 2014. The total contained uranium metal has also increased from 63.5Mlbs to 72.7Mlbs U₃O₈, a 15% increase when compared to the contained metal in the previous Resource Estimate update.

Table 3: Mulga Rock Uranium Project Total Resource – 20 April 2015

Deposit / Resource	Classification	Cut-off Grade (ppm U ₃ O ₈)	Tonnes (Mt)	U ₃ O ₈ (ppm)	U ₃ O ₈ (Mlb)
Mulga Rock East					
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
Sub-Total			31.9	590	41.5
Mulga Rock West					
Emperor	Inferred	200	24.1	500	26.4
Shogun	Inferred	200	3.7	590	4.8
Sub-Total			27.8	510	31.2
Total Resource			59.7	550	72.7

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.

Change of Nominee Director

On 26 May 2015, the Company advised that that Forrest Family Investments (“FFI”) had decided to rotate its nominee director. Therefore, Ms Felicity Gooding resigned as a director of the Company. The Company would like to thank Ms Gooding for her valuable contribution to the workings of the board and the Company. FFI nominated and the Company has accepted the appointment of Mr Aaron Hood as FFI’s board representative.

Table 4: Tenure at 30 June 2015

Tenement	Nature of Interest	Mineral Field	Interest at Beginning of Quarter	Interest at End of Quarter
M39/1080	Current	Mt Margaret	100%	100%
M39/1081	Current	Mt Margaret	100%	100%
E39/876	Current	Mt Margaret	100%	100%
E39/877	Current	Mt Margaret	100%	100%
E39/1148	Current	Mt Margaret	100%	100%
E39/1149	Current	Mt Margaret	100%	100%
E39/1150	Current	Mt Margaret	100%	100%
E39/1551	Current	Mt Margaret	100%	100%
P39/4877	Current	Mt Margaret	100%	100%
P39/4878	Current	Mt Margaret	100%	100%
P39/4879	Current	Mt Margaret	100%	100%
P39/4880	Current	Mt Margaret	100%	100%
P39/4881	Current	Mt Margaret	100%	100%
P39/4882	Current	Mt Margaret	100%	100%
L39/193	Current	Mt Margaret	100%	100%
L39/219	Current	Mt Margaret	100%	100%

There were no changes to tenure during the Quarter.

Exploration and development expenditure for the Quarter was \$1,563,583.



Mike Young
Managing Director and CEO

Tel: +61 8 9389 2700

30 July 2015

The information in this announcement which relates to Exploration Results is based on information compiled by Xavier Moreau, who is a Member of the Australian Institute of Geoscientists. Mr Moreau is a full time employee of Vimy Resources. Mr Moreau has experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Moreau consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears

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
Aaron Hood – 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

Principal Place of Business

Ground Floor, 10 Richardson Street
West Perth WA 6005

T: +61 8 9389 2700

F: +61 8 9389 2722

E: info@vimyresources.com.au

Postal Address

PO Box 23
West Perth WA 6872

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

T: +61 8 9315 2333

F: +61 8 9315 2233

