



# Half Year Report

For the half year ended 31 December 2015

Vimy Resources Limited ACN 120 178 949

# Vimy Resources Limited

ACN 120 178 949

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The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Vimy Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial report has been prepared for the consolidated entity consisting of Vimy Resources Limited and its subsidiaries. The report covers the half year ended 31 December 2015 and is presented in Australian dollars.

Vimy Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Ground Floor, 10 Richardson Street  
West Perth, Western Australia 6005

The interim financial report was authorised for issue by the directors on 9 March 2016.

The Company has the power to amend and reissue the interim financial report.

## Directors' Report

For the Half Year Ended 31 December 2015

Your directors present their report on the consolidated entity consisting of Vimy Resources Limited ('the Company') and the entities it controlled at the end of, and during, the half year ended 31 December 2015.

### DIRECTORS

The names and details of directors who held office during the half year ended 31 December 2015 and up to the date of this report (unless otherwise stated), are:

The Hon. Cheryl Edwardes, Non-executive Chairman

Michael (Mike) Young, CEO and Managing Director

Julian Tapp, Executive Director

David Cornell, Non-executive Director

Aaron Hood, Non-executive Director

### REVIEW OF OPERATIONS

Vimy Resources Limited is a resource development company, with its main asset being the Mulga Rock Project, one of Australia's largest undeveloped uranium resources, located 240 kilometres north east of Kalgoorlie in Western Australia.

During the six months to 31 December 2015, the following significant events occurred:

- On 17 August 2015, the Company announced a legally binding agreement with Resource Capital Fund VI L.P. ("RCF VI") for the provision of the final \$25 million of a \$30 million funding package announced on 20 May 2015. The funding package comprises a \$15 million unsecured bridging loan and a \$10 million payment in return for a 1.15% royalty on future production from the Mulga Rock Project.
- On 3 September 2015, the Company received the royalty payment of \$10 million from RCF VI.
- On 17 November 2015, the Company announced the completion of a Pre-feasibility Study, which reaffirmed that the Mulga Rock Project is one of the best undeveloped uranium projects in Australia.
- On the basis of the Pre-feasibility Study results, the Company initiated a Definitive Feasibility Study and subsequently released a Public Environmental Review for public comment on 14 December 2015.

### Financial

The operating loss for the period was \$1,873,544 and the net assets of the Consolidated Entity are \$4,344,473. The cash balance at 31 December 2015 was \$7,132,646.

### DIVIDENDS

No dividends were recommended or paid during the six months to 31 December 2015 (\$ Nil: 31 December 2014).

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on Page 5.

## Directors' Report

For the Half Year Ended 31 December 2015

This report is made in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read 'M Y', with a long horizontal flourish extending to the right.

**Mike Young**  
**Managing Director**

Dated this 9 March 2016

Level 1  
10 Kings Park Road  
West Perth WA 6005

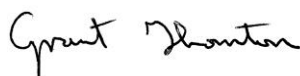
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**Auditor's Independence Declaration  
To The Directors of Vimy Resources Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Vimy Resources Ltd for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 9 March 2016

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## Consolidated Statement of Profit or Loss and other Comprehensive Income

For the Half Year Ended 31 December 2015

	Notes	Consolidated	
		Half year ended 31 Dec 2015 \$	Half year ended 31 Dec 2014 \$
Other Income	3	10,104,686	108,193
Exploration and evaluation expenditure		(9,643,847)	(5,357,465)
Corporate and administration expense		(1,861,485)	(1,053,172)
Employee share based payments expense		(472,898)	(1,965,231)
Financing expenses reversed		-	1,344,987
<b>Loss before income tax</b>		<b>(1,873,544)</b>	<b>(6,922,688)</b>
Income tax expense		-	-
<b>Loss attributable to members of the Company</b>		<b>(1,873,544)</b>	<b>(6,922,688)</b>
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Other comprehensive income, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss attributable to members of the Company</b>		<b>(1,873,544)</b>	<b>(6,922,688)</b>
Loss per share from continuing operations attributable to the members of the Company:		<b>Cents per share</b>	<b>Cents per share</b>
Basic and diluted loss per share	4	(0.82)	(3.57)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

## Consolidated Statement of Financial Position

As at 31 December 2015

		Consolidated	
		Half year ended 31 Dec 2015 \$	Year ended 30 June 2015 \$
	Notes		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	7,132,646	6,445,757
Prepayments		56,273	75,668
Trade and other receivables		552,991	203,794
<b>Total Current Assets</b>		<b>7,741,910</b>	<b>6,725,219</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		457,853	242,954
<b>Total Non-Current Assets</b>		<b>457,853</b>	<b>242,954</b>
<b>TOTAL ASSETS</b>		<b>8,199,763</b>	<b>6,968,173</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,407,582	971,694
Provisions	6	176,312	151,447
<b>Total Current Liabilities</b>		<b>3,583,894</b>	<b>1,123,141</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	6	271,396	99,913
<b>Total Non-Current Liabilities</b>		<b>271,396</b>	<b>99,913</b>
<b>TOTAL LIABILITIES</b>		<b>3,855,290</b>	<b>1,223,054</b>
<b>NET ASSETS</b>		<b>4,344,473</b>	<b>5,745,119</b>
<b>EQUITY</b>			
Contributed equity	7	67,727,303	67,727,303
Employee option plan reserve		1,205,366	1,093,362
Employee share plan reserve		1,596,311	1,235,417
Accumulated losses		(66,184,507)	(64,310,963)
<b>TOTAL EQUITY</b>		<b>4,344,473</b>	<b>5,745,119</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

## Consolidated Statement of Changes in Equity

For the Half Year ended 31 December 2015

	Contributed equity \$	Accumulated losses \$	Compound financial instrument \$	Share plan reserve \$	Option reserve \$	Total \$
<b>CONSOLIDATED</b>						
<b>Balance at 1 July 2014</b>	27,572,593	(57,330,845)	3,745,184	400,000	974,663	(24,638,405)
<b>Employee share based expenses</b>	-	-	-	1,545,560	419,671	1,965,231
<b>Transfer to accumulated losses</b>	-	3,745,184	(3,745,184)	-	-	-
<b>Issue of ordinary shares, net of issue costs</b>	35,172,916	-	-	-	-	35,172,916
<b>Total comprehensive loss attributable to members of the Company</b>	-	(6,922,688)	-	-	-	(6,922,688)
<b>Balance at 31 December 2014</b>	62,745,509	(60,508,349)	-	1,945,560	1,394,334	5,577,054
<b>Balance at 1 July 2015</b>	67,727,303	(64,310,963)	-	1,093,362	1,235,417	5,745,119
<b>Employee share based expenses</b>	-	-	-	112,004	360,894	472,898
<b>Total comprehensive loss attributable to members of the Company</b>	-	(1,873,544)	-	-	-	(1,873,544)
<b>Balance at 31 December 2015</b>	67,727,303	(66,184,507)	-	1,205,366	1,596,311	4,344,473

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*



## Consolidated Statement of Cash Flows

For the Half Year ended 31 December 2015

		Consolidated	
		Half year ended 31 December 2015 \$	Half year ended 31 December 2014 \$
	Note		
<b>Cash Flows from Operating Activities</b>			
Interest received		97,850	115,718
Other Income		194	-
Payments to suppliers and employees		(9,118,565)	(5,986,668)
<b>Net cash used in Operating Activities</b>		<b>(9,020,521)</b>	<b>(5,870,950)</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of royalty		10,000,000	-
Purchase of property, plant and equipment		(292,590)	(146,943)
<b>Net cash generated by/(used in) Investing Activities</b>		<b>9,707,410</b>	<b>(146,943)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of ordinary shares, net of issue costs		-	11,850,750
<b>Net cash provided by Financing Activities</b>		<b>-</b>	<b>11,850,750</b>
<b>Net Increase in cash held</b>		<b>686,889</b>	<b>5,832,857</b>
Cash at the beginning of the financial period		6,445,757	537,332
Cash at the end of the financial period	5	7,132,646	6,370,189

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

## Notes to the Financial Statements

31 December 2015

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## Notes to the Financial Statements

31 December 2015

### 1. Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2015 has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Vimy Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Interim financial report was authorised for issue by the directors on 9 March 2016.

#### Going Concern

The Group incurred a net loss of \$1,873,544 during the half-year ended 31 December 2015, after recognising the sale of a 1.15% royalty on future production from the Mulga Rock Project for \$10 million. The Group's net cash used in operating activities was \$9,020,521 for the half year ended 31 December 2015.

As at 31 December 2015 the Group has a \$15m undrawn bridge facility agreement with Resource Capital Fund VI L.P. which has a maturity date of 31 March 2017.

The Group's ability to continue as a going concern and to capitalise on its exploration and evaluation activities depends on its ability to obtain additional funding through equity, debt or hybrid financing, joint ventures, production off-take arrangements, R&D Tax Incentive receipts or other means. These circumstances create material uncertainties as to the ability of the Group to continue as a going concern.

In considering these circumstances, the directors have taken into account the \$15m undrawn bridge facility agreement with Resource Capital Fund VI L.P., R&D Tax Incentive receipts expected from lodging both the 2015 and 2016 Group income tax returns and the Group's demonstrated track record in raising equity.

In the unlikely event that additional funding is not able to be obtained, the directors would actively curtail both project and corporate expenditure in light of the Group's actual funding.

In view of all the foregoing, the directors are of the view that they have a reasonable expectation that the Group will have adequate resources to continue to operate for at least the next twelve months. For these reasons, they continue to adopt the going concern basis in preparing the financial report.

If the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

#### New Accounting Standards and Interpretations

The Group did not early adopt any standard, interpretation or amendment that has been issued but is not yet effective.

The Group did not adopt any new or revised standards, amendments or interpretations from 1 July 2015 which has any effect on the financial position or performance of the Group.

## Notes to the Financial Statements

31 December 2015

### 2. Operating segments

The Group operates one business segment: Exploration and Evaluation. The activities undertaken by the Exploration and Evaluation segment includes the exploration on tenements in Western Australia and evaluation activities at the Mulga Rock Project. This activity does not generate any sales revenue.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

	Half year ended 31 December 2015 \$	Half year ended 31 December 2014 \$
<b>Result</b>		
Segment contribution	(9,705,412)	(5,413,501)
Carrying amount of assets	411,398	256,425
<b>Reconciliation to Consolidated Loss</b>		
Segment contribution	(9,705,412)	(5,413,501)
Sale of royalty	10,000,000	-
Corporate expenses	(1,783,603)	(985,363)
Share based payments	(472,898)	(1,965,231)
Depreciation	(16,124)	(11,773)
Financing expenses reversed	-	1,344,987
Interest received	104,493	108,193
Loss from continuing operations	(1,873,544)	(6,922,688)

## Notes to the Financial Statements

31 December 2015

### 3. Loss for the half-year

The loss from ordinary activities before income tax has been determined after:

#### (a) Income

	Half year ended 31 December 2015 \$	Half year ended 31 December 2014 \$
Other income	193	-
Sale of royalty	10,000,000	-
Interest received	104,493	108,193
	<u>10,104,686</u>	<u>108,193</u>

#### (b) Expenses

Depreciation expense	77,689	67,809
Interest expense	-	122,381
Interest expense - forgiven	-	(267,368)
Amendment, waiver and establishment fees - forgiven	-	(1,200,000)
	<u>77,689</u>	<u>(1,277,178)</u>

### 4. Loss per share

Loss used in the calculation of basic EPS	(1,873,544)	(6,922,688)
Basic and diluted loss per share (cents per share)	<u>(0.82)</u>	<u>(3.57)</u>
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	227,906,475	193,985,134

### 5. Cash and cash equivalents

	31 December 2015 \$	30 June 2015 \$
Cash at bank and in hand	3,416,835	2,400,757
Short-term deposits	3,715,811	4,045,000
	<u>7,132,646</u>	<u>6,445,757</u>

## Notes to the Financial Statements

31 December 2015

### 6. Non-financial liabilities

	31 December 2015 \$	30 June 2015 \$
Provision for annual leave – current	176,312	151,447
Provision for long service leave – non-current	111,058	99,913
Provision for rehabilitation – non-current <sup>(a)</sup>	160,338	-
	447,708	251,360

- (a) The Group recognised a liability for rehabilitation during the half year ended 31 December 2015 relating to commencement of geotechnical test pits designed to provide information inputs into the Definitive Feasibility Study for the Mulga Rock Project.

### 7. Contributed equity

	31 December 2015 \$	30 June 2015 \$
<b>Ordinary shares</b>		
Total Contributed Equity at the end of the period	67,727,303	67,727,303

### 8. Contingent liabilities

#### Royalty

On 17 August 2015, the Company announced a legally binding agreement with Resource Capital Fund VI L.P. (“RCF VI”) for the provision of the final \$25 million of the \$30 million funding package announced on 20 May 2015. The funding package comprises a \$10 million payment in return for a 1.15% royalty on future production from the Mulga Rock Project and a \$15 million unsecured bridging loan.

On 3 September 2015, the Company received the royalty payment of \$10 million from RCF VI. Narnoo Mining Pty Ltd (‘Narnoo’), wholly owned subsidiary of Vimy, has agreed to pay a royalty to RCF VI of 1.15% on the gross proceeds received by Narnoo from selling mineral products extracted and recovered from the tenements that make up the Mulga Rock Project.

As is customary for a royalty arrangement, the Company has granted security to RCF VI for the royalty obligations, in the form of a mortgage over the mining tenements.

### 9. Events occurring after reporting date

There has not arisen in the interval between 31 December 2015 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Directors' Declaration

In the directors' opinion:

- (a) the consolidated financial statements and notes of Vimy Resources Limited are in accordance with the *Corporations Act 2001* including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
  - (ii) giving a true and fair view its financial position as at 31 December 2015 and its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



**Mike Young**  
**Managing Director**

9 March 2016

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## **Independent Auditor's Review Report To the Members of Vimy Resources Ltd**

We have reviewed the accompanying half-year financial report of Vimy Resources Ltd ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

The directors of Vimy Resources Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Vimy Resources Ltd consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Vimy Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vimy Resources Ltd is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**Material uncertainty regarding continuation as a going concern**

Without qualification to the conclusion expressed above, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of \$1,873,554 during the half year ended 31 December 2015 and, as of that date, the consolidated entity's operating cash outflows totalled \$9,020,521. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 9 March 2016