



Quarterly Activities Report

December 2017

- **Announcements by the world's largest uranium producers of production cuts cause paradigm shift in uranium market, resulting in favourable market conditions**
- **Definitive Feasibility Study for the Mulga Rock Project to be released in current quarter (March 2018 quarter)**

Vimy Resources Limited ("Vimy" or "the Company"; ASX:VMY) is pleased to provide its Quarterly Activities Report for the period ended 31 December 2017.

Vimy announced on 6 December 2017 that it would revise upwards the metal price assumption used in the Definitive Feasibility Study (DFS) on its Mulga Rock Project. The revision was based on statements by the world's largest uranium producers, Cameco Corporation (TSX:CCO) and JSC "NAC" Kazatomprom (Kazatomprom), outlining their intention to cut uranium production.

The magnitude of these cuts prompted Vimy to reconsider mining optimisation studies and schedules contained within the DFS to ensure it includes the most up-to-date metal price assumptions.

Vimy expects to release the DFS early in the first quarter 2018.

Mulga Rock Project

Work continued on the DFS during the December Quarter, and the study represents over two years of outstanding, diligent work by the entire Vimy team.

With Ore Reserves of 22.7Mt @ 845ppm for 42.3Mlbs U_3O_8 from a Mineral Resource of 71.2Mt @ 570ppm for 90.1Mlbs, the Mulga Rock Project has sufficient reserves to underpin marketing, financing and development. The remaining inferred resources at Mulga Rock West are well understood, albeit widely drilled, and based on experience, future reserves will likely be defined.

The mining studies, assisted by data collected from two test pits, clearly show that a high-grade start-up strategy is the best option to maximise value, especially in the commissioning and payback periods. Likewise, the availability of bulk ore samples from the test pits allowed Vimy to run a large-scale pilot plant in Perth which confirmed the optimal flowsheet for the project. The team's thoroughness in this endeavour is highlighted by the fact that two tonnes of process water were drawn from the process water borefield and transported to Perth for use in the pilot plant. The test pits and pilot plant were significant activities in de-risking the DFS.

The results of the DFS will demonstrate a marked improvement on the results contained in the pre-feasibility study that was published in November 2015.

2018 Outlook:

- Release of DFS in March quarter
- Focus on uranium marketing activities
- Active and targeted engagement in contract negotiations with utilities in key markets
- Non-organic growth through assessment of opportunities in Australia and overseas

2017 Achievements:

- Significant Mineral Resource and Ore Reserve Updates
- State and Federal Ministerial Approvals
- Export of uranium oxide concentrate and converter accounts established
- \$6 million placement to new institutional and sophisticated investors
- DFS work programs including test pits and pilot plant

The year ahead

Recent actions by uranium producers Cameco in Canada, Kazatomprom in Kazakhstan as well as Areva, which cut production at its Somair project in Niger, have significantly changed the dynamics of the uranium market. Misplaced emphasis on the so-called ‘spot market’ meant that supply-side cutbacks caught many industry participants off guard. Vimy was an exception to this, voicing expectations that a supply-side ‘strike’ was imminent given a growing uranium price disconnect between suppliers and customers.

The uranium market is unique compared to the other commodities in that contracts are signed years in advance of first delivery. Furthermore, the product is delivered years before its final use in a reactor core where it generates emissions-free, dispatchable energy at scale.

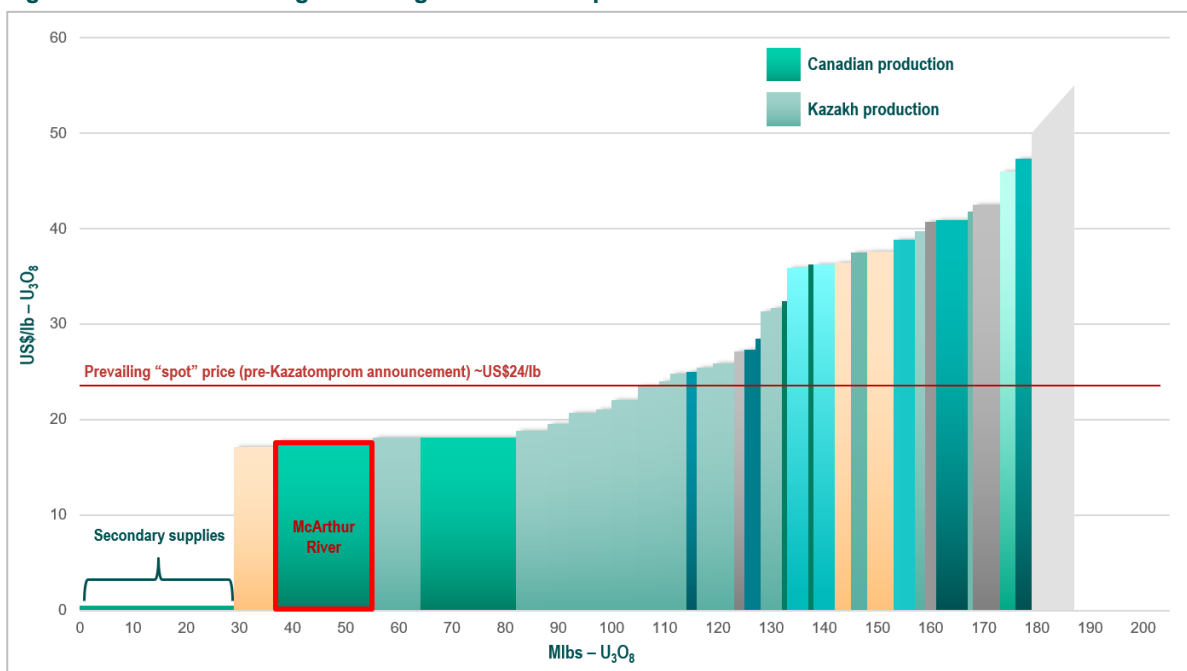
Vimy is of the view that the uranium market pricing mechanism, both in proposed new contracts and the current spot price, is inadequate to sustain production required to meet current global demand. However, costs at many uranium mines are currently shielded by a portfolio of long-term contracts signed when uranium prices were at historic highs. 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. While customers can manage the short-term requirements using existing stockpiles and to a lesser extent, the spot market, this is not a sustainable strategy.

With demand for uranium continuing to grow in line with growing global demand for clean energy, it is important to be well-positioned to capitalise on the expected shortfall in supply. Vimy has done just that, consistent with its strategy that it’s better to be on your surfboard in the take-off zone rather than sitting on the beach waxing it.

To that end, the year ahead will see Vimy actively and energetically engaged in contract negotiations with utilities in key markets which Vimy expects will underpin project financing, leading to a final investment decision (FID). Vimy is targeting FID in 2018, allowing for construction to begin in 2019 and first production of uranium oxide in 2021.

Given the Company’s long-term positive view towards uranium, Vimy’s corporate strategy also includes non-organic growth. The team continues to consider and assess opportunities in Australia and overseas and, given sentiment has yet to catch up with reality in this space, is finding value in many unloved assets.

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

Tenement details as at 31 December 2017

Tenement	Nature of Interest	Mineral Field	Interest at Beginning of Quarter	Interest at End of Quarter
M39/1104	Granted	Mt Margaret	100%	100%
M39/1105	Granted	Mt Margaret	100%	100%
E39/876	Granted	Mt Margaret	100%	100%
E39/877	Granted	Mt Margaret	100%	100%
E39/1148	Granted	Mt Margaret	100%	100%
E39/1149	Granted	Mt Margaret	100%	100%
E39/1150	Granted	Mt Margaret	100%	100%
E39/1551	Granted	Mt Margaret	100%	100%
E39/1683	Granted	Mt Margaret	100%	100%
E39/1902	Granted	Mt Margaret	100%	100%
E39/1953	Granted	Mt Margaret	100%	100%
L39/193	Granted	Mt Margaret	100%	100%
L39/219	Granted	Mt Margaret	100%	100%
L39/239	Granted	Mt Margaret	100%	100%
L39/240	Granted	Mt Margaret	100%	100%
L39/241	Granted	Mt Margaret	100%	100%
L39/242	Granted	Mt Margaret	100%	100%
L39/252	Granted	Mt Margaret	100%	100%
L39/253	Granted	Mt Margaret	100%	100%
L39/254	Granted	Mt Margaret	100%	100%

Expenditure

Expenditure for the 31 December 2017 Quarter was \$2.7 million, including both exploration/evaluation and corporate/administration activities.

This has reduced from the 30 September 2017 quarter spend of \$3.1 million as the Project Definitive Feasibility Study comes to a conclusion.

Cash at bank

Cash at the end of the 31 December 2017 Quarter amounted to \$7.2 million.

Corporate

Appointment of Non-Executive Director

The Company welcomed Dr Vanessa Guthrie to the Board of Vimy on 6 October 2017. Dr Guthrie was appointed as a Non-Executive Director representing Resource Capital Fund VI L.P.

Vanessa is a highly experienced mining executive with over thirty years' experience in the resources sector. Her background includes an extensive focus on uranium having served as Managing Director and CEO of uranium developer Toro Energy Limited and VP Sustainable Development at Woodside Energy. She is currently Chair of the Minerals Council of Australia, Deputy Chair of the WACA, a non-executive Director of the Australian Broadcasting Corporation and Santos Limited, and a Council member of Curtin University.

Annual General Meeting

The Company's Annual General Meeting was held on 17 November 2017. All resolutions were passed on a poll.

Change of auditor

On 17 November 2017, following approval of shareholders at the Annual General Meeting, the Company announced the appointment of KPMG as the auditor of Vimy and its subsidiaries.

A handwritten signature in blue ink, appearing to read "M Y", with a long, sweeping underline.

Mike Young

Managing Director and CEO

Tel: +61 8 9389 2700

16 January 2018



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.

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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.



**STATE & FEDERAL
MINISTERIAL
APPROVALS**