



Quarterly Activities Report

June 2017

Highlights

- **Significant Mineral Resource upgrade at Mulga Rock Project: 17% increase to global Mineral Resource, now at 90.1Mlbs U₃O₈ being 71.2Mt at 570ppm U₃O₈**
- **Upgrades significantly improve Project economics; 30% increase in high-grade ore at Mulga Rock East, comprising 25Mlbs at 1,500ppm U₃O₈**
- **Positive results from optimisation drilling program postpone release of DFS until December 2017 quarter**
- **Western Australian Government confirms in Parliament that the Mulga Rock Project has State Ministerial approval**
- **Overseas Converters confirm very high quality Uranium Ore Concentrate product from the Mulga Rock Project following testing of the first dispatched samples**

Vimy Resources Limited (“Vimy” or “the Company”; ASX:VMY) is pleased to provide its Quarterly Activities Report for the period ended 30 June 2017.

Managing Director and CEO Mike Young commented: *“The Vimy Team has continued to work at a cracking pace this Quarter, with a significant resource upgrade announced in July which has a strong positive effect on the project economics. The upgrade highlights the world class scale and economic development potential of the Mulga Rock Project.*

“As previously announced, the release of the DFS was deliberately postponed to incorporate the increased metal that we see in the new resource models; a 30% increase at Ambassador alone. Now we can update the mining schedule and financial model before the final release of the DFS in the December quarter.

“The positive effect on the unit operating costs, and therefore net present value, will make it well worth the wait!”

Significant upgrade in Uranium Resource at Mulga Rock – now 90Mlbs

On 12 July 2017, the Company announced that the global Mineral Resource at the Mulga Rock Project had increased by 17% to 71.2Mt at 570ppm U₃O₈ for 90.1Mlbs U₃O₈ compared to the November 2016 estimate of 76.8Mlb U₃O₈. Significantly, the new Resource includes 45.4Mlbs U₃O₈ of Measured and Indicated material and it is expected that most of this material will be converted to Proven and Probable Reserves as part of the ongoing Definitive Feasibility Study (DFS).

The Company expects to release the Ore Reserves during the September quarter.

Mulga Rock Project now



U₃O₈

Higher grade within AMBASSADOR contains 25Mlbs @ 0.15% U₃O₈



Mulga Rock East



METAL UP 30%
GRADE UP 17%



STATE & FEDERAL MINISTERIAL APPROVALS

Mulga Rock East

The Mulga Rock East mining centre, comprising the Princess and Ambassador deposits, represents 63% of the global resource and will be the focus of initial mine development. The Mineral Resource at Mulga Rock East has increased by 30% for a total of 56.4Mlb U₃O₈ at 670ppm U₃O₈ compared to the November 2016 estimate. There is a high-grade component within the Ambassador deposit containing 25Mlb at an average uranium grade of 0.15% U₃O₈, with 91% of that in Measured and Indicated status.

In mining studies currently underway, it is evident that early mining of much of this high-grade zone will provide significantly improved economics, compared to the PFS released on 16 November 2015, and underpin the initial project payback period. As part of ongoing DFS work, Vimy has identified four major high-grade pit shells within Ambassador that will be the focus of initial mining activities during the project payback period.

Mulga Rock Global Mineral Resource

Table 1 shows the new Mulga Rock resource of 71.2Mt at 570ppm U₃O₈ for 90.1Mlbs U₃O₈. This represents an increase of 17% in contained U₃O₈ metal for the global resource compared to the November 2016 estimate, comprising an increase in tonnage of 5% and an increase in grade of 11%.

Table 1: Mulga Rock Project Mineral Resource, July 2017^{1,2}

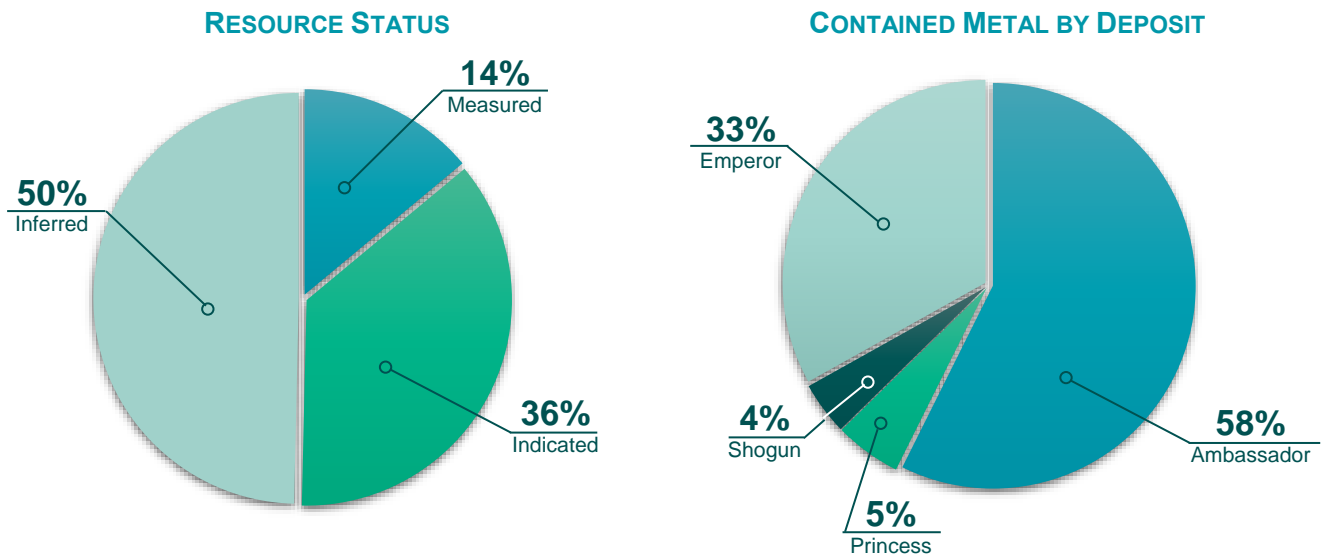
Deposit / Resource	Classification	Cut-off Grade (ppm U ₃ O ₈)	Tonnes (Mt) ¹	U ₃ O ₈ (ppm) ²	U ₃ O ₈ (Mlbs)
Mulga Rock East					
Princess	Indicated	150	2.0	820	3.6
Princess	Inferred	150	1.3	420	1.2
Ambassador	Measured	150	5.2	1,100	12.6
Ambassador	Indicated	150	14.8	800	26.0
Ambassador	Inferred	150	14.2	420	13.1
Sub-Total			37.4	680	56.4
Mulga Rock West					
Emperor	Inferred	150	30.8	440	29.8
Shogun	Indicated	150	2.2	680	3.2
Shogun	Inferred	150	0.9	290	0.6
Sub-Total			33.8	450	33.6
Total Resource			71.2	570	90.1

1 t = metric dry tonnes; Appropriate rounding has been applied, and rounding errors may occur.

2 Using cut combined U₃O₈ composites (combined chemical and radiometric grades).

There is 45.4Mlbs U₃O₈ in Measured and Indicated status representing 50% of the total global resource (Figure 1). It is expected that most of the Measured and Indicated material will convert to Proven and Probable Reserves as a result of the ongoing DFS.

Figure 1: July 2017 Mulga Rock Project Mineral Resource



An interim Mineral Resource upgrade was also announced by the Company on 25 May 2017. Results were reported from drilling that took place at Ambassador East completed in 4Q2016 and noted a 92% conversion from Indicated to Measured status in the area of in-fill drilling. The Resource results announced at that time have since been superseded by the announcement on 12 July 2017 and therefore are not presented in the Quarterly Report.

Positive results from optimisation drilling program postpone release of DFS

As announced on 14 June 2016, assessment of the material from the two test pits excavated at the Ambassador deposit during the DFS found that the contained U_3O_8 in the samples was 53% higher than expected from the resource model. The Company followed up with a detailed drilling program at Ambassador during the December 2016 quarter. The results were collated in early 2017 and confirmed that the resource model being used for the DFS had underestimated the contained metal in the Ambassador deposit due to the cumulative effect of conservative assumptions.

On 26 April 2017, the Company announced its decision to postpone the release of the DFS and to generate new resource models with the most up-to-date data as it is expected the new resource will have a significant positive effect on the project economics. As indicated, the updated resource models were released in May and July and the new data is currently being run through the mining schedule and financial model to provide more accurate and lower unit operating costs. This will result in a higher net present value than had been presented in the PFS, announced on 17 November 2015, which had previously underpinned the economics of the Project.

As the mineralogy, ore geology, and rheology (rock characteristics) of the ore body and overburden have not changed, except for contained metal, no significant re-working of the metallurgical flow-sheet, plant design, and infrastructure will be required. The final DFS is due to be released early in the December quarter.

Western Australian Government confirms the Project is allowed to proceed

On 20 June 2017, Vimy welcomed the statement by the Hon. Bill Johnston, Minister for Mines and Petroleum, confirming that the Mulga Rock Project has State Ministerial Approval and will be legally entitled to obtain all secondary approvals. The statement by the McGowan Government provided absolute assurance that the Mulga Rock Project will be allowed to proceed as it moves through to development.

The statement absolutely confirmed Vimy's position and demonstrated consistency in the approach taken by Premier McGowan and his Cabinet. The Government's assurances help to underpin the investment required to bring the Mulga Rock Project into production and to create new jobs in Western Australia.

Cabinet endorsement of Premier McGowan’s long-standing policy position on uranium refutes claims by those who sought to misrepresent the Premier’s position and argue that Vimy had not achieved the necessary approvals. This announcement puts the issue beyond doubt.

Uranium Samples Dispatched to Converters

The Company announced on 24 April 2017 that the (then) Minister for Resources and Northern Australia, the Hon. Matthew Canavan, had granted Vimy permission to export from Australia, a maximum of up to 6 kilograms Uranium Ore Concentrate (UOC) from the Mulga Rock Project to uranium converters for testing and quality assurance purposes (pursuant to Regulation 9 of the Customs (Prohibited Exports) Regulations 1958).

Testing of Vimy’s proposed product by converters is an essential part of the quality assurance that nuclear utilities will require before entering into long-term offtake agreements.

The samples were produced during 2016 from Vimy’s pilot plant as part of the DFS, the ore feed having been extracted as part of the geotechnical investigation trenches (ASX Announcement 14 June 2016). The yellowcake was chosen as being closest to the quality expected in final production.

On 13 April 2017, Vimy’s various applications to ‘Transfer Uranium Ore Concentrates (UOC) Internationally’ were approved by the Director General ASNO. The samples were subsequently dispatched to Cameco Corporation in Canada; AREVA NC Malvesi in France and ConverDyn in the USA.

Vimy has since received notification from Cameco and ConverDyn confirming the very high quality UOC product from the Mulga Rock Project.

Tenements

Tenement details as at 30 June 2017

Tenement	Nature of Interest	Mineral Field	Interest at Beginning of Quarter	Interest at End of Quarter
M39/1104	Current	Mt Margaret	100%	100%
M39/1105	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%
E39/1683	Transfer	Mt Margaret	0%	100%
E39/1902	Current	Mt Margaret	100%	100%
P39/4877	Amalgamated	Mt Margaret	100%	0%
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%	100%
L39/241	Current	Mt Margaret	100%	100%
L39/242	Current	Mt Margaret	100%	100%
L39/252	Current	Mt Margaret	100%	100%
L39/253	Current	Mt Margaret	100%	100%
L39/254	Granted	Mt Margaret	0%	100%

Upcoming activities

The Company expects to complete the following work over the next two quarters:

- Complete the DFS including:
 - Assess high-grade mining scenarios and staged capital implementation plans
 - Complete an updated Ore Reserve using the new resource models
 - Run financials for the DFS with new metal throughputs
- Submit remaining secondary permits to ensure the project is construction ready by mid-2018
- Continue discussions with financiers and potential offtake partners

Expenditure

Exploration and evaluation expenditure for the 30 June 2017 Quarter was \$2,193,796, including allocation for staff costs.

This has significantly reduced from the 31 March 2017 quarter spend of \$3,356,087 as the Project Definitive Feasibility Study comes to a conclusion. This trend will be maintained for estimated cash outflows in the next quarter.

Corporate

Cash at the end of the 30 June 2017 Quarter amounted to \$5.1 million.

During the next quarter the Company expects to lodge its research and development tax incentive claim for the 2017 financial year, which will provide cash flow to assist in funding completion of the Project Definitive Feasibility Study.



Mike Young
Managing Director and CEO

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31 July 2017

The information in this announcement that relates to the Exploration Results for the Mulga Rock Resource Estimate (U₃O₈), are based on information compiled by Xavier Moreau, who is a Member of the Australian Institute of Geoscientists. Mr Moreau is a full-time employee of Vimy Resources. Mr Moreau has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Moreau consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the Mulga Rock Mineral Resource estimates (U₃O₈) is based on information compiled under the supervision of AMC Consultants as consultants to the Company and reviewed by Ingvar Kirchner an employee of AMC Consultants. Mr Kirchner consents to the inclusion, form and context of the relevant information herein as derived from the original resource reports. Mr Kirchner has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.



About Vimy Resources

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 comprises 90.1Mlbs of U₃O₈ and 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 power plants 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.

Directors and Management

The Hon. Cheryl Edwardes AM
Chairman

Mike Young
CEO and Managing Director

Julian Tapp
Executive Director

David Cornell
Non-Executive Director

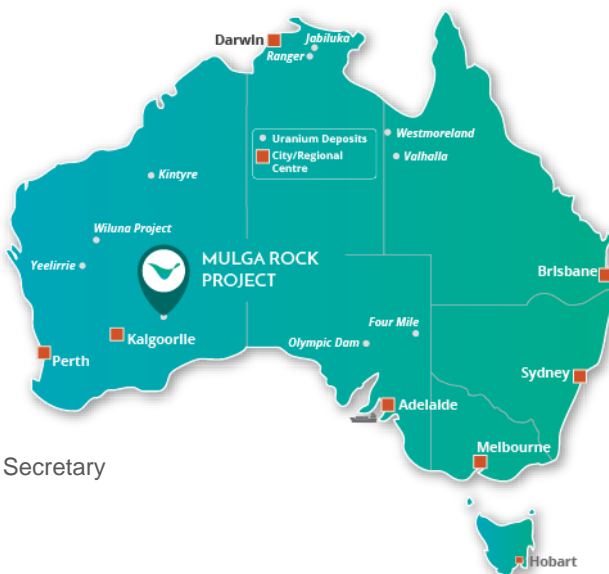
Mal James
Non-Executive Director

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



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.

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THE MULGA ROCK PROJECT
COMPRISES



CAPACITY TO PRODUCE

1,360
tonnes per annum



of uranium oxide for up to
seventeen years



The creation of approximately
490 new jobs
IN WESTERN AUSTRALIA

Royalty and payroll tax
payments of around

A\$19m
PER YEAR TO THE
STATE GOVERNMENT

The amount of uranium produced
if used in nuclear power plants 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.