



Half Year Financial Report

For the half year ended 31 December 2016

Vimy Resources Limited ACN 120 178 949

Vimy Resources Limited

ACN 120 178 949

CONTENTS

	Page
Directors' Report	3
Auditor's Independence Declaration	5
Interim Financial Statements	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	11
Directors' Declaration	17
Independent Auditor's Review Report to the Members	18

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 2016 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 2016 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 21 February 2017.

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

Directors' Report

For the Half Year Ended 31 December 2016

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 2016.

DIRECTORS

The names and details of directors who held office during the half year ended 31 December 2016 and up to the date of this report (unless otherwise stated), are:

The Hon. Cheryl Edwardes AM, Non-Executive Chairman

Michael (Mike) Young, Managing Director and Chief Executive Officer

Julian Tapp, Executive Director

David Cornell, Non-Executive Director

Malcolm James, Non-Executive Director

Andrew Haslam, 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 projects, located 240 kilometres north east of Kalgoorlie in Western Australia.

During the six months to 31 December 2016, the Company continued to progress completion of the Definitive Feasibility Study for the Mulga Rock Project achieving the following significant milestones:

- On 15 August 2016, the Company announced the final drawdown from the Resource Capital Fund VI P.L. ("RCF VI") unsecured Bridge Facility of \$7.5 million had occurred to fund the capital and operating expenditure of the Mulga Rock Project.
- On 15 August 2016 the Company also announced the Environmental Protection Authority (EPA) had prepared an Assessment Report that has been sent to the Western Australian Minister for the Environment as required under s.44(1) of the Western Australian Environment Protection Act 1986.
- On 21 September 2016, the Company announced consent of the EPA to allow preliminary work to be undertaken in support of the Mulga Rock Project.
- On 23 September 2016, the Company announced full conversion of the \$15 million Bridge Facility with RCF VI into equity at a conversion price of \$0.26 per share for 57,692,307 ordinary shares, subject to shareholder approval. On 23 November 2016 the Company announced conversion of \$5 million of the facility into equity, with the balance of the loan conversion completed on 24 January 2017.
- On 30 September 2016, the Company announced completion of a placement from new and existing institutional and sophisticated investors which raised \$6.3 million in new funds at \$0.26 per share before costs. The funds raised were primarily for a uranium grade optimisation drilling program.
- On 20 October 2016, the Company announced the grant of new Mining Leases to accommodate a larger project development envelope.
- On 8 November 2016, the Company announced an updated Mineral Resource of 67.8Mt at 510ppm U₃O₈ for 76.8Mlb U₃O₈ – with over 50% in the Indicated Resource category.
- On 16 November 2016, the Company announced an updated Probable Ore Reserve which now contains 18.7Mt at 755ppm U₃O₈ for total metal content of 31.2 Mlb U₃O₈ – an increase in contained metal of 41%.
- On 19 December 2016, the Company announced that the Western Australian Minister for the Environment had approved the Mulga Rock Project, subject to implementation conditions.

Directors' Report

For the Half Year Ended 31 December 2016

Financial

The operating loss for the period was \$7,786,911 and the net liability of the Consolidated Entity was \$1,174,275. The cash balance at 31 December 2016 was \$8,169,449.

DIVIDENDS

No dividends were recommended or paid during the six months to 31 December 2016 (\$ Nil: 31 December 2015).

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.

ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations Instrument 2016/191 and therefore the amounts contained in this report and in the interim financial statements have been rounded to the nearest dollar.

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



Mike Young
Managing Director and Chief Executive Officer

Dated 21 February 2017

Level 1
10 Kings Park Road
West Perth WA 6005

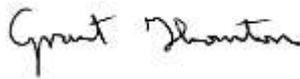
Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

**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 2016, 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, 21 February 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2016

	Notes	Consolidated	
		Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$
Other Income	3	4,474,291	10,104,686
Exploration and evaluation expenditure		(9,114,384)	(9,643,847)
Corporate and administration expense		(1,884,319)	(1,861,485)
Financing expense		(649,005)	-
Share based payment expense		(613,494)	(472,898)
Loss before income tax		(7,786,911)	(1,873,544)
Income tax expense		-	-
Loss attributable to members of the Company		(7,786,911)	(1,873,544)
Other comprehensive income, net of tax		-	-
Total comprehensive loss attributable to members of the Company		(7,786,911)	(1,873,544)
Loss per share from continuing operations attributable to the members of the Company:		Cents per share	Cents per share
Basic and diluted loss per share	4	(3.15)	(0.82)

The above 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 2016

		Consolidated	
		As at 31 December 2016	As at 30 June 2016
		\$	\$
Notes			
CURRENT ASSETS			
	Cash and cash equivalents	8,169,449	4,572,609
	Trade and other receivables	4,565,202	386,488
	Prepayments	68,609	267,631
	Total Current Assets	12,803,260	5,226,728
NON-CURRENT ASSETS			
	Trade and other receivables	190,506	190,506
	Plant and equipment	398,209	430,755
	Total Non-Current Assets	588,715	621,261
	TOTAL ASSETS	13,391,975	5,847,989
CURRENT LIABILITIES			
	Trade and other payables	3,219,314	2,736,083
	Provisions	780,759	697,488
	Loans and borrowings	10,000,000	7,500,000
	Total Current Liabilities	14,000,073	10,933,571
NON-CURRENT LIABILITIES			
	Trade and other payables	492,375	112,183
	Provisions	26,680	79,870
	Other financial liabilities	47,122	20,416
	Total Non-Current Liabilities	566,177	212,469
	TOTAL LIABILITIES	14,566,250	11,146,040
	NET LIABILITIES	(1,174,275)	(5,298,051)
EQUITY			
	Contributed equity	79,024,496	67,727,303
	Employee option plan reserve	1,419,025	1,316,153
	Employee share plan reserve	2,437,903	1,927,281
	Accumulated losses	(84,055,699)	(76,268,788)
	TOTAL DEFICIT	(1,174,275)	(5,298,051)

The above 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 2016

	Contributed equity \$	Accumulated losses \$	Option plan reserve \$	Share plan reserve \$	Total \$
CONSOLIDATED					
Balance at 1 July 2015	67,727,303	(64,310,963)	1,093,362	1,235,417	5,745,119
Share based payment expense	-	-	112,004	360,894	472,898
Loss attributable to members of the Company	-	(1,873,544)	-	-	(1,873,544)
Balance at 31 December 2015	67,727,303	(66,184,507)	1,205,366	1,596,311	4,344,473
Balance at 1 July 2016	67,727,303	(76,268,788)	1,316,153	1,927,281	(5,298,051)
Issue of ordinary shares, net of issue costs	11,297,193	-	-	-	11,297,193
Share based payment expense	-	-	102,872	510,622	613,494
Loss attributable to members of the Company	-	(7,786,911)	-	-	(7,786,911)
Balance at 31 December 2016	79,024,496	(84,055,699)	1,419,025	2,437,903	(1,174,275)

The above 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 2016

	Note	Consolidated	
		Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$
Cash Flows from Operating Activities			
Interest received and other income		70,998	98,044
Payments to other suppliers and employees		(9,948,250)	(9,118,565)
Net cash used in Operating Activities		(9,877,252)	(9,020,521)
Cash Flows from Investing Activities			
Proceeds from sale of royalty		-	10,000,000
Purchase of property, plant and equipment		(62,933)	(292,590)
Net cash generated by/(used in) Investing Activities		(62,933)	9,707,410
Cash Flows from Financing Activities			
Proceeds from issue of ordinary shares, net of issue costs		6,037,025	-
Proceeds from loan facilities		7,500,000	-
Net cash provided by Financing Activities		13,537,025	-
Net Increase in cash held		3,596,840	686,889
Cash at the beginning of the financial period		4,572,609	6,445,757
Cash at the end of the financial period	5	8,169,449	7,132,646

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

Notes to the Financial Statements

31 December 2016

Table of Contents

1. Basis of preparation	11
2. Segment reporting	12
3. Other Income	13
4. Loss per share	13
5. Cash and cash equivalents	13
6. Trade and other receivables	13
7. Trade and other payables	14
8. Provisions	14
9. Loans and borrowings	14
10. Other financial liabilities	15
11. Contributed equity	16
12. Contingent liabilities	16
13. Events occurring after reporting date	16

Notes to the Financial Statements

31 December 2016

1. Basis of preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2016 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Act 2001*.

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 2016 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 has been approved and authorised for issue by the Board of Directors on 21 February 2017.

Going Concern

The Group incurred a net loss of \$7,786,911 during the half-year ended 31 December 2016. The Group's net cash used in operating activities was \$9,877,252 for the half year ended 31 December 2016.

As at 31 December 2016 the Group has an equity deficit of (\$1,174,275), a current net liability of (\$1,196,813), and current loans and borrowings of \$10 million.

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:

- Shareholder approval on 24 January 2017 for the conversion to equity of the remaining \$10 million RCF VI unsecured Bridge Facility.
- Research and Development Tax Incentive grant income from 2016 and 2017 Group income tax returns.
- 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 interim financial report.

Notes to the Financial Statements

31 December 2016

2. Segment reporting

The Group operates one business segment: Exploration and Evaluation. The activities undertaken by the Exploration and Evaluation segment includes 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 2016 \$	Half year ended 31 December 2015 \$
Segment Result		
Segment (contribution)	(5,140,687)	(9,643,847)
Reconciliation to Consolidated Loss		
Segment contribution	(5,140,687)	(9,643,847)
Sale of royalty	-	10,000,000
Corporate and administration expenses	(1,884,319)	(1,861,485)
Share based payments expense	(613,494)	(472,898)
Financing expense	(649,005)	-
Gain of share issue	399,353	-
Interest received and other income	101,241	104,686
Loss from continuing operations	(7,786,911)	(1,873,544)
	31 December 2016 \$	30 June 2016 \$
Total assets		
Segment assets	365,244	630,395
Reconciliation to Group Total Assets		
Segment assets	365,244	630,395
Corporate and administration assets	13,026,731	5,217,594
Total assets	13,391,975	5,847,989

Notes to the Financial Statements

31 December 2016

3. Other Income

	Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$
Sale of royalty	-	10,000,000
Interest received and other income	101,241	104,686
Gain on share issue ⁽ⁱ⁾	399,353	-
Research and Development Incentive Grant Income	3,973,697	-
	4,474,291	10,104,686

(i) The gain on share issue primarily relates to shares issued to convert debt to equity (refer to Note 11).

4. Loss per share

	Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$
Loss used in the calculation of basic EPS	(7,786,911)	(1,873,544)
Basic and diluted loss per share (cents per share)	(3.15)	(0.82)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	247,465,949	227,906,475

5. Cash and cash equivalents

	31 December 2016 \$	30 June 2016 \$
Cash at bank and on hand	169,449	822,609
Short-term deposits	8,000,000	3,750,000
	8,169,449	4,572,609

6. Trade and other receivables

	31 December 2016 \$	30 June 2016 \$
Research and Development Incentive Grant Income	3,973,698	-
GST receivable	445,982	349,363
Other receivables	145,522	37,125
	4,565,202	386,488

Notes to the Financial Statements

31 December 2016

7. Trade and other payables

	31 December 2016 \$	30 June 2016 \$
Current		
Trade payables and accruals	3,063,236	2,654,043
Interest payable ⁽ⁱ⁾	156,078	82,040
	3,219,314	2,736,083
Non-Current		
Interest payable ⁽ⁱ⁾	492,375	112,183
	492,375	112,183

(i) Relates to interest payable on the RCF VI Bridge Facility Agreement, refer to Note 9 for details.

8. Provisions

	31 December 2016 \$	30 June 2016 \$
Current		
Provision for annual leave	292,238	246,028
Provision for long service leave	37,061	-
Provision for rehabilitation ⁽ⁱ⁾	451,460	451,460
	780,759	697,488
Non-Current		
Provision for long service leave	26,680	79,870
	26,680	79,870

(i) The Group has recognised a liability for rehabilitation relating to geotechnical test pits which have provided information inputs to the Definitive Feasibility Study for the Mulga Rock Project. Subsequent to 31 December 2016, the Company has received approval for a 2 year extension from 31 March 2017 to complete the rehabilitation work on the geotechnical test pits.

9. Loans and borrowings

	31 December 2016 \$	30 June 2016 \$
RCF VI Bridge Facility Agreement	10,000,000	7,500,000
	10,000,000	7,500,000

Notes to the Financial Statements

31 December 2016

9. Loans and borrowings (continued)

RCF VI Bridge Facility Agreement:

The RCF VI Bridge Facility is part of a \$30 million funding package from Resource Capital Fund VI. The funding package comprised 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 unsecured Bridge Facility.

The Company completed first drawdown of \$7.5 million on the Bridge Facility on 4 April 2016. The Company completed drawdown of the remaining facility of \$7.5 million on 15 August 2016. On 23 November 2016 the Company issued 19,230,769 fully paid ordinary shares at \$0.26/share to repay \$5 million of the facility.

On 24 January 2017 the Company announced shareholders had approved the conversion of the remaining \$10 million of the facility into 38,461,539 fully paid ordinary shares at \$0.26/share to repay the facility before its maturity on 31 March 2017.

Interest on the facility is calculated at a rate of 15% per annum, with 4% payable quarterly and 11% deferred for payment until 31 March 2018. However, the deferred interest amounts at 31 March 2018 do not become payable if, up to 31 March 2018 all the following circumstances have occurred:

- RCF VI is granted a participation opportunity on all equity issues,
- Vimy completes the project financing for the Mulga Rock Project,
- There is no event of default, and
- Vimy had repaid all loans.

Included within the facility terms and conditions are:

- a conversion price option for RCF VI to convert deferred interest payable into shares at a fixed price. At 31 December 2016, the fair value of this embedded derivative was \$47,122.
- A requirement to maintain \$1.0 million in restricted cash in the form of a minimum working capital amount.

10. Other financial liabilities

	31 December 2016 \$	30 June 2016 \$
Embedded derivatives ⁽ⁱ⁾	47,122	20,416
	47,122	20,416

(i) Relates to an embedded derivative in the RCF VI Bridge Facility Agreement, refer to Note 9 for details.

Notes to the Financial Statements

31 December 2016

11. Contributed equity

	Number	\$
Ordinary shares		
Balance at 30 June 2016	229,761,367	67,727,303
5 July 2016 Share placement @ 33.81 cents per share	213,937	64,181
29 August 2016 Share placement @ 33.20 cents per share	281,776	87,350
31 August 2016 Share buy back	(100,000)	-
30 September 2016 Share placement @ 26 cents per share	24,093,844	6,264,400
3 October 2016 Share placement @ 26.09 cents per share	284,315	69,657
4 October 2016 Share placement @ 27.38 cents per share	417,253	104,313
1 November 2016 Share placement @ 24.02 cents per share	383,398	92,015
4 November 2016 Share purchase plan @ 26 cents per share	398,066	103,497
22 November 2016 Employee share plan grant	1,666,667	-
23 November 2016 Debt conversion share issue @ 24 cents/share ⁽ⁱ⁾	19,230,769	4,615,385
1 December 2016 Share placement @ 24.52 cents per share	955,464	248,421
Share issue costs	-	(352,026)
Balance at 31 December 2016	277,586,856	79,024,496

(i) In accordance with a Subscription Agreement with RCF VI, the Company issued 19,230,769 shares at \$0.26 per share to repay \$5 million of the RCF VI Bridge Facility on 23 November 2016. As the Company share price on this day was \$0.24 per share, the shares issued have been valued using the lower number, and as a consequence a gain on share issue of \$384,615 has been recognised (refer to Note 3).

12. Contingent liabilities

Royalty

On 3 September 2015, the Company received a royalty payment of \$10 million from RCF VI. Narnoo Mining Pty Ltd ('Narnoo'), a 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.

13. Events occurring after reporting date

Since the 31 December 2016 the following significant subsequent event occurred:

On 24 January 2017, the Company announced that a General Meeting of shareholders had approved the issue of 38,461,539 new fully paid ordinary shares at \$0.26 per share to RCF VI to convert the remaining \$10 million of the unsecured Bridge Facility into equity.

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 of its financial position as at 31 December 2016 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 and Chief Executive Officer

21 February 2017

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VIMY RESOURCES LIMITED

We have reviewed the accompanying half-year financial report of Vimy Resources Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, 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 Limited 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 Limited consolidated entity's financial position as at 31 December 2016 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 Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

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*.

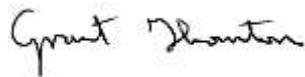
Conclusion

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 Limited 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 2016 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 to the financial report that highlights the consolidated entity reported a net loss of \$7,786,911 and a net liability position of \$1,174,275 for the half year ended 31 December 2016. 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, 21 February 2017