

Vimy Resources

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Vimy Resources Ltd's Mike Young talks to Proactive Q&A Sessions™

PROACTIVE INVESTORS: Welcome Mike.

Can you outline the key milestones of the Definitive Feasibility Study (DFS) and its current progress?

Mike Young: By March 2017 we will have completed the DFS for the Mulga Rock Project.

As an excellent example of how a DFS can significantly de-risk a project, we excavated two geotechnical bulk sample pits, and ran a metallurgical pilot plant, both of which have given us enough information to allow scale-up to a full size mine and plant.

The test pits were dug at the Ambassador deposit and we learnt a huge amount from the exercise, not only about how we will go about mining the ore and the pit design, but also about the removal of the overburden, which is one of the major cost drivers for the Project.

One of many unintended consequences was that the contractors tendering for the mining contract got the chance to walk into the test pits and see the overburden so they could really sharpen their pencils and provide accurate cost estimates in their tenders.

When the ore from the test pits was analysed, we got 53% more metal than predicted by the resource models. We think the reason is that some of the geological assumptions are conservative.

So to answer that question we are doing some infill aircore and diamond core drilling to determine if this variability is consistent across the Project.

We will announce the results of this program in early 2017.

There is a chance that we could see a systematic increase in the resource grades, which would be good, as it would reduce C1 costs.

In terms of approvals, we have been in the Public Environmental Review process for over two years. It's a long and thorough process and we hope to get approval from the State Minister for the Environment before the end of this year.

We announced Resource upgrades over the whole Project in November, which put close to 50% of the total resource in the Indicated Mineral Resource category.

Earlier in November we had also announced a 41% increase in contained metal compared to our maiden ore reserve announced in March 2016.

Market Cap: A\$0M

1 Year Share Price Graph



Share Information

Code: VMY

Listing: ASX

Sector: General Mining

Website: www.vimyresources.com.au

Company Synopsis:

Vimy Resources Ltd (ASX:VMY) is listed on the Australian Securities Exchange.

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The increased ore reserve has underpinned the DFS and we have started meaningful UOC offtake discussions. We are also engaged with several French banks as they simply understand, and do uranium better than our banks do.

With a market cap of \$61 million and a share price currently trading at \$0.26, what does the balance sheet look like at the moment?

Mike Young: We are fully funded until the end of the DFS.

In September this year we announced a \$20 million transaction which strengthened the balance sheet, and we have the on-going support of Resource Capital Fund (RCF).

Can you outline the role of Resource Capital Funds and what is their equity stake in Vimy Resources at the moment?

Mike Young: RCF originally came on board in 2015 with a \$5 million equity placement, a \$10 million royalty with a 1.15% term, and a \$15 million bridging loan.

We recently announced that they are converting the full \$15 million loan into equity, and they injected another \$4 million in equity as well.

We will hold an extraordinary general meeting to approve their moving above 20% and once done, they will be our largest shareholder at 29%.

Can you provide more details on the shareholder structure?

Mike Young: Besides RCF, Macquarie and Acorn have also been long-time supporters.

In 2014, Andrew Forrest's Forrest Family Investments invested \$12 million in the Company. They are currently our largest shareholder although this will change when RCF converts their debt to equity.

Mike Fewster, who is the founder of the company, owns around 16% and the other directors and staff own shares as well.

How did Vimy Resources attract Resource Capital Funds?

Mike Young: RCF had looked at the deposit before I was involved, but apparently didn't rate it; that was until our team made a metallurgical breakthrough in early 2015, which was a game changer for the economics of the Project.

In its simplest form, you can think of the ore body as a "sandy coal" deposit.

We discovered that the sand does not contain the uranium, and is easily washed out before the carbonaceous ore is treated. This process, called beneficiation, uses an "upward classifier", a common methodology in mineral sands mining.

In the case of the Mulga Rock Project, it was a significant step change because by taking the sand out, the ore is upgraded by a factor of two, making a big

difference to costs.

After we showed RCF the results of this work, they decided to come on board for \$30 million after eight weeks of due diligence; an amazing vote of confidence.

What do you think of Western Australia's attitude towards uranium compared to the other states?

Mike Young: On one hand, the Liberal Party in Western Australia supports uranium mining, and federally, both major parties support uranium mining.

On the other hand, the WA Labour Party currently has a policy against uranium mining although I have found individual party members hold quite a broad range of views on the subject.

The Labour Party does seem to be taking a renewed interest in uranium recently as they have moved in to grab green inner city votes. Enlightened greens around the world see the environmental benefits of nuclear power.

State elections will be held in March but we will have our approvals by then.

A final word on Vimy Resources?

Mike Young: Investors need to realise that uranium is a long investment.

This isn't a sugar hit like lithium.

This is more like a low GI carbohydrate - which we all know, is better for you.

PROACTIVE INVESTORS: Thank-you Mike.

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