

Vimy fights for nuclear future

Vimy Resources Ltd managing director Mike Young is fighting an unusual battle: How do you change people's perceptions about uranium and nuclear energy when their limited knowledge is restricted to arguably the most popular television show of the past 30 years?

Young recently asked his brother, who knows very little about the industry, for the first thing that came to mind when someone mentions nuclear waste. His response left Young stunned, but not that surprised.

"He said, 'The Simpsons'," Young told *Paydirt*. "That's what you're fighting. People's reality is based on *The Simpsons*. How do you combat that?"

Unlike Mr Burns, the evil owner of the Springfield nuclear power plant in *The Simpsons*, Young has been striving to demystify multiple misconceptions about uranium since joining Vimy more than three years ago, initially as chairman before stepping into the chief executive's seat in early 2014.

Young, the founding managing director of BC Iron Ltd, began his career working as a graduate geologist on several uranium projects in his native Canada and jumped at the chance to develop Mulga Rock, about 240km north-east of Kalgoorlie, into a yellowcake-producing operation.

Never one to back down from a challenge, Young has often found it difficult changing attitudes towards an arm of the industry his company has coined "mining a cleaner tomorrow".

"Probably the key thing I've learnt in the past two years is the really strong asymmetrical standards people apply to our industry, compared to all the other energy industries," Young said.

"Every 10 years we seem to have an oil rig disaster or a ship sink...then you have an accident like Fukushima and the world goes crazy, yet you have a chemical plant blow up in China, vaporising 200 people and nobody is closing chemical plants? It's all



Mike Young

about these asymmetrical standards people have, that's the thing I've found most frustrating, and the sheer ignorance of attitudes towards radiation and all the other issues people raise.

"Ironically, one of the questions people always ask is, 'what about nuclear waste?' I say, 'what about it? There's no issue'. But then I ask them, 'what about coal waste? Where do they put that?' Well, they put that in the atmosphere.

People are dying all over China from respiratory disease, but no one seems to question that."

The good news for Young is Vimy is close to receiving an environmental approval to mine uranium at Mulga Rock from as early as 2018. Responses to the public environmental review (PER) were submitted in late April for assessment by the EPA and a recommendation will be put to the WA Government sometime next month before a likely final decision in October.

Vimy received about 1,100 submissions during the 12-week public review period and responded to each one individually, with Young saying every concern was "treated with respect and answered accordingly", including those he described as "politically motivated throw-away lines".

"We didn't disregard anyone's com-

ments, we didn't disregard anyone's concerns and we tried to answer them as objectively as we could," Young said.

Award of an environmental permit is a huge milestone for Vimy as it all but ensures the only thing standing in the way of Mulga Rock becoming WA's first uranium mine is project funding.

A change of governance at State level early next year could spell trouble for Vimy and other uranium hopefuls in WA, but Young is unperturbed by the prospect of the Labor Party winning power.

"All we can do is keep moving our approvals process forward and that's why the PER is a significant milestone in the approvals process because after that it goes to fairly departmental-level approvals," Young said.

"We think we're far enough down the approvals process that we're safe, but there's still a risk. It's tragic because I do know there are people within the Labor Party that do support uranium mining and see it as a really critical way of reducing greenhouse gas emissions, so obviously part of the Labor Party is hijacked by anti-nukes who are just ideologues and, as you know, an ideologue will never change their position and will die to defend it.

"What the environmentalists need to ask themselves is where would they rather it be mined? Would they rather it be mined in places like Kazakhstan or Niger, places that have poor environmental standards and poor democratic standards, or would they rather it be somewhere where they can actually keep an eye on us and hold us accountable?"

The first quarter of 2017 will also coincide with the release of the Mulga Rock DFS, with Young confident there would be "no surprises", allowing for construction works to begin soon after.

A PFS released late last year found the project could support a 2.65 mtpa operation over at least 17 years for a capex of \$US254 million plus a mine pre-strip cost of \$US33.6 million. Operating costs are estimated at \$US31.47/lb before by-product credits and \$US27.77/lb after by-product credits, based on a production rate of 3 mlbpa for the first 10 years.

Mulga Rock boasts a total resource of 65.6mt @ 520 ppm uranium oxide for 75 mlb, including reserves of 15.2mt @ 660 ppm



Vimy's Mulga Rock project is on track to become WA's first uranium mine

for 22.1 mlb, making it the third largest undeveloped uranium deposit in Australia.

A revised resource estimate for the Ambassador pit was pending at the time of print. Upgrades for Shogun and Emperor are also likely to be completed over the coming months.

Recent test work found 53% more contained uranium oxide in a bulk sample from Ambassador than estimated in the resource model, confirming all assumptions for the DFS are appropriate.

"What was really good about those test pits was our understanding of the geology and metallurgy,"

Young said. "We completely get how this thing is formed and the test pits are really good at providing some hard data for the stripping and that's going into what we call pre-qualification tenders, so we've actually started talking to some earth-moving contractors."

Vimy holds a \$30 million funding pack-



Mulga Rock hosts 65.6mt @ 520 ppm uranium oxide for 75 mlb, making it the third largest undeveloped uranium deposit in Australia

will be the key to all contract negotiations.

"These guys want to lock in five-year contracts and they want delivery two years from now for the first bit of that contract," Young said.

"You've got to bear in mind that there's going to be a lot of new reactor starts from now out until at least 2030 and to start a new reactor you need to put three years worth of uranium in the core, then you swap a third of it out every year. And they also want two years on stockpile.

"Security of supply is really critical. At the end of the day, if you've spent billions of dollars on a nuclear reactor, the last thing you want it to do is run out of fuel."

– Michael Washbourne

age – \$5 million placement, \$10 million royalty payment and \$15 million bridging loan – from Resource Capital Fund VI to assist with project development capital.

The company is targeting Europe, particularly France, and the USA as the favoured markets for uranium off-take, with Young stressing that "security of supply"



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