

# Quarterly Activities Report

as at 31 March 2016

## Highlights

- **Maiden Ore Reserve of 22.1Mlb announced at Mulga Rock**
- **Key milestones achieved for Definitive Feasibility Study (DFS)**
- **GR Engineering Limited appointed Study Manager to DFS**
- **Public Environmental Review public submissions period completed**

Vimy Resources Limited (Vimy ASX:VMY) is pleased to provide its Quarterly Activities Report for the period ended 31 March 2016.

During the Quarter, the Company made significant progress towards the completion of its Mulga Rock Project Definitive Feasibility Study (**DFS**). A number of key milestones were achieved with the highlights outlined below. The Company is on track to complete the DFS in Q1 2017.

Managing Director Mike Young commented: *"We have made significant progress during the Quarter with the development and project planning for the Mulga Rock Project."*

*"We value the continuing support of Resource Capital Funds and their funding package allows us to complete the Mulga Rock Project Definitive Feasibility Study by Q1 2017 and progress the Mulga Rock Project to project financing."*

## Maiden Ore Reserve at Mulga Rock

Vimy announced its maiden Ore Reserve comprising **15.2Mt at 660ppm U<sub>3</sub>O<sub>8</sub>** for a Total Metal content of **22.1Mlb (10,000t)** of **U<sub>3</sub>O<sub>8</sub>** at its 100% owned Mulga Rock Project, Western Australia (see *ASX Announcement dated 30 March 2016* – see also Table 1).

Highlights include:

- Maiden Probable Ore Reserve of 15.2Mt at 660ppm for a Total Metal content of 22.1Mlb U<sub>3</sub>O<sub>8</sub>
- Total Resource Estimate of 65.6Mt at 520ppm U<sub>3</sub>O<sub>8</sub> for 75Mlb U<sub>3</sub>O<sub>8</sub>
- Production target of 3Mlb U<sub>3</sub>O<sub>8</sub> per annum
- Ongoing Resource Estimates and DFS are expected to increase Resource and Reserve base
- Completed test pits and geotechnical drilling provide excellent data for more accurate mining cost estimates for the DFS

This Ore Reserve is derived from Mineral Resources (Table 2) and optimised pit schedules as reported in the Pre-Feasibility Study (**PFS**) completed and released to the ASX on 17 November 2015.

The PFS indicated that the Project is a 17 year operation, with the maiden Ore Reserve underpinning the initial 6 years of production. In addition to Probable Ore Reserves, Optimised Mining Inventory (OMI) has been identified (Table 3) which, if mined at currently modelled grades and with the same methods applied to the Ore Reserves, would provide production in the forecast years 7 - 17.

**Table 1: Mulga Rock Project Ore Reserves – 29 March 2016**

Deposit / Resource	Classification	Cut-off Grade (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (Mt) <sup>1,2</sup>	U <sub>3</sub> O <sub>8</sub> (ppm) <sup>3</sup>	U <sub>3</sub> O <sub>8</sub> (Mlb) <sup>4</sup>
<b>Mulga Rock East</b>					
Princess	Probable	150	1.3	640	1.8
Ambassador	Probable	150	13.9	660	20.2
<b>Total Reserve</b>			<b>15.2</b>	<b>660</b>	<b>22.1</b>

1. Tonnages and grades are reported including mining dilution
2. t = metric dry tonnes; appropriate rounding has been applied and rounding errors may occur
3. Using cut combined U<sub>3</sub>O<sub>8</sub> composites (combined chemical and radiometric grades)
4. Metallurgical plant recovery factors are not applied to Total Metal content

The information in Table 1 above is extracted from ASX announcement entitled "Maiden Ore Reserve at Mulga Rock" released on 30 March 2016 and is available to view on [asx.com.au](http://asx.com.au) ASX:VMY. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

**Table 2: Mulga Rock Project Mineral Resource – 17 September 2015**

Deposit / Resource	Classification	Cut-off Grade (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (Mt) <sup>2</sup>	U <sub>3</sub> O <sub>8</sub> (ppm) <sup>3</sup>	U <sub>3</sub> O <sub>8</sub> (Mlb)
<b>Mulga Rock East</b>					
Princess	Indicated	150	1.3	690	1.9
Princess	Inferred	150	2.5	380	2.1
Ambassador	Indicated	150	13.2	750	21.7
Ambassador	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	Inferred	150	28.4	450	28.1
Shogun	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>

1. Mineral Resources are reported inclusive of Ore Reserves
2. t = metric dry tonnes; appropriate rounding has been applied and rounding errors may occur
3. Using cut combined U<sub>3</sub>O<sub>8</sub> composites (combined chemical and radiometric grades)

The information in Table 2 above is extracted from ASX announcement entitled "Improved economics for the Mulga Rock Project increases the Mineral Resource Estimate" released on 17 September 2015 and is available to view on [asx.com.au](http://asx.com.au) ASX:VMY. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

**Table 3: Optimised Mineral Inventory (diluted) – 17 November 2015**

Deposit / Pits	Ore Tonnes (Mt) <sup>2</sup>	Waste Tonnes (Mt) <sup>2</sup>	U <sub>3</sub> O <sub>8</sub> (ppm) <sup>3</sup>	Cu (ppm)	Zn (ppm)	Ni (ppm)	Co (ppm)
<b>Mulga Rock East</b>							
Princess	3.7	54	450	460	815	330	175
Ambassador	28.0	378	550	245	890	475	220
<b>Sub-Total</b>	<b>31.7</b>	<b>432</b>	<b>535</b>	<b>270</b>	<b>885</b>	<b>460</b>	<b>215</b>
<b>Mulga Rock West</b>							
Emperor	14.3	319	500	-	-	-	-
Shogun	5.8	69	445	-	-	-	-
<b>Sub-Total</b>	<b>20.1</b>	<b>388</b>	<b>485</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Inventory</b>	<b>51.8</b>	<b>820</b>	<b>515</b>	<b>270</b>	<b>885</b>	<b>460</b>	<b>215</b>

1. As released to the ASX on 17 November 2015
2. t = metric dry tonnes; appropriate rounding has been applied and rounding errors may occur.
3. Using cut combined U<sub>3</sub>O<sub>8</sub> composites (combined chemical and radiometric grades).

The information in Table 3 is extracted from ASX announcement entitled “Mulga Rock Project Pre-feasibility Study” released on 17 November 2015 and is available to view on [asx.com.au](http://asx.com.au) ASX:VMY. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement of 17 November 2015.

### Cautionary Statement:

The Company advises the OMI has a reduced level of confidence compared to production derived from the Ore Reserves, as it contains a high portion of Inferred Mineral Resources. There is a low level of geological confidence associated with 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 itself will be met by the OMI.

## Mulga Rock Project – Definitive Feasibility Study Progressing

The DFS program continued through the Quarter, with the following key milestones achieved:

- DFS in-fill resource drilling program at Ambassador, Shogun and Emperor completed,
- Bulk ore samples obtained from both Ambassador East and West test pits,
- Geotechnical drilling completed,
- DFS ore beneficiation pilot plant program awarded and underway.

### DFS Infill Drill Program

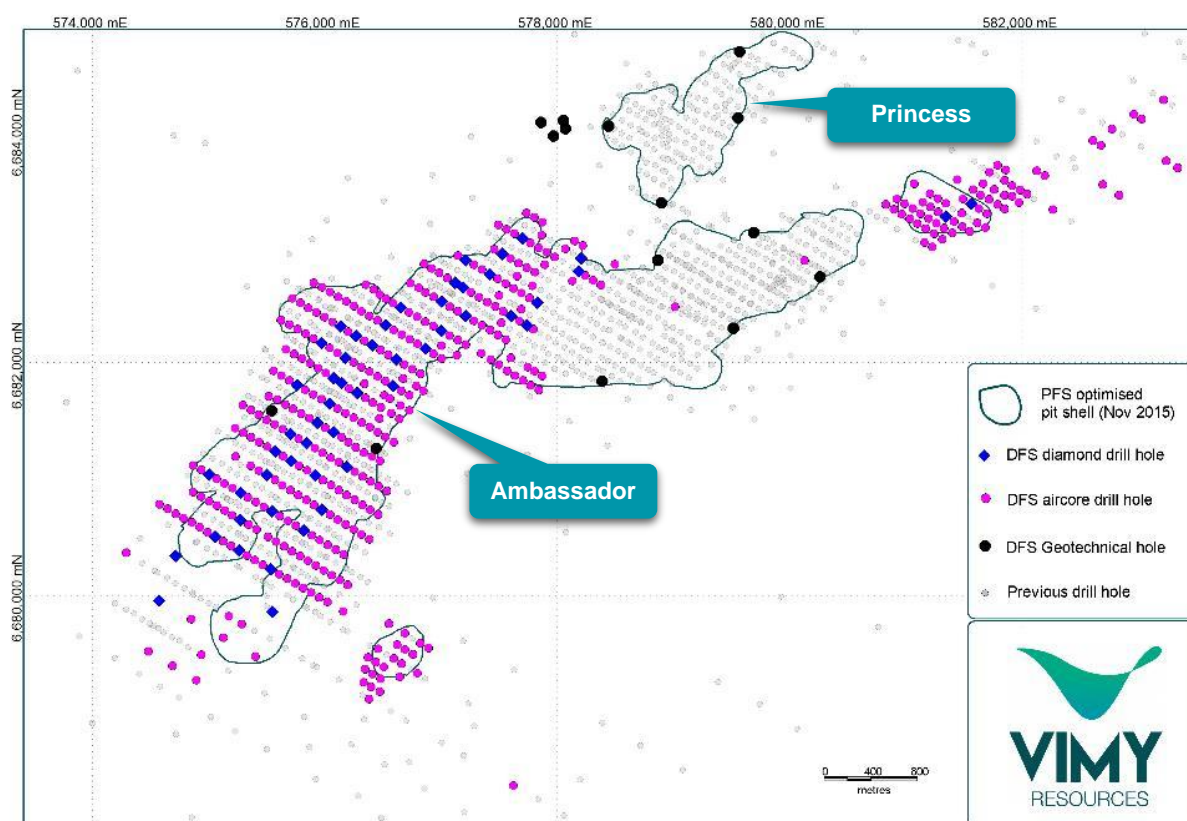
The DFS in-fill drilling program at Ambassador, Shogun and Emperor was completed on 13 February 2016 (Table 4). Drilling was carried out by Wallis Drilling and the entire planned program was carried out successfully despite trying ground conditions.

Figure 1 provides the drill collar locations for the Ambassador deposit along with an overlay of the PFS optimised pit shell. Figure 2 shows Shogun and Emperor PFS pit shells and the DFS drill hole collars.

The aim of the program is to increase the Resource classification for Ambassador and Shogun to Indicated or better status, which is expected to allow greater than 10 years of Ore Reserves to be established.

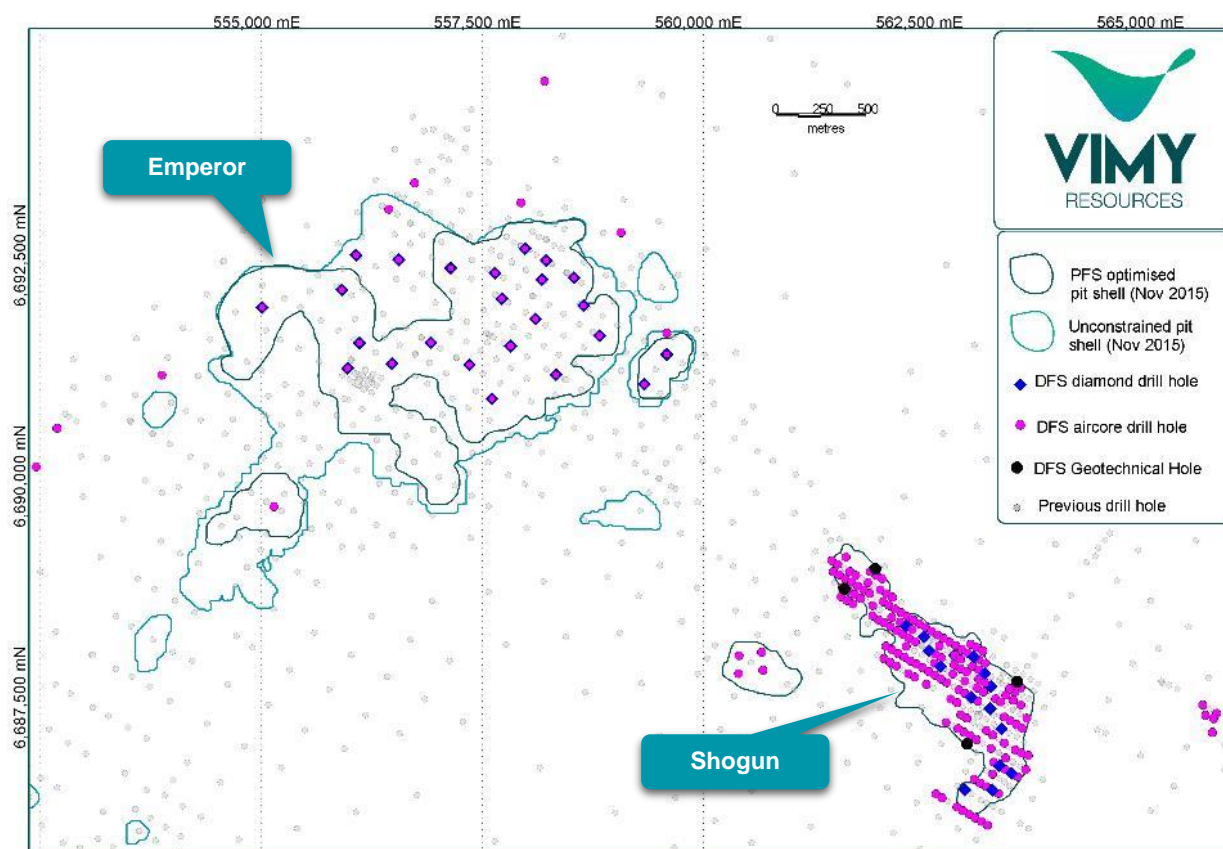
**Table 4: Summary of DFS drilling**

Resource	Drill Hole Type	Number of Holes	Actual Metres
Ambassador	Aircore	425	24,238
Ambassador	Diamond	52	3,112
Shogun	Aircore	167	6,783
Shogun	Diamond	15	587
Emperor	Aircore	34	1,740
Emperor	Diamond	25	1,158



**Figure 1: DFS in-fill drilling collars for the Ambassador deposit**





**Figure 2: DFS in-fill drilling collars for Shogun and Emperor deposits**

The DFS drilling also included a diamond twin program to further quantify the uranium disequilibrium correction factor at Shogun and Emperor. In April 2015, Vimy released a significant upgrade to the Mineral Resource Estimate for Ambassador, which resulted in a 30% increase of the average uranium grade due almost entirely to an increase in uranium disequilibrium factor. Results from this drill program will quantify the uranium disequilibrium for Shogun and Emperor, and are expected to show a comparable increase to that demonstrated at Ambassador, owing to the similar geological settings and uranium mineralisation forming processes at these deposits.

An updated Mineral Resource Estimate for Ambassador, Emperor and Shogun is due to be released during Q2 CY2016.

### Ambassador Test Pits Update

Two geotechnical test pits were excavated at Ambassador East and West to assess the hydrology, geology and rheology of the overburden material. Mining costs are a large part of overall costs and understanding of pit slopes and dig rates of the overburden were a significant driver for the test pits. Excavation to the ore zone also allowed for the extraction of ore samples from both pits.

The test pit program commenced on 28 October 2015 with the first ore zone reached on 27 January 2016. The East test pit is located at Year 2 of the PFS mine schedule and the West test pit is at Year 7.

Both trenches are now complete with the second bulk sample excavated on 20 March 2016. Bulk samples have been dispatched from site and transported to the pilot testing facility in Perth.

A summary of the activities is outlined below:

#### Ambassador East Test Pit

- The Ambassador East test pit took approximately 55 days to excavate at an average rate of 3,255 BCM/day with actual dig rates exceeding expectations,
- 52 tonnes of ore were excavated from the Ambassador East test pit and packaged in 1 tonne Bulka bags,
- Approximately 32 tonnes of ore was delivered to Perth for testing and a 17 tonne bulk composite sample was created to feed into the ore beneficiation pilot plant trial, and
- A total of 58 samples were sent for geotechnical assessment including Atterberg limits, triaxial testing, particle size distribution and particles density, with analyses underway.

#### Ambassador West Test Pit

- Excavation activities at the Ambassador West test pit were completed on 20 March 2016, including the collection of a 50 tonne ore sample,
- Over the excavation period of 49 days, an average dig rate of 4,010 BCM/day was achieved compared to a budgeted rate of 3,500 BCM/day, and
- A 24 tonne sample has been delivered to Perth for ore preparation ahead of the second ore beneficiation pilot plant trial.

Both trenches confirmed the free dig nature of the overburden as indicated by the daily production dig rates. Some ripping was required, but all calcrete and silcrete layers were excavated without the use of drill and blast.

Figure 3 shows the location of the Ambassador East and Ambassador West test pits.

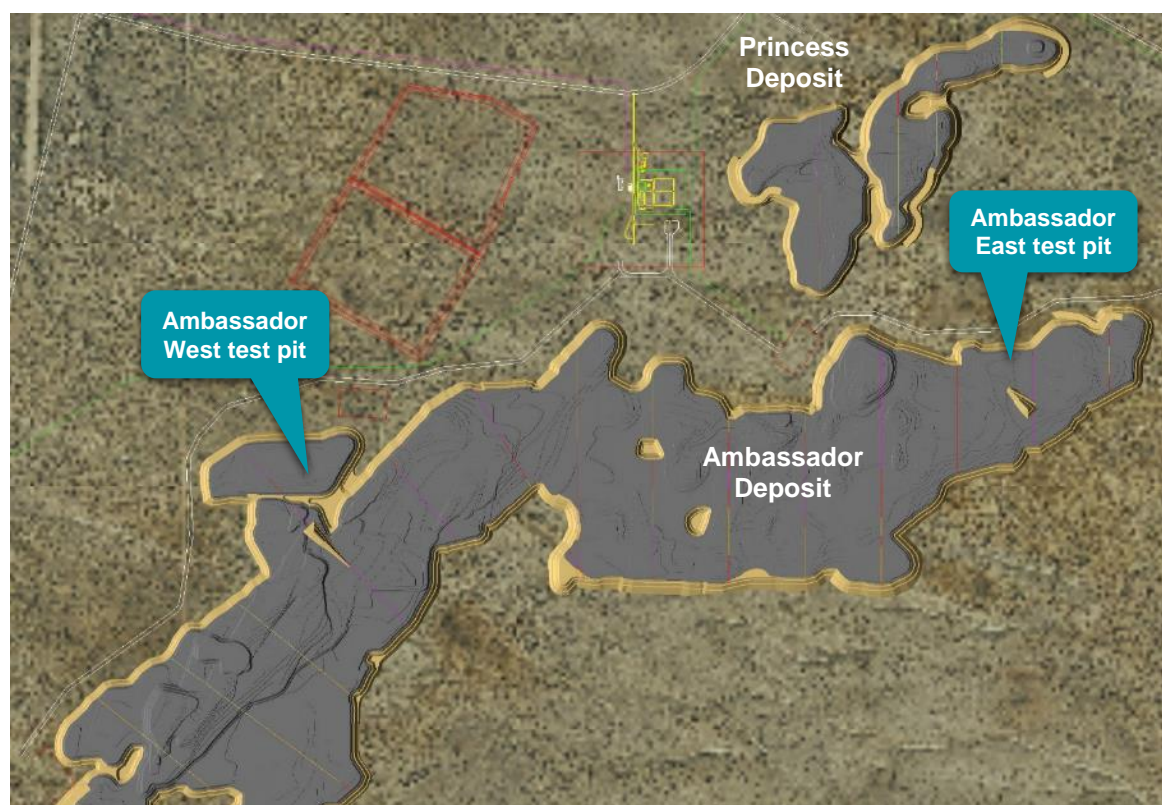


Figure 3: Location of Ambassador East and West test pits





Figure 4: Aerial photo of Ambassador East test pit



Figure 5: Excavation of bulk ore sample from Ambassador East test pit





Figure 6: Truck hauling ore to ROM pad from Ambassador East test pit



Figure 7: Loading ore sample into bulka bags for transportation





Figure 8: Bulk ore consignment dispatched from Mulga Rock Project

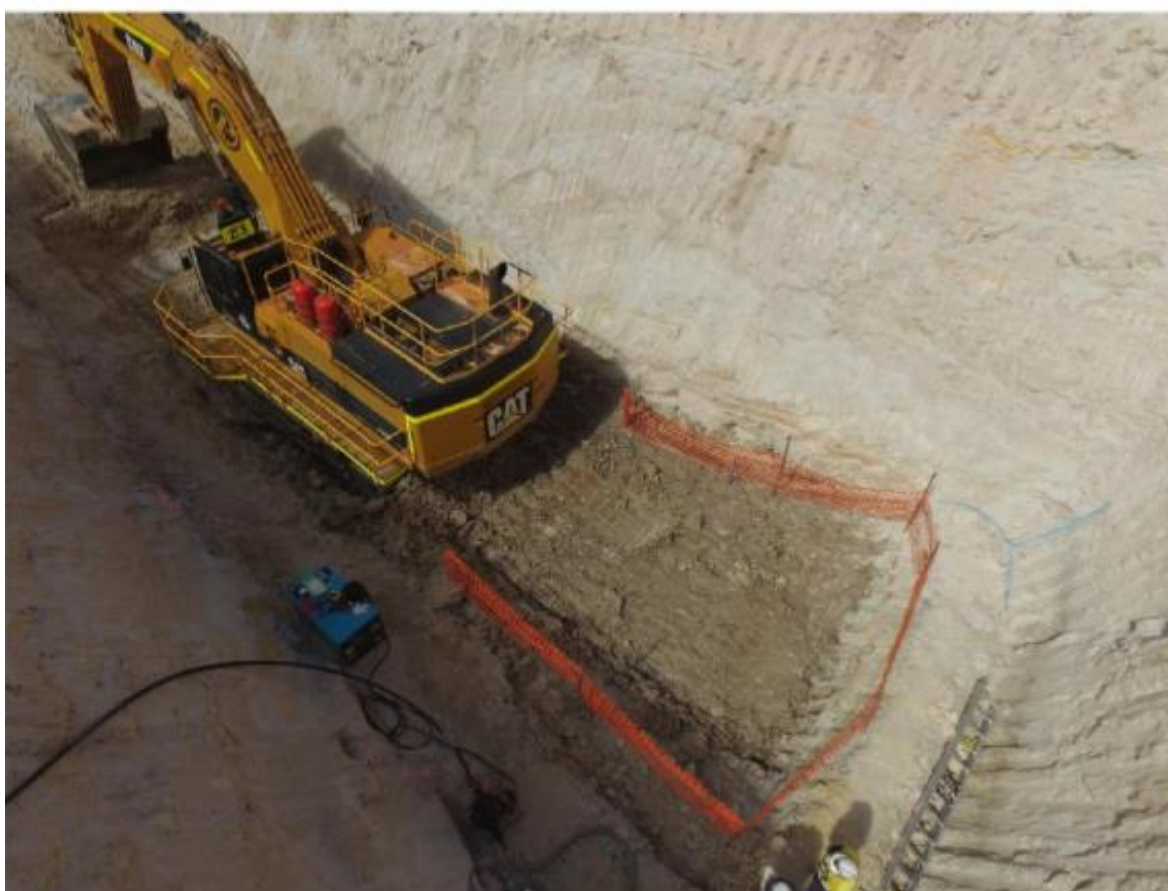


Figure 9: Ambassador West test pit

### Geotechnical Diamond Drilling

A 17 hole diamond geotechnical drilling program was completed on 31 January 2016 for a total of 686 metres of core from surface. The program included 5 diamond holes at the process plant location and the following at the proposed pits: 4 holes at Princess, 5 holes at Ambassador and 3 holes at Shogun.

All diamond core samples have been dispatched to a geotechnical testing laboratory to determine rock strength and shear force failure. The results will allow final pit wall angles to be determined and civil engineering requirements for the process plant.

### Metallurgical Pilot Testing

Metallurgical piloting will be performed on two 15 tonne bulk ore samples representing Years 2 and 7 of the mine schedule. The program will be performed in four stages consisting of the following:

- Stage 1 – Ore beneficiation circuit;
- Stage 2 – Uranium leaching, resin-in-pulp and uranium elution;
- Stage 3 – Uranium precipitation; and
- Stage 4 – Base metal recovery and product precipitation.

All equipment has been laid out in the pilot plant facility and is currently being water commissioned. Piloting commenced in late February and the first bulk sample was obtained in late March.

### Appointment of Study Manager for the Mulga Rock DFS

GR Engineering Services Limited (ASX:GNG) (**GR Engineering**) was appointed Study Manager for the Mulga Rock Definitive Feasibility Study (see *ASX Announcement 3 March 2016*).

GR Engineering is an extremely well-regarded Western Australia engineering and consulting firm. They have successfully delivered a number of significant projects across a range of commodities, and were chosen by Vimy from a field of high calibre engineering and consulting firms. The appointment of GR Engineering is an important milestone in the future development of the Mulga Rock Project.

### Public Environmental Review period completed

The 12-week Public Environmental Review (**PER**) period for public submissions ended on 8 March 2016 and the Company submitted suitable responses on 27 April 2016 to the comments provided by the Office of the Environmental Protection Authority. The PER process is on track and it is expected that the EPA will submit its final recommendation to the Minister and publish its report in August 2016. Thereafter, the State Minister's decision is anticipated in October 2016.

### Expenditure

Exploration and evaluation expenditure for the Quarter was \$4,690,886.

## Tenements

**Table 5: Tenement details as at 31 March 2016**

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%
L39/239 *	Current	Mt Margaret	n/a	100%

One miscellaneous licence (marked with an asterisk) was granted during the Quarter.

## Corporate

### First Drawdown of Resource Capital Fund VI Bridge Loan

The first drawdown of funds from the Resource Capital Fund VI ("RCF VI") unsecured bridging loan ("Bridging Loan") of \$7.5 million occurred after 31 March 2016, to fund the capital and operating expenditure of the Mulga Rock Project.

The Bridging Loan was part of a \$30 million funding package from RCF VI that was announced on 20 May 2015. The funding package comprises a \$5 million placement to RCF VI undertaken in May 2015, a \$10 million payment received in September 2015 in return for a 1.15% royalty, and a \$15 million Bridging Loan.

The total \$30 million funding package is expected to fund Vimy through to completion of the DFS for the Mulga Rock Project. Following the drawdown, the Bridging Loan has \$7.5 million remaining undrawn which can be used by the Company to fund the Project.



### Appointment of Chief Financial Officer / Company Secretary

The Company was pleased to welcome Ron Chamberlain as Chief Financial Officer and Company Secretary of the Vimy Group of companies in February 2016. Mr Chamberlain has over twenty five years of experience in the resources industry as a finance professional, with significant involvement in all mining stages, from exploration through to mine closure. Mr Chamberlain has held a number of senior executive roles in the uranium industry, including as the inaugural CFO for Paladin Energy where he played an integral role in the funding and development of the Langer Heinrich and Kayelekera projects.

### Appointment of Non-Executive Directors

The Company was pleased to welcome Andrew (Andy) Haslam together with Malcolm (Mal) James as Non-Executive Directors to the Board of Vimy on 1 April 2016 (refer *ASX Announcement 1 April 2016*).

Andy is a highly experienced mining executive and has been working as a consultant to the Mulga Rock Project since February 2016. He currently serves as a Non-Executive Director of BC Iron Ltd (August 2011). Andy is also an industry representative on the WA Quarry Managers' Board of Examiners, a Member of Australian Institute of Company Directors and a consultant to private company Genmin's Baniaca Iron Ore Project in Gabon, Africa.

Mal has an extensive background in finance, accounting and resources and a great deal of experience as a company director. His background includes a focus on uranium, developed over ten years at Peninsula Energy where he served as Executive Director responsible for the daily operations through to finance. Mal is currently the Non-Executive Chairman of Anova Minerals Ltd and Algae.Tec Ltd.

Mal replaces Aaron Hood as the Minderoo nominee to the Vimy Board. The Board and executive team would like to acknowledge and thank Aaron for his excellent contribution while a director and wish him luck at his new venture in Melbourne.

### Vale Geoff Rasmussen

Vimy Resources extends our deepest condolences to the family, friends and colleagues of Geoff Rasmussen. His legacy to us is to be an inspiration to conduct ourselves with the same humour, dignity and integrity that Geoff had. Vale Geoff Rasmussen.



**Mike Young**  
**Managing Director and CEO**

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29 April 2016

## 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](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

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

## Principal Place of Business

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