



# Quarterly Activities Report

as at 30 September 2015

## Highlights

- **Commercial scale pilot test work confirms ore beneficiation results for Mulga Rock Project ("MRP")**
- **Improved Mineral Resource Estimate for MRP with slight upgrade**
- **Completion of \$30 million funding package with RCF VI underpins MRP to project financing stage**
- **Pre-feasibility study progressing and expected to be released in Dec Quarter.**

Vimy Resources Limited (Vimy ASX: VMY) is pleased to provide its quarterly Activities Report for the period ended 30 September 2015. During the quarter the Company confirmed the ore beneficiation process at a commercial scale, increased the Mineral Resource Estimate for the Mulga Rock Project ("MRP") and successfully completed a significant funding package with Resource Capital Funds VI L.P. ("RCF VI").

## Confirmation of Ore Beneficiation Results at Commercial Scale

Scaled up commercial pilot test work has confirmed the uranium mineralisation at the MRP can be easily beneficiated to produce a highly concentrated process plant feed.

Beneficiation test work has shown that the uranium mineralisation is primarily associated with the lighter carbonaceous and clay minerals intermixed with non-mineralised, silica-rich, coarse sands. By removing the silica sand, the volume of ore expected to be treated through the process plant can be significantly reduced, with minimal loss of uranium.

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

## 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 MRP's economics. By more than doubling the run-of-mine uranium head grade the benefits listed below are expected to flow on to the feasibility studies relative to the parameters used in the Scoping Study announced on 6 May 2015:

- **Reduced Capital Costs:** Following addition of the front-end beneficiation plant, the process plant capital costs will decrease because the process plant will be approximately half the originally proposed size;
- **Reduced Operating Costs:** Power costs, reagent consumption and borefield water requirements will all decrease;
- **Reduced Tailings:** The volume of process tailings will be approximately half the original amount;

### address

Vimy Resources Limited  
Ground Floor  
10 Richardson Street  
West Perth, WA 6005

### telephone

+61 8 9389 2700

### fax

+61 8 9389 2722

### ABN

56 120 178 949

### web

[vimyresources.com.au](http://vimyresources.com.au)

- **Improved process efficiency:** Higher uranium resin loading capacities will be achieved during resin-in-pulp phase of processing; resulting in reduced resin inventory, first fill costs and impurities in final yellowcake product; and
- **Reduced maintenance:** Equipment wear rates will reduce as the abrasive sand component will 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 run of mine material and the final beneficiated mineral concentrate which will be fed into the processing plant. Results show the initial ore feed is upgraded by 2.7 – 3.4 times, while rejecting 65-72% of the run of mine mass. Uranium losses were low with only a 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 <sub>3</sub> O <sub>8</sub>	Beneficiated Ore Grade ppm U <sub>3</sub> O <sub>8</sub>	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.

## Increase to Mineral Resource Estimate

A revision of the cut-off grade used to report the Mineral Resource for the MRP has resulted in a minor increase in the Mineral Resource Estimate. Under the JORC Code, a Mineral Resource should have a reasonable chance of economic extraction and the cut-off grade used by the entity should reflect this principle. In Vimy's case, the cut-off grade at the MRP was lowered as more material has become economic.

The cut-off grade now being used to report the Mineral Resource is 150ppm U<sub>3</sub>O<sub>8</sub>; it was previously a 200ppm U<sub>3</sub>O<sub>8</sub> cut-off. The change to the cut-off grade is in line with the positive outcomes of the May 2015 Scoping Study.

Due to the revised lower cut-off grade, the MRP Mineral Resource estimate has increased to a combined Indicated and Inferred Mineral Resource of 65.6Mt at 520ppm U<sub>3</sub>O<sub>8</sub> for a contained 75.0Mlbs U<sub>3</sub>O<sub>8</sub> using the 150ppm U<sub>3</sub>O<sub>8</sub> cut-off grade. This represents a marginal 3% increase on the contained metal relative to the previously reported Mineral Resource.

No other changes have been made to the Mineral Resource models for the Princess, Shogun and Emperor Mineral Resources (ASX announcement dated 18 December 2014) or the Ambassador Mineral Resource (ASX announcement dated 20 April 2015). The revised cut-off grade does not materially change the reported Mineral Resource for MRP.

In summary, the revised U<sub>3</sub>O<sub>8</sub> cut-off grade for reporting of the Mineral Resource is due to:

- Significant upgrading of mill feed through ore beneficiation, resulting in lower front-end processing tonnage with an increase in head-grade,
- A consequential reduction in reagent costs primarily through lower acid, ferric, and lime/limestone consumptions, and
- Lower mining costs associated with the proposed bulk strip mining method for overburden removal.

Table 2 below provides a summary of the updated MRP Mineral Resource at the cut-off grade of 150ppm U<sub>3</sub>O<sub>8</sub>.

**Table 2: Mulga Rock Project Total Resource – 14 September 2015**

Deposit / Resource	Classification	Cut-off Grade (ppm U <sub>3</sub> O <sub>8</sub> ) <sup>5</sup>	Tonnes (Mt) <sup>4</sup>	U <sub>3</sub> O <sub>8</sub> (ppm) <sup>5</sup>	U <sub>3</sub> O <sub>8</sub> (Mlb)
<b>Mulga Rock East</b>					
Princess <sup>1</sup>	Indicated	150	1.3	690	1.9
Princess <sup>1</sup>	Inferred	150	2.5	380	2.1
Ambassador <sup>3</sup>	Indicated	150	13.2	750	21.7
Ambassador <sup>3</sup>	Inferred	150	16.1	460	16.3
<b>Sub-Total</b>			<b>33.1</b>	<b>580</b>	<b>42.0</b>
<b>Mulga Rock West</b>					
Emperor <sup>2</sup>	Inferred	150	28.4	450	28.1
Shogun <sup>2</sup>	Inferred	150	4.1	550	4.9
<b>Sub-Total</b>			<b>32.5</b>	<b>460</b>	<b>33.0</b>
<b>Total Resource</b>			<b>65.6</b>	<b>520</b>	<b>75.0</b>

<sup>1</sup> The Princess Resource estimate at a cut-off grade of 200ppm U<sub>3</sub>O<sub>8</sub> was reviewed by Coffey Mining and announced to the ASX on 18 December 2014.

<sup>2</sup> The Emperor and Shogun Resource estimates at a cut-off grade of 200ppm U<sub>3</sub>O<sub>8</sub> were prepared by Coffey Mining and initially disclosed to the ASX on 13 January 2009 under the JORC Code 2004. They have subsequently been reviewed by Coffey Mining and re-released to the ASX on 18 December 2014 in accordance to the JORC Code 2012.

<sup>3</sup> The Ambassador Resource estimate at a cut-off grade of 200ppm U<sub>3</sub>O<sub>8</sub> was reviewed by Coffey Mining and announced to the ASX on 20 April 2015.

<sup>4</sup> t = metric dry tonnes; appropriate rounding has been applied and rounding errors may occur.

<sup>5</sup> Using cut combined U<sub>3</sub>O<sub>8</sub> composites (combined chemical and radiometric grades).

*The Resource Estimate referred to above was announced to the market by the Company on 17 September 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.*

## By-Products

The Mulga Rock East uranium deposit (Princess and Ambassador) also contains a base metal ("BM") resource. Base metal mineralisation is associated with uranium but also occurs outside the boundaries of the uranium resource. Base metals will be recovered as part of the processing of the uranium ore. However, since the economic extraction of BM independently of uranium is unlikely at this time, the BM resource estimate reported in Table 3 represents only the BM mineralisation found inside the boundaries of uranium resource. The Princess and Ambassador BM resources reported at the revised 150ppm U<sub>3</sub>O<sub>8</sub> cut-off are provided in Table 3.

Previous explorers did not assay for BM at the Mulga Rock West Deposit (Emperor and Shogun), and therefore, no BM resource estimation can be determined for those deposits at this stage. Future drilling at Mulga Rock West will address this.

**Table 3: Base Metal and Scandium Resource – Mulga Rock East**

Deposit / Resource	Tonnes (Mt)	Cu (ppm) <sup>3</sup>	Zn (ppm) <sup>3</sup>	Ni (ppm) <sup>3</sup>	Co (ppm) <sup>3</sup>	Sc (ppm) <sup>3</sup>
<b>Mulga Rock East – tonnes and grade</b>						
Princess <sup>1</sup> - Indicated	1.3	750	1270	440	210	60
Princess <sup>1</sup> - Inferred	2.5	270	510	250	140	20
Ambassador <sup>2</sup> - Indicated	13.2	330	1330	600	250	30
Ambassador <sup>2</sup> - Inferred	16.1	160	320	310	170	20
<b>Total</b>	<b>33.1</b>	<b>260</b>	<b>770</b>	<b>430</b>	<b>200</b>	<b>25</b>

Deposit / Resource	Classification	Cu (kt) <sup>3</sup>	Zn (kt) <sup>3</sup>	Ni (kt) <sup>3</sup>	Co (kt) <sup>3</sup>	Sc (kt) <sup>3</sup>
<b>Mulga Rock East – contained metal</b>						
Princess <sup>1</sup>	Indicated	0.9	1.6	0.6	0.3	0.07
Princess <sup>1</sup>	Inferred	0.7	1.3	0.6	0.4	0.04
Ambassador <sup>2</sup>	Indicated	4.4	17.5	7.9	3.3	0.35
Ambassador <sup>2</sup>	Inferred	2.6	5.2	5.1	2.7	0.33
<b>Total</b>		<b>8.6</b>	<b>25.6</b>	<b>14.2</b>	<b>6.7</b>	<b>0.80</b>

<sup>1</sup> The Princess Resource estimate at a cut-off grade of 200ppm U<sub>3</sub>O<sub>8</sub> was reviewed by Coffey Mining and announced to the ASX on 18 December 2014.

<sup>2</sup> The Ambassador Resource estimate at a cut-off grade of 200ppm U<sub>3</sub>O<sub>8</sub> was reviewed by Coffey Mining and announced to the ASX on 20 April 2015.

<sup>3</sup> This base metal resource is contained wholly within the uranium resource. It is reported using the same cut-off grade of 150ppm U<sub>3</sub>O<sub>8</sub> and confidence levels, with no additional base metal or scandium grade cut-offs applied.

<sup>4</sup> t = metric dry tonnes; appropriate rounding has been applied and rounding errors may occur.

*The Resource Estimate referred to above was announced to the market by the Company on 17 September 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.*

## Financial Completion of A\$30m Financing Package with RCF VI

During the quarter Vimy entered into legally binding agreements with Resource Capital Fund VI L.P. for the provision of the final \$25 million of the previously announced \$30 million financing package. The completion of funding agreements with RCF VI is a significant milestone for the Company, and the funds are expected to underpin the progress of the MRP to project financing stage.

In addition to the \$5 million equity funding received in May 2015, the package comprises an additional \$15 million unsecured bridging loan (Bridging Loan) and a \$10 million royalty payment.

On 3 September 2015, Vimy announced to ASX that it had received the \$10 million royalty payment.

RCF VI 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 MRP.

## Prefeasibility Study Update

The pre-feasibility study ("PFS") on the Mulga Rock Project is progressing well and will incorporate the benefits derived from the front-end beneficiation of ore and the reduction in cut-off grade of the Mulga Rock Mineral Resource, as referred to earlier in this report.

The results of the PFS are expected to be released during the December Quarter 2015.

## Tenements

**Table 41: Tenure at 30 September 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.

## Expenditure

Exploration and development expenditure for the quarter was 3,381,000.



**Mike Young**  
Managing Director and CEO

Tel: +61 8 9389 2700

28 October 2015

**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.



## 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 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](http://asx.com.au) and [vimyresources.com.au](http://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

## 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](mailto: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

