



ASX Announcement

6 December 2017



Kazatomprom and Cameco shake up the supply side - Definitive Feasibility Study update

Vimy would like to provide an update on the timing and progress of the Definitive Feasibility Study (DFS) currently underway.

Recent announcements by Cameco Corporation (TSX:CCO) and JSC “NAC” Kazatomprom (Kazatomprom), the world’s two largest uranium producers producing 60% of global uranium production, indicate rapidly changing dynamics in the supply of uranium oxide concentrate in response to unsustainably low uranium prices. On the back of these announcements, Vimy has reviewed, and revised upwards, the uranium price and foreign exchange assumptions that were used for its DFS.

The new assumptions now need to be reflected in the mining schedule and financial model contained in the DFS. The DFS is now scheduled for release early in the March Quarter 2018.

The DFS is tracking extremely well and is meeting our most optimistic expectations as per the Company’s ASX release of 12 July 2017. Furthermore, given the advanced nature of the Project, we have a unique ability to lock in offtake to take advantage of any pricing strength.

Mike Young, Managing Director and CEO of Vimy Resources, said, *“We’re really pleased with how the DFS is rolling out and are looking forward to presenting it to the market in early 2018.*

“Obviously, this news from Cameco and Kazatomprom requires that we re-visit our supply-side assumptions.

“As one of our shareholders put it in an email to us, ‘Take your time, and get it right.’ I couldn’t have said it better myself!”

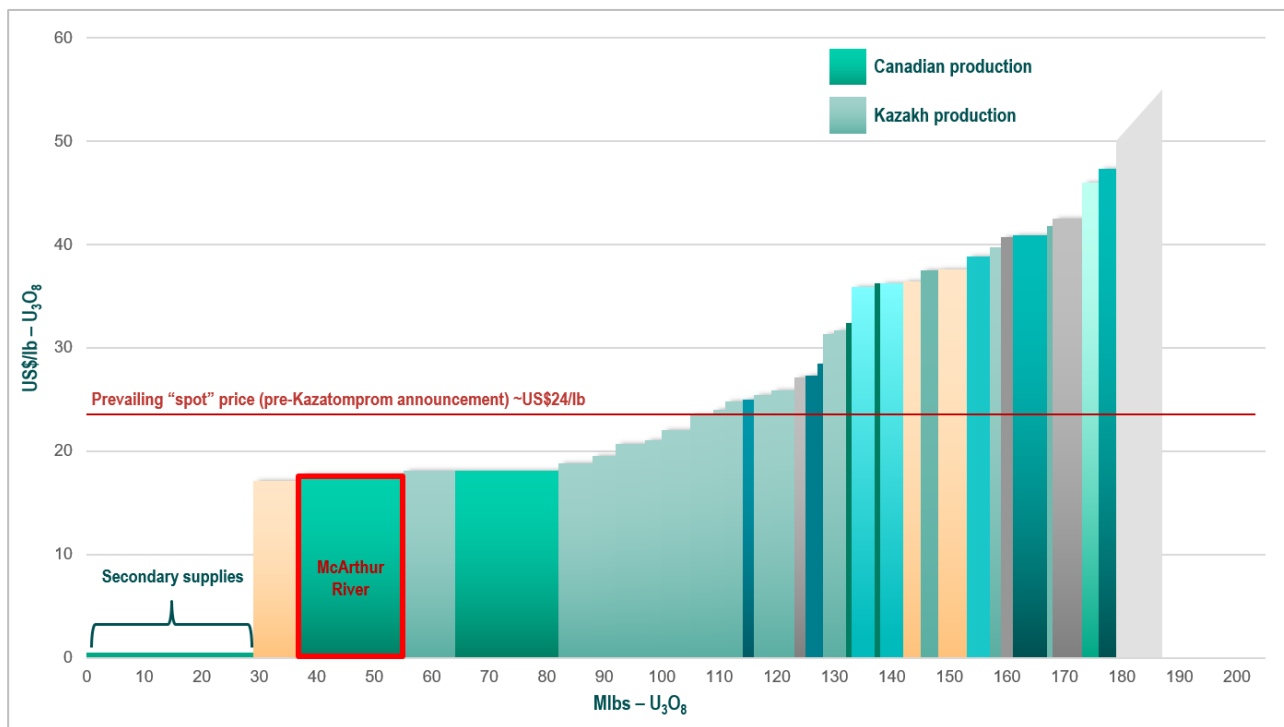
The Paradigm Shift in the Uranium Market

The current uranium market pricing mechanism, both in proposed new contracts and the current spot price, is inadequate to sustain production of current global uranium demand. However, most uranium mines’ costs are shielded by a portfolio of long-term contracts written at a time of historically high uranium prices. Therefore, over the next few years, many of these contracts come to an end and so the industry is entering a period of re-adjustment as the disconnect between utilities and producers begins to play out.

This situation is demonstrated through the significant announcement by Cameco on 8 November 2017 of the suspension of operations at the McArthur River Mine in Saskatchewan for ten months from January 2018 (CCO 69.8%). This single mine produced 18Mlbs U₃O₈ in 2016 and so provides 11% of global primary uranium supply. It is also one of the lowest cost producers on Vimy’s uranium cost curve (Figure 1). Yet, as Cameco admits, the favourable contracts are running out and it is necessary to re-position the company to sustain cash-flows.

As contracts continue to roll off, the higher cost producers will also need to ‘re-position’ and while customers can manage using existing stockpiles and to a lesser extent, the spot market, this is not a sustainable strategy.

Figure 1: “All in sustaining cost” of Global Uranium Production



Source: Company Data + Analysts’ Views + Vimy Calculations, US Energy Information Administration / 2016 U Marketing Annual Report

On 4 December 2017 Kazatomprom announced a 20% reduction in annual production over the next three years, and approximately 10 Mlbs U_3O_8 in 2018 alone. When combined, these are significant reductions amounting to 18% of global uranium production.

Interestingly, Kazatomprom is reported to be considering a partial AIM listing (see the article in Mining Journal dated 30 November 2017 <http://www.mining-journal.com/capital-markets/news/1309488/kazatomprom-looks-london-listing>). Therefore, owing to the structure of its uranium contracts, the uranium spot price will have a strong influence on establishing the pre-IPO valuation.

All of these developments have long been foreshadowed by Vimy, but even we are surprised by the magnitude, and particularly in the case of Kazatomprom, the duration of the announced cuts.

Vimy commends Kazatomprom and Cameco for their supply-side leadership.



Mike Young
Managing Director and CEO

Tel: +61 8 9389 2700



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.

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

Dr Vanessa Guthrie
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.

Principal Place of Business

Ground Floor
10 Richardson Street
West Perth WA 6005

Postal Address:
PO Box 23
West Perth WA 6872

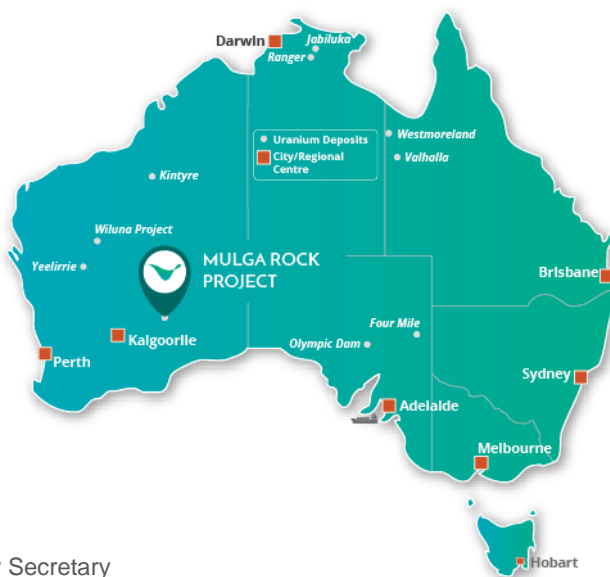
T: +61 8 9389 2700
F: +61 8 9389 2722
E: info@vimyresources.com.au

ABN: 56 120 178 949

Share Registry

Computershare Investor Services

T: 1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)
F: 61 3 9473 2500
W: www.computershare.com
E: www.investorcentre.com/contact



THE MULGA ROCK PROJECT
CONTAINS A RESOURCE OF



90.1
Mlb

U₃O₈



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



70 million tonnes

of carbon dioxide equivalent
emissions which is

around 13%

of Australia's total greenhouse
gas emissions.



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