

Quarterly Activities Report

as at 30 September 2016

Highlights

- **EPA recommends approval of Mulga Rock Project (MRP) to the Minister**
- **EPA consents to preliminary work to be undertaken at MRP**
- **Successful Placement of \$6.6 million and full \$15 million debt conversion to equity for a total \$22 million transaction undertaken**
- **Eligible shareholders invited to participate in a Share Purchase Plan (SPP)**
- **Progress continues on the Definitive Feasibility Study (DFS)**

Vimy Resources Limited (Vimy ASX:VMY) is pleased to provide its Quarterly Activities Report for the period ended 30 September 2016.

Managing Director and CEO Mike Young commented: *"The Company continued to make significant progress on the Definitive Feasibility Study with further key milestones achieved. In particular, the EPA's recommendation for approval of the Mulga Rock Project is a major step and we look forward to receiving the Minister's decision towards the end of the year"*.

EPA recommends approval of Mulga Rock Project to the Minister

The Environmental Protection Authority (EPA) has assessed Vimy's proposal and prepared an Assessment Report that has been sent to the Minister as required under s.44(1) of the Western Australian *Environmental Protection Act 1986* (EP Act) (refer ASX Announcement dated 15 August 2016).

The Assessment Report recommends that the proposal may be implemented and specifies the conditions and procedures to which implementation should be subject as required by s.44(2)(b) of the EP Act.

The Mulga Rock Project is also being assessed under an Assessment Bilateral Agreement between the Commonwealth of Australia and Western Australia made under s.45 of the *Environment Protection and Biodiversity Conservation Act 1999 (Cth)* (EPBC Act) under which the Commonwealth Minister for the Environment relies upon the environmental impact assessment processes of WA in assessing actions under the EPBC Act. The Assessment Report will therefore form the basis of the Commonwealth Minister's assessment and subsequent decision in relation to this project.

EPA consents to preliminary works at Mulga Rock

On 27 September 2016, Vimy announced the consent of the EPA, under s.41A(3) of the *Environmental Protection Act 1986* (EP Act), to the Company's request to allow preliminary work to be undertaken in support of its Mulga Rock Project.

The preliminary work will involve:

- An upgrade to the existing site access road to allow for heavy equipment required for construction activities to access the site when required.
- Construction and development of the Kakarook North borefield to supply sufficient water once construction commences.

Under s.41A(1) of the EP Act, Vimy is prohibited from undertaking any work on the Mulga Rock Project until such time as the Minister's statement in relation to its proposal has been published under s.45(5)(b) of the EP Act. However, under s.41A(3) of the EP Act, preliminary works can be undertaken following EPA consent.

Vimy has received this consent and can now proceed with obtaining the necessary approvals to undertake the preliminary works as outlined above in advance of receiving the Minister's approval of its proposal.

Successful Placement of \$6.6 million in new funds raised

On 23 September 2016, the Company announced that it had received commitments from new and existing institutional and sophisticated investors to raise \$6.6 million in new funds at \$0.26 cents per share via a two tranche Placement and partly subject to FIRB approval.

The Company was pleased to advise early settlement of the majority of the second tranche as FIRB approval was not required. Under the Company's existing ASX Listing Rule 7.1 placement capacity, Vimy allotted 24,093,845 shares on 30 September 2016 to new and existing institutional and sophisticated investors to raise \$6.3 million before costs.

The Company still expects to receive \$0.3 million from institutional and sophisticated investors shortly.

Use of Funds

The funds raised from the Placement will be used for additional work to improve some key technical inputs of the Mulga Rock Project prior to completion of the DFS. The additional work mainly comprises in-fill optimisation drilling to determine if the positive reconciliation between the resource estimation model and contained uranium metal measured in the 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).

\$15 million RCF Loan Conversion into Equity

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

Following this drawdown, Vimy then announced on 23 September 2016, the full conversion of the 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.

The conversion is subject to shareholder approval, as conversion of the loan into equity will lift RCF's equity ownership above the 19.9% takeover threshold as outlined below.

Vimy Resources	Previous	After \$4m Placement	After \$4m Placement + \$15m Loan Conv.
RCF Shareholding	7.9%	13.4%	29.9%

As a consequence, Vimy's Board has appointed 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 includes:

- 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

Following the successful Placement from new and existing institutional and sophisticated investors, the Company is pleased to offer Eligible Shareholders an opportunity to participate in a non-underwritten SPP, intending to raise \$0.5 million to \$1 million at the Placement price of \$0.26 per share (refer ASX Announcement dated 10 October 2016).

Participation in the SPP is open to shareholders who were recorded on Vimy's share register as a holder of shares at 5:00pm (Perth time) on 22 September 2016 and whose registered address is in Australia or New Zealand (**Eligible Shareholders**). Participation is entirely voluntary and the Offer is non-renounceable.

Under the SPP, Eligible Shareholders are able to subscribe for up to \$15,000 worth of fully paid ordinary shares in the Company at \$0.26 per share, without incurring brokerage or other transaction costs.

SPP Important Dates

Record Date (5.00pm WST)	Thursday, 22 September 2016
Opening date for acceptances	Tuesday, 11 October 2016
Closing date for acceptances (5:00pm WST)	Monday, 31 October 2016
Allotment and issue of new Shares under the SPP	Monday, 7 November 2016
Quotation of SPP Shares on ASX	Tuesday, 8 November 2016
Dispatch of Shareholder statements	Tuesday, 8 November 2016

This timetable is indicative only and subject to change. The Company reserves the right to vary the above dates, subject to the ASX Listing Rules and the Corporations Act 2001 (Cth)

Funds raised from the SPP will be used for additional working capital to progress the Mulga Rock Project.

The Offer price of \$0.26 per share represents an approximate 9% discount to the volume weighted average closing price of Vimy Shares traded on the ASX in the ten trading days prior to announcement of the Share Purchase Plan on 23 September 2016.

Full details of the SPP were set out in the SPP Offer booklet lodged with the ASX and mailed to shareholders on 10 October 2016.

Definitive Feasibility Study Update

The DFS advanced on all fronts during the Quarter in the areas of geological modelling and resource estimation, mine optimisation, mine design, mining tenders, and equipment selection, and metallurgical test work.

Pit optimisation studies, mine design and scheduling progressed during the Quarter using the updated Resource announced on 23 June 2016. Based on previous work, it is expected there will be a very good conversion from Indicated Resources to Probable Ore Reserve and this will support the DFS mine design. The Indicated Resource and Probable Ore Reserve show excellent continuity along the entire length of the PFS Ambassador optimised pit shell, an important characteristic given continuous strip mining is being proposed at Mulga Rock.

Tenements

Tenement details as at 30 September 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%
E39/1902	Current	Mt Margaret	-	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	100%	100%
L39/240	Current	Mt Margaret	-	100%
L39/241	Current	Mt Margaret	-	100%
L39/242	Current	Mt Margaret	-	100%

Expenditure

Exploration and evaluation expenditure for the Quarter was \$3,739,252, after including an allocation for staff costs.

Corporate

Cash at the end of the Quarter amounted to \$13,375,259, including the net amount of \$6,100,243 received from the Placement.

A handwritten signature in blue ink, appearing to read "M Y", followed by a long, sweeping horizontal line.

Mike Young
Managing Director and CEO

Tel: +61 8 9389 2700

31 October 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 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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