



Vimy Resources (ASX: VMY)

Vimy Resources smoothly progressing Mulga Rock DFS

Vimy Resources (ASX: VMY) is determined to bring Australia's third largest undeveloped uranium resource, the Mulga Rock uranium project into production.

THE MULGA ROCK URANIUM PROJECT is located about 240 kilometres northeast of Kalgoorlie in Western Australia and is ranked the second largest in Western Australia.

Although it doesn't receive the coverage of many of the other WA mining industry favourites such as gold or iron ore, uranium regularly punches above its weight division.

Many people would be surprised to learn Australia is the third largest uranium producer in the world, exporting 8,291 tonnes of uranium oxide concentrate in 2012–13 valued at more than \$800 million.

As of February 2014, Western Australia has known deposits of about 226,000 tonnes of uranium.

What would also surprise many is that uranium mining in Australia is no new phenomenon with uranium mined from the 1950s to early 1970s at sites around the country, including Radium Hill and Mary Kathleen in Queensland, Rum Jungle in the Northern Territory, and in the South Alligator Valley, also in the NT.

In 1973, Australia signed on to be part of the Treaty on the Non-Proliferation of Nuclear Weapons, enabling the country to supply uranium for peaceful purposes such as civil nuclear power and nuclear medicine.

It was the development of civil nuclear power internationally that pushed the Australian industry along, by accelerating nuclear energy demand.

From this Australia became the world's second largest uranium producer from the mid-1990s to 2007 with production reaching an all-time peak of 10,064 tonnes in 2004-05.

Since then, things have slowed somewhat with Kazakhstan's uranium industry taking the front



running, however Australian uranium production has remained consistent and reliable over the past decade in response to export demand.

The Mulga Rock project is made up of two distinct zones:

- » Mulga Rock West, containing the Emperor and Shogun deposits; and
- » Mulga Rock East, hosting the Princess and Ambassador deposits.

Earlier this year, Vimy reported a JORC Code 2012-compliant resources for Mulga Rock of 75 million pounds uranium, including Reserves of 22.1 million pounds uranium, supporting an initial six-year mine life.

This was followed by a Resource upgrade on the Ambassador deposit, resulting in a modest increase of the total Resource to 66.6 million tonnes at 520ppm uranium for 76.2 million tonnes uranium.

"A key aspect from that update was that it also provided a rise in the confidence level for the Mulga Rock project," Vimy Resources managing director Mike Young told *The Resources Roadhouse*.

"It results in 44 per cent of the total resource sitting in the Indicated

category at an aggregate grade of 720ppm uranium.

"As we progress the Definitive Feasibility Study we currently have underway, we anticipate there will be further resource updates for the Shogun and Emperor deposits, which should grow the Indicated resource inventory further.

"You only have to look at the high conversion rate of Indicated resources we achieved from the March 2016 maiden reserve to recognise there is potential for a significant Reserve upgrade as we move toward completion of its DFS."

Assay results on material from test pit bulk sampling completed at the Ambassador deposit confirmed more than what the company was expecting, demonstrating high-grade uranium occurs immediately below the reduction-oxidation boundary.

Although earlier drilling did suggest this to be the case, Vimy approached the trial mining with a conservative approach and was surprised by the high-grade tenor of the mineralisation it actually encountered in the bulk sample, which was above expectations it had based on the resource model.

Vimy is currently undertaking a program of closed-spaced diamond drilling with the aim of improving interpretations of the orebody and grade distribution, the outcomes from which it is confident will potentially increase in the grade profile of current Resources and Reserves.

The company has received no surprises from the work completed in relation to the DFS to date with the study achieving advances on a number of fronts, including areas of geological modelling and resource estimation, mine optimisation, mine design, mining tenders, and equipment selection, and metallurgical test work.

Pit optimisation studies, mine design and scheduling have progressed using the updated Resource announced in June and, based on previous work, Vimy expects a very good conversion from Indicated Resources to Probable Ore Reserve to provide strong support the DFS mine design.

“The current Indicated Resources and Probable Ore Reserves already show excellent continuity along the entire length of the PFS Ambassador optimised pit shell,” Young said.

“This is a fairly important characteristic given continuous strip mining is being proposed at Mulga Rock.”

Vimy Resources attained an important milestone for Mulga Rock when the Environmental Protection Authority (EPA) recommended approval of the project.

The EPA completed an assessment of the company’s proposal and prepared an Assessment Report to be sent to the Minister as required under the Western Australian Environmental Protection Act.

The Assessment Report recommends the proposal may be imple-

mented and specifies the conditions and procedures to which implementation should be subject as required by the EP Act.

This is just one of a number of environmental boxes to be ticked as the project is also being assessed under an Assessment Bilateral Agreement between the Commonwealth of Australia and Western Australia made under the Environment Protection and Biodiversity Conservation.

Under this process the Commonwealth Minister for the Environment takes the environmental impact assessment processes of WA into account when assessing actions under the EPBC Act.

In other words, the Assessment Report will form the basis of the Commonwealth Minister’s assessment and subsequent decision.

Due to the nature of the commodity it proposes mining, Vimy expects there will be appeals, however it also is aware the Appeals Convenor aims to have 80 per cent of appeal reports submitted to the Minister within 60 days of receiving final responses.

Should that schedule be maintained, the Minister could arrive at a final decision and subsequently publish a statement setting out the implementation decision before the end of this year.

“We’re pretty happy with this outcome, which demonstrates the EPA completed an exhaustive, very efficient and thorough assessment to conclude our project should be implemented,” Young said.

“With such a result, we’re very confident there can be no reason why the State and Federal Ministers would not agree with that assessment.

“This is a project which results

in no significant residual impacts to the environment and now we have a positive recommendation with conditions that require us to do what we said we would do—and of course we will do everything we can to ensure we exceed those expectations.”

Vimy Resources delivered further good news by announcing the grant of two new Mining Leases to progress the development of the Mulga Rock project.

The new Mining Leases M39/1104 and M39/1105 replace previous Mining Leases M39/1080 and M39/1081, which had been originally granted in July 2012, and had since been conditionally surrendered and were no longer active.

“The new Mining Leases were an important pick up for the project as they provide security of tenure for all proposed mining areas and post-mine landforms for the life-of-mine of the project,” Young explained.

“The extra ground provides greater operational flexibility to the mining crews and will help deliver optimal environmental and engineering outcomes.” 🏠

The Short Story

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