

ASX Announcement

23 September 2016

Vimy successfully undertakes \$20 million transaction to strengthen balance sheet with support from major shareholder

Highlights

- **\$4.6 million to be raised via a two Tranche Placement ("Placement") to new and existing institutions and other sophisticated investors, in part subject to FIRB approval**
- **The full \$15 million Resource Capital Fund VI L.P. ("RCF") unsecured bridging loan to be converted into equity, subject to shareholder and FIRB approval**
- **Target raising of \$0.5 million to \$1 million via a Share Purchase Plan ("SPP")**
- **Funds from the Placement will be primarily used for a uranium grade optimisation drilling program, to investigate the previously announced 53% increase in contained U₃O₈ found in bulk samples from the Ambassador test pits**

Placement

Vimy Resources Limited (**Vimy** or the **Company**, ASX:VMY) is pleased to announce that it has received commitments from new and existing institutional and sophisticated investors to raise \$4.6 million before costs, and in part subject to FIRB approval.

The funds will be received in two tranches:

- **Tranche 1** will raise \$1.5 million consisting of \$1.2 million from RCF and \$0.3 million from institutional and sophisticated investors and has been carried out under the Company's existing ASX Listing Rule 7.1 placement capacity. A total of 5,632,307 new ordinary shares will be placed at \$0.26 per share, a 9% discount to the Company's ten day VWAP immediately prior to the trading halt.
- **Tranche 2** will raise an additional \$3.1 million, consisting of \$0.3 million from institutional and sophisticated investors and \$2.8 million from RCF, by issuing 12,069,230 new ordinary shares at \$0.26 per share. The placement to RCF is subject to FIRB approval and no Vimy material adverse changes. This raising will also be carried out under the Company's existing ASX Listing Rule 7.1 placement. FIRB approval is anticipated to take approximately 60 days to complete. Upon settlement of Tranche 2, RCF have been issued a total of 15,384,615 new ordinary shares, and will hold approximately a 13.6% interest in the Company.

Both Tranches of the Placement represent approximately 7.7% of the shares on issue, which is within Vimy's existing capacity under ASX Listing Rule 7.1, and accordingly, no shareholder approval is required. The Placement has been taken up by new and existing investors (including RCF) and the Company would like to thank existing shareholders for their ongoing support and welcome new shareholders to the register. All new shares, once issued, will rank pari passu with existing Ordinary Shares.

RCF's participation in the placement is the subject of a legally binding term sheet and is currently being formally documented, with definitive documentation (**RCF Subscription Agreement**) anticipated to be completed shortly.

Use of Funds

The funds raised from the Placement will be used to optimise the key technical inputs of the Mulga Rock Project prior to completion of the DFS, and to fast-track the bankability of the project, including offtake and project finance arrangements.

Funds will be used primarily for uranium grade optimisation drilling to determine if the variability in contained U₃O₈ metal discovered in bulk samples from the Ambassador test pits is consistent across the Project (see ASX Announcement Mulga Rock Test Pit Bulk Sample Results, dated 14 June 2016).

Indicative Timeline – Placement

Event	Date 2016
ASX announcement and return to trade	Friday, 23 September 2016
Contract notes issued	Monday, 26 September 2016
Settlement of Tranche 1	Thursday, 29 September 2016
Expected date of ASX quotation of Tranche 1 shares	Friday, 30 September 2016
Settlement of Tranche 2	Expected prior to 23 November 2016

\$15 million RCF Loan Conversion into Equity

Subject to both shareholder and FIRB approval, Vimy is very pleased to announce full conversion of the \$15 million RCF unsecured bridging loan into equity at the Placement price of \$0.26 per share for 57,692,307 new ordinary shares. The conversion price represents a 9% discount to the Company's ten day VWAP immediately prior to the trading halt.

On 15 August 2016, the Company announced the final drawdown of the \$15 million RCF unsecured bridging loan, which matures on 31 March 2017.

The proposed conversion of the RCF loan into equity represents approximately 23.3% of the Company's shares on issue after completion of the Placement. Conversion of the loan into equity will require FIRB and shareholder approval, as the conversion will take RCF's equity ownership above the takeover threshold of 19.9%.

Vimy Resources	Current	With Placement	Placement + Loan
RCF Shareholding	7.9%	13.6%	29.9%

As a consequence, Vimy's Board will appoint an Independent Expert to prepare a report to shareholders in relation to the full conversion of the \$15 million RCF unsecured bridging loan into equity at the Placement price of \$0.26 per share. A general meeting of shareholders is anticipated to be held in December 2016 to vote on conversion of the loan into equity.

To the extent that the Company has placement capacity under Listing Rule 7.1, Vimy may issue some of the conversion shares to RCF without shareholder approval.

The RCF Subscription Agreement will include:

- a right for RCF to nominate a representative to the Board of Vimy, for so long as RCF maintains a 10% shareholding interest; and
- an undertaking by Vimy to offer to RCF the right to participate in future equity fundraising initiatives by Vimy, so as to allow RCF to maintain its proportionate shareholding interest.

Share Purchase Plan

Vimy will conduct a non-underwritten Share Purchase Plan ("SPP") to facilitate retail shareholder participation, targeting \$0.5 million to \$1 million at the Placement price of \$0.26 per share. Under the proposed SPP, shareholders will be able to subscribe for up to \$15,000 worth of fully paid ordinary shares in the Company.

No brokerage will be payable by subscribing shareholders. Further details of the SPP will be distributed to eligible shareholders shortly and released on the ASX. The Company reserves the right to place any shortfall in the SPP.

The funds raised from the SPP will be used for additional working capital.

Vimy's Managing Director, Mike Young, commented: *"The Placement allows us to complete an important drilling program and fully investigate the bulk sample anomaly from the Ambassador test pits."*

"The conversion of all debt into equity greatly improves the Company's capital structure and provides greater financial flexibility for the business into 2017. We are once again very pleased to have RCF's on-going support."

"Our world-class Mulga Rock Project continues to demonstrate that simple mining and extraction processes will achieve excellent results. The DFS remains on time and within budget to be completed in Q1 2017, and our focus is shifting to offtake contracts and funding."



Mike Young
Managing Director and CEO

Tel: +61 8 9389 2700

23 September 2016

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About Resource Capital Funds

Resource Capital Funds (“RCF”) is a group of commonly managed private equity funds, established in 1998 with a mining sector specific investment mandate spanning all hard mineral commodities and geographic regions. Since inception, RCF has supported 155 mining companies, with projects located in 49 countries and across 29 commodities. The sixth fund, Resource Capital Fund VI L.P. (“RCF VI”) with committed capital of \$2.04 billion, is now being invested. Further information about RCF can be found on its website (resourcecapitalfunds.com).

RCF has a strong team of investment professionals, with wide ranging industry and technical expertise and a demonstrated history of investments in mining globally. RCF’s track record is based on its ability to pick technically and commercially compelling assets and support management to achieve desired outcomes whilst remaining throughout a source of patient capital. RCF aims to partner with companies to build strong, successful and sustainable businesses and in doing so strives to earn superior returns for all shareholders.

About the RCF Bridging Loan

The Bridging Loan principal has a maturity date of 31 March 2017 (“Maturity Date”).

Interest on the Bridging Loan is payable quarterly up until the Maturity Date at a rate of 15% per annum. However, interest payments are deferred to 31 March 2018 at a discounted rate in the following circumstance:

- the interest rate is reduced to 4% per annum if, prior to 31 March 2018:
 - RCF VI is granted the Participation Opportunity¹ on all equity issues;
 - Vimy completes a project financing for the Mulga Rock Project;
 - there is no event of default; and
 - Vimy has repaid all of the drawn loans before the first anniversary of the first draw down.

In addition to the rights set out above:

- there are no penalty fees for early repayment of the Bridging Loan;
- Vimy can elect to pay interest in cash or by the issue of Vimy shares to RCF VI at the 20-day VWAP at the time the interest is due for payment; and
- if, prior to 31 March 2018, Vimy has not offered the Participation Opportunity or completed the project financing for the Mulga Rock Project, RCF VI can elect to have the interest paid in Vimy shares at an issue price of \$0.30 per share.

¹ The Participation Opportunity comprises the opportunity for RCF VI to subscribe for 1/3rd of the shares the subject of an equity raising (or in the case of a pro rata rights offer, an opportunity to subscribe for 1/3rd of any shortfall) (“**Participation Opportunity**”). If RCF VI cannot lawfully take up the Participation Opportunity (because it needs FIRB approval or because it would have a relevant interest in more than 20% of Vimy’s issued capital) Vimy will be deemed to have offered the Participation Opportunity.

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, one of Australia's largest undeveloped uranium resources which is located 240km ENE of Kalgoorlie in the Great Victoria Desert of Western Australia.

The Project will have the capacity to produce 1,360 tonnes per annum of uranium oxide for up to seventeen years. The Project is expected to result in the creation of approximately 490 new jobs in Western Australia and to create payments of around A\$19m per year to the State government in the form of royalty payments and payroll tax. The amount of uranium produced if used in nuclear reactors to displace coal fired electricity would offset more than 50 million tonnes of carbon dioxide equivalent emissions which is around 10% of Australia's total greenhouse gas emissions.

Vimy harnesses science and technology to maintain the environment.

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 AM – Chairman

Mike Young – CEO and Managing Director

Julian Tapp – Executive Director

David Cornell – Non-Executive Director

Mal James – Non-Executive Director

Andy Haslam – Non-Executive Director

Ron Chamberlain – Chief Financial Officer and Company Secretary

Tony Chamberlain – Chief Operating Officer

Xavier Moreau – General Manager, Geology and Exploration

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