ANNUAL REPORT
2016

VIMY
RESOURCES LIMITED

CORPORATE DIRECTORY

BOARD OF DIRECTORS

The Hon. Cheryl Edwardes, AM
Non-Executive Chairman

Mike Young
Managing Director & CEO

Julian Tapp
Executive Director

David Cornell
Non-Executive Director

Andy Haslam
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Ron Chamberlain
Company Secretary

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AUSTRALIAN SECURITIES EXCHANGE

Shares in Vimy Resources Limited are quoted on the Australian Securities Exchange.

ASX code: **VMY**

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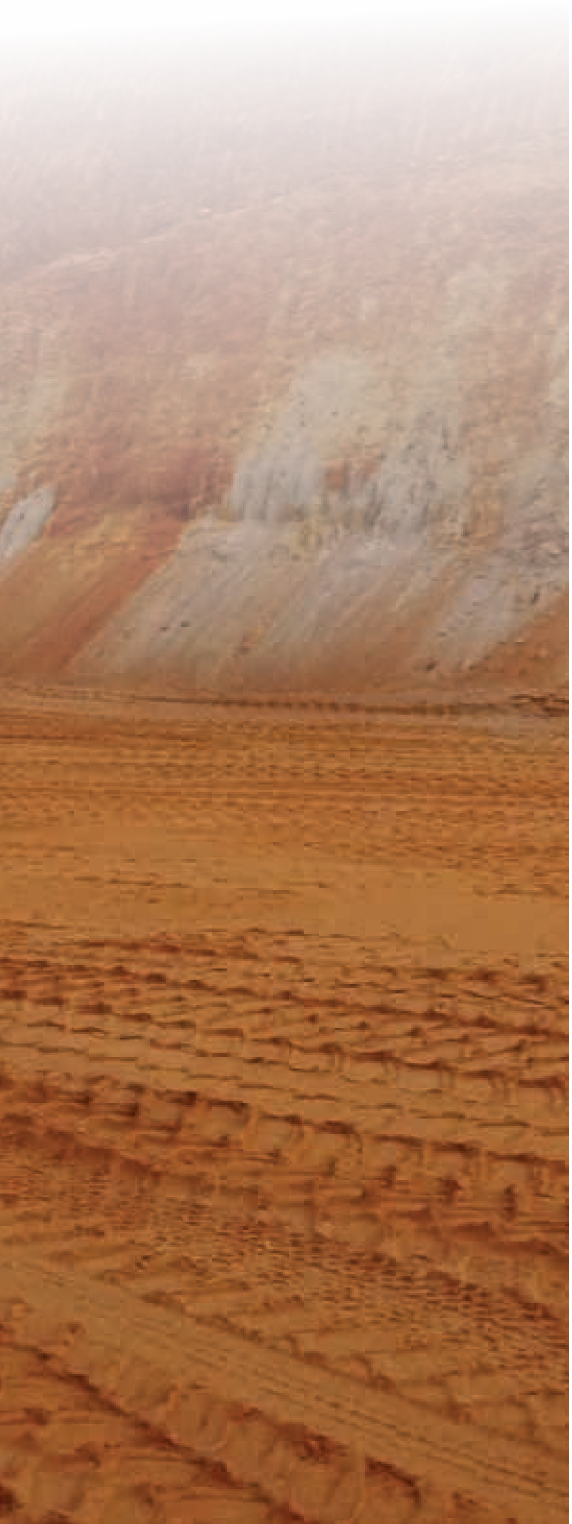

CHAIRMAN'S LETTER

I AM ALSO VERY PROUD OF THE WAY IN WHICH THE VIMY TEAM HAS DELIVERED ON ITS PROMISES. THE KEY MILESTONES THAT WERE SET FOR THE DEFINITIVE FEASIBILITY STUDY THIS YEAR HAVE BEEN ACHIEVED.

Dear shareholders,

The news about the Mulga Rock Project just keeps getting better and this year has been another significant one for Vimy with a great deal of progress made in many areas. Mike and his team have worked very hard to advance the Mulga Rock Project towards production.

Regardless of the world's economic cycles, the demand for energy is always growing. While wind, wave and solar energy certainly have their place, there is no cleaner, cheaper or more efficient source of baseload power than nuclear energy. Nuclear power is widely recognised as a low-emission energy source that reduces the world's reliance on fossil fuels to produce baseload electricity. In 2015 there were still 1.2 billion people in the world who were without electricity and another 2.7 billion who have only limited access. Nuclear power, an efficient, clean energy source, will be an important factor in bringing power to those underdeveloped communities.

One of the company gifts that Vimy provides at conferences says so much about the advantages of uranium as an energy source. It is a small, foam 'stress ball' and Mike often uses it in his presentations to illustrate the high energy density of uranium and therefore the ease with which it can be stored and transported. It is a small cube which measures a bit less than six and a half centimetres on each side that can be held in one hand and has been printed with some interesting statistics. The Vimy team calculated that if a cube of that small size was uranium oxide (UO_2) fuel, it would weigh three kilograms. Those three kilograms of UO_2 fuel, if used for power generation, would prevent the use of 400 tonnes of coal and save 900 tonnes of CO_2 emissions. Even that small amount could power 150 Australian homes for a year. The Mulga Rock Project will produce 1,360 tonnes of uranium concentrate annually which will offset approximately 50 million tonnes of CO_2 each year. This amounts to 10% of all Australia's CO_2 emissions.

These metrics are captured in our Vision, "Mining a cleaner tomorrow", and I am very proud of the strong environmental standards that underpin all the activities of the Vimy team.

I am also very proud of the way in which the Vimy team has delivered on its promises. The key milestones that were set for the Definitive Feasibility Study this year have been achieved. These include the excavation of the test pits, an extensive in-fill drilling program and subsequent resource upgrade at Ambassador and the good news that the pilot plant has performed as we expected.

The environmental approvals process has also moved forward at a very steady pace and the Vimy team has done an excellent job of keeping it on track. As Minister for the Environment of Western Australia in the late 1990s I was involved with the drafting of the legislation surrounding the approval of mining projects. I have steadfast faith in the approvals process from the points of view of the government and proponent, but most importantly for the Western Australian community. I also have the utmost confidence in the reliability and stability of Western Australia as a safe host for uranium mining.

The Public Environmental Review process, conducted by the Office of the EPA, is very thorough. The twelve-week public review period and the subsequent process of reviews and appeals allows everyone involved to consider the Project from many perspectives. In August 2016 the EPA prepared an assessment report for the Mulga Rock Project and recommended its approval by the Minister. We look forward to receiving the decision of both the State and Federal Ministers before the end of this calendar year.

The significant progress we have made this year has been possible through the ongoing commitment of our shareholders. Resource Capital Fund VI L.P. (RCF) continues to provide strong backing following their $30 million funding package last year. The recent $6.6 million capital raise includes a further $4 million from RCF which will be used to see the Definitive Feasibility Study through to completion. In addition, RCF have agreed to convert $15 million of debt into equity, thereby strengthening our balance sheet as we move towards project finance. Forrest Family Investments, Macquarie Bank, Acorn Capital and the founder of Energy and Minerals Australia, Vimy's forerunner, Mike Fewster, have continued to show their faith in the Project and the Vimy team. I would like to thank all our shareholders for their continued support of the Company.

During the year we welcomed two new members to the Vimy Board. Andy Haslam, who has a great deal of experience in the development of mining projects, having held senior positions in junior mining companies and major mining contractors in Western Australia, joined the Board in April 2016. At the same time Mal James brought his extensive background in resource project development to the Vimy Board. He has a very strong focus on uranium, having previously been responsible for daily operations and finance for an ASX-listed uranium miner. Mal replaced Aaron Hood on the Vimy Board as the nominee director of Forrest Family Investments and I would like to thank Aaron for his valuable support and contribution to the Company. We also welcomed Ron Chamberlain as CFO and Company Secretary. Ron has a strong background in Australian uranium companies and has been a very welcome addition to the Vimy team.

I have said before that our people are our greatest asset and I always enjoy joining the Vimy team for a cup of tea after our board meetings. They are a great group of people with an enormous amount of enthusiasm and they have all worked very hard this year. It is their skill and determination that have moved the Mulga Rock Project so much further towards production. On behalf of the Vimy Board, I would like to thank each and every one of them.

The Hon. Cheryl Edwardes AM
Chairman

IN AUGUST 2016 THE EPA PREPARED AN ASSESSMENT REPORT FOR THE MULGA ROCK PROJECT AND IT WAS RECOMMENDED FOR APPROVAL BY THE MINISTER.

CEO'S REVIEW OF ACTIVITIES

Recently I've been saying "it all works" when I talk about the Mulga Rock Project. The 2016 year has been about making sure all of the elements of the Project work, and work together. The pace and volume of our work this year has been quite remarkable. As the de-risking of the Project – the technical testing in geology, mining and metallurgy – draws to a close, it is clear there are no technical hurdles. With the knowledge that "it all works" we believe that we will be the first uranium mine in Western Australia.

We moved quickly from the Pre-feasibility Study (PFS) and have significantly advanced the Definitive Feasibility Study (DFS), delivering on key milestones during this year. The excavation of two test pits at Ambassador, an in-fill drilling program and resultant Resource upgrade for Ambassador and the successful metallurgical pilot plant have put us on track for completion of the DFS in the first quarter of 2017.

The excavation of the two trial test pits at Ambassador was an extremely worthwhile exercise. One third of Mulga Rock's operating cost is associated with removal of the overburden so the trial gave us the opportunity to learn about the hydrology, geology and rheology of this material. Understanding the cost drivers for overburden removal was the key reason for the pits, particularly with respect to hard banks of 'silcrete' in the overburden.

The open test pits also gave the Vimy team an indication of how large-scale overburden excavation and selective ore mining will work at Mulga Rock. The granting of approvals from the Department of Mines and Petroleum, which were actual mining approvals, was an efficient process which gave us important experience for future mining applications. The excavation of the pits also saw the transition of the Project from an exploration camp to a registered mining operation with the corresponding step-up of our emergency response capabilities and operational procedures.

From the results of the test pits, it is now apparent that no blasting will be required with free dig methods and minor dozer ripping proving very effective. We also determined that selective ore mining will be successful and learnt about

THERE IS A SINGLE WORD THAT SUMS UP THE MULGA ROCK PROJECT: SIMPLE. THE GEOLOGY IS SIMPLE, THE MINING METHOD IS SIMPLE, AND THE METALLURGY IS SIMPLE. IT JUST ALL WORKS SO WELL.

the load-bearing capacities of the layers above the ore zone, and groundwater levels. The uranium metal content in the ore from the test pits was higher than our expectations and showed that very high-grade uranium mineralisation occurs immediately below the reduction-oxidation weathering boundary.

The pits also had a positive unintended consequence: they allowed for a 'hands-on' inspection by mining contractors who had participated in a pre-qualification tender process that we ran. Being able to walk into the pits and see the overburden meant that they could really sharpen their pencils and provide accurate cost estimates in their tenders. They could also see how our concept of using in-pit conveyors to significantly reduce mining costs could be a reality. We were amazed at the quality of the tenders and thank everyone who participated.

Uranium ore from the test pits was also used for an integrated, continuous pilot plant which the metallurgical team ran in Perth. The process included beneficiation, acid leach circuit, resin-in-pulp, uranium elution and uranium oxide, or 'yellowcake' precipitation. Importantly, the pilot plant used process water trucked from our dedicated borefield on site. The yellowcake (UOC concentrate) produced is a high-value, high-purity material, a key consideration for our potential customers.

In keeping with our Vision, "Mining a cleaner tomorrow", we will be a low-impact miner. The mining methods to be used at Mulga Rock will result in a low residual impact to the environment. We plan to use strip-mining techniques to remove the overburden. Once mining has started, the mining face advances up the long-axis of the ore body, and the waste being removed is placed in the void behind the mining front, effectively providing what I call 'real-time rehabilitation'.

This is an innovative method for Western Australia and will employ a highly mechanised fleet and, very

Excavation at the Ambassador East trial test pit

importantly, it will eliminate the need for large waste dumps. In every aspect of the Project, the Vimy team is focussed on achieving the best environmental outcome for our activities.

As we progress the DFS, we mean to grow the mine life through increased Mineral Resources and Ore Reserves. We announced the maiden probable Ore Reserve of 15.2Mt at 660ppm U_3O_8 for a total metal content of 22.1Mlb U_3O_8 in March 2016. This was followed in June 2016 by a Resource upgrade for Ambassador which showed that 80% of Ambassador is now classified as Indicated, totalling 19.8Mt at 720ppm U_3O_8 for 31.5Mlbs U_3O_8. We are currently working on the Ore Reserve for Ambassador and Shogun and expect to announce another significant increase shortly.

The approvals process has been built on everything we've learnt from exploration, trial mining and our experience in the region and demonstrates that our mining activities will work at Mulga Rock, with a low residual environmental impact. The Public Environmental Review (PER) was recommended for approval by the Environmental Protection Authority (EPA) on 15 August 2016. The public appeals period closed on 29 August 2016 and of the appeals received, no new information was presented, with no issues of concern for Vimy. The delivery of such an outstanding PER document is a credit to the Vimy team and the talented group of environmental consultants used. The endorsement by the EPA further shows that the Project works and can be implemented in an environmentally sustainable manner.

The Vimy team recently received consent from the EPA to allow preliminary works to be undertaken in support of the Mulga Rock Project. These works include an upgrade to the existing site access road, and construction and development of the Kakarook North borefield to supply water to the Project. We intend to be shovel ready when the final approval from the Minister is published, so that our 'first shovel in the ground' can be achieved immediately.

In addition, the approvals for the pre-strip of Princess, and construction of the accommodation village and airstrip are being prepared for parallel assessment,

CONFIRMING THAT THE PROJECT WORKS, ALLOWS US TO MOVE TO THE NEXT CRUCIAL STEPS IN OUR PROCESS. IN THE YEAR AHEAD, WITH ALL THE BOXES TICKED FOR THE TECHNICAL ASPECTS OF THE PROJECT, WE WILL CONTINUE DISCUSSIONS WITH UTILITIES AND BANKS TO SECURE PROJECT FINANCE.

which will ensure that Vimy will hit the ground running when both State and Federal approvals are granted.

Vimy has been nominated for the Golden Gecko for our innovative fauna camera trapping program, which has received praise from the various regulatory agencies, including the Department of Parks and Wildlife (DPaW), the EPA and Department of Mines and Petroleum. This camera trapping program represents a new best-practice for fauna monitoring and has been adopted by DPaW for their regional fauna study of the Great Victoria Desert. In addition, Vimy has nominated for the AMEC 2016 Environment Awards, for the environmental benefits of our proposed rehabilitation practices which will set a new rehabilitation and closure benchmark for the minerals industry.

The last six months have seen us transition from the study phase into the definitive engineering phase of the Project. After a very competitive process, in March 2016, we announced the appointment of GR Engineering Services Limited (ASX: GNG or GRES) as study manager for the Mulga Rock DFS. GRES is a trusted Western Australian engineering and consulting firm with an excellent reputation and we value the opportunity to work with them. We are currently working with them on the design for a plant and supporting infrastructure to produce three million pounds of U_3O_8 p.a.

Confirming that the Project works, allows us to move to the next crucial steps in our process. In the year ahead, with all the boxes ticked for the technical aspects of the Project, we will continue discussions with utilities and banks to secure project finance. The organisations we have spoken to so far have a strong interest in Australian uranium and a commitment to world's leading environmental practices in their chain of supply. Security of supply is a key consideration for the utilities and this conforms with our Company mission of becoming 'a reliable and respected uranium producer', with a strong emphasis on 'reliable'.

We have developed a 'marketing-led' finance plan, which is to have bankable offtake contracts with customers in Europe, the United States and the Middle East. This strategy has some clear advantages as it provides corporate independence from financiers, allows for geographic diversity of customers, and flexibility with our engineering and construction contracts.

As I said, "it all works", and that, more than anything, includes the Vimy team. Our company name is a salute to my Canadian heritage as it was inspired by the Canadian troops who triumphed in the 1917 Battle of Vimy Ridge, in the battlefields of France during WW1. One hundred years later, I believe our team embodies the same qualities of courage, unity, co-operation, ingenuity, planning and flexibility that were shown by their Vimy namesakes. Our team was bolstered significantly during the year with the promotion of Tony Chamberlain to Chief Operating Officer and the recruitment of Ron Chamberlain as Chief Financial Officer and Company Secretary. I would like to thank the whole team very much for the enormous effort they have put in during the year.

As Cheryl has said, we have enjoyed strong support from our shareholders during the year and I would also like to thank them for their confidence in our team and the Project.

I am looking forward to the year ahead which I know will be another big one.

Mike Young
Managing Director and CEO
Vimy Resources

Excavation at the Ambassador East trial test pit

OUTLOOK FOR 2017

ENVIRONMENTAL APPROVALS

The EPA recommended approval of the Mulga Rock Project on 15 August 2016 and subsequently consented to Vimy's request under s.41A(3) of the EP Act to allow minor preliminary work to be undertaken. The EPA's recommendation was appealed by 24 parties and the Office of the Appeals Convenor is considering those appeals on behalf of the Minister for the Environment. Those investigations are expected to be completed and a report sent to the Minister in November, with a final decision expected to be published by the Minister shortly thereafter.

The Mulga Rock Project was assessed under the bilateral agreement between the State of Western Australia and the Commonwealth whereby the State conducts environmental assessments on behalf of the Commonwealth. The process of obtaining approval under the EPBC Act is separate from the assessment process and we are awaiting the outcome of the appeals process, with the Federal Minister for the Environment expected to sign off shortly thereafter.

Vimy has continued to push forward with obtaining all the other required approvals which are currently being parallel-processed so that they can be issued immediately after the Minister for the Environment publishes his decision later this year. The approvals currently being processed cover areas such as the accommodation village, the airstrip and communication towers as well as pre-stripping of the first deposit – Princess. In the unlikely event that the appeals process delays final approval into next year, Vimy will still be in a position to commence work on the project early next year on the approved minor and preliminary works which involve an upgrade to the existing site access road and the development of the Kakarook North borefield.

Once the WA Minister for Environment publishes an approval, Vimy will develop the final Environmental Management Plans consistent with the conditions associated with the approval to be ready to have them fully developed and approved prior to the commencement of operations.

STUDIES

The Definitive Feasibility Study (DFS) is expected to be completed before the end of March 2017. Once it is completed, engineering work is planned to transition into the front end engineering design (FEED) associated with actual construction.


Aerial view of Mulga Rock camp and airstrip

URANIUM SPOT PRICE

The current low spot price, and mid-term contract price, simply cannot persist. Mine production is not matching demand growth, and secondary supply, that makes up this shortfall, is diminishing. The current price environment is due largely to reduced demand in the spot market on the part of the utilities. This does not reflect a structural change in the industry as reactor demand remains stable and is projected to grow. Lower demand is due mainly to over-contracting and temporary oversupply due to the price rise of 2006-2009 and the idling of Japanese reactors after Fukushima. In fact, according to Tradetech, US utilities have rarely been as uncovered by long-term contracts as they are now.

An owner of a nuclear reactor, while keen to keep fuel costs lower, is more driven by the requirement for sustainable and reliable fuel supply. While contract coverage continues to fall, between 2020 and 2023, utilities in US and Europe will need to renew their long-term contracts. China, Southeast Asia, and India are the major growth areas and will contribute to contracting activity.

The lead time between contracts and first delivery is generally around two years as the reactors run "comfort stockpiles" of two years. This means that demand on the supply side is likely to start kicking in in 2018.

All of these factors provide strong support for our view that the uranium price is due for a rebound in the same time that we plan to move towards production.

Our strategy has been steadfastly committed to being 'mine ready' at the earliest possible time so that we can be the first new kid off the blocks when the price inflexion occurs.

URANIUM MARKETING

Vimy has engaged with nuclear utilities around the world in order to be able to commence offtake discussions as project certainty develops. Obtaining final environmental approvals and the commencement of initial minor works will both result in a perceived reduction in the risks associated with the development of the project. The completion of the DFS will be a further step in reducing perceived risks.

With regulatory approvals obtained, minor early works commenced and the likely costs associated with production established to DFS levels of accuracy, Vimy expects to be able to move into the detailed discussions stage of offtake contract negotiations by the end of Q1 2017.

BANKING DISCUSSIONS

The primary off-market contract nature of uranium procurement provides an inextricable link between uranium marketing and bank funding and as a consequence, Vimy has sought early engagement with banking institutions will continue to assess the capabilities of banks for advisory, arranging and lead management of funding for for the Project.

This early bank engagement provides multiple benefits to Vimy, including quantification of debt capacity, clarification of uranium marketing contract requirements, and input into completion of the DFS.

The requirement for bankable offtake contracts is the centrepiece of our uranium marketing strategy and bank funding requirements. For Vimy this is assisted by the contracting nature of uranium procurement, the credit-worthy nature of global utility customers, the large procurement requirements of leading utility customers necessitating both geographical and producer supply diversification, and encouragement from the utilities for new producers to enter the market in order to strengthen competition.

OPERATIONS
REVIEW

The Mulga Rock Project, 100% owned and operated by Vimy, is a large, world-class uranium resource. It is the third-largest undeveloped uranium deposit in Australia.

The Mulga Rock Project is located 240km east-northeast of Kalgoorlie in Western Australia in the Great Victoria Desert. The Mulga Rock Project comprises four resources: Ambassador and Princess, which form the Mulga Rock East Deposit, and Emperor and Shogun, which form Mulga Rock West, approximately 20 kilometres away. There are no competing land uses to the proposed mining operation. The Project shares road access with the Tropicana Gold Mine.

Results of the Pre-feasibility Study (PFS) were released in November 2015. The PFS indicated that the Project will produce three million pounds of uranium oxide (U_3O_8) annually. Operating cash costs were calculated at around US$30 per pound U_3O_8, with total costs, including capital, at US$50 per pound. The mining schedule determined by the PFS contemplates mining the Princess deposit first, followed by Ambassador, Shogun and then Emperor.

Work on the Definitive Feasibility Study (DFS) has been ongoing throughout the year and key milestones have been achieved. The most important DFS activities include the in-fill drilling program at Ambassador, Shogun and Emperor; the two open-cut test pits at Ambassador; and the metallurgical test work and pilot plant which have all been successfully completed.

SAFETY

Vimy actively encourages a culture of safety while emphasising that safety is everyone's responsibility. This year the Vimy EHS team has implemented the MyOSH electronic safety system across the operation, which will enable all hazards and incidents to be captured, investigated, remedied, and closed off. This system supports an integrated framework for Vimy's EHS Management System.

IN-FILL DRILLING PROGRAM

The DFS in-fill drilling program, aimed to improve the Resource classification for Ambassador and Shogun to Indicated status, was completed in February 2016.

At Ambassador, 425 air core and 52 diamond core holes were completed for a total of 27,350 metres. The drill results for Mulga Rock East, released to the market in June 2016, reaffirm Ambassador as an outstanding uranium resource with 65 drill holes returning intercepts above 1,000ppm (0.10%) U_3O_8. There was a significant increase in the proportion of Indicated Mineral Resource, with greater than 80% of the total contained uranium metal in the Ambassador Resource now classified as Indicated.

167 air core and 15 diamond drill holes were drilled at Shogun for a total of 7,370 metres and 34 air core and 25 diamond drill holes were completed at Emperor for a total of 2,898 metres.

The DFS drilling also included a diamond twin program to further quantify the uranium disequilibrium correction factor at Shogun and Emperor. As the geological settings

and uranium mineralisation-forming processes at these deposits are similar to those at Ambassador, results are expected to show an increase in grade in the close-spaced drilled portion of Shogun.

TEST PITS

At the end of October 2015, work began on two geotechnical test pits, the first at the eastern part of Ambassador at the point where we expect to be mining in the second year of the PFS mine schedule and the other 3.7km away in the western part of Ambassador at year seven of this schedule. The excavation work was carried out by Western Australian firm Piacentini and Son following a competitive tender process. The pits were excavated to assess the hydrology, geology and rheology of the overburden material and to confirm how pit slopes and dig rates will contribute to overall mining costs.

The Ambassador East pit, 200m (L) x 100m (W) x 35m (D), took approximately 55 days to excavate at an average of 3,255 BCM/day. The dig rate exceeded expectations for most of the excavation but slowed at the base of the pit due to its narrow nature, an issue that will not occur in the actual pits which will be broader and more open. Approximately 52 tonnes of ore were packaged and sent to Perth. 58 samples were sent for geotechnical assessment including Atterberg limits, triaxial testing, particle size distribution and particle density.

The western pit, 320m (L) x 100m (W) x 40m (D), was completed in 49 days. Excavation was at a higher than expected dig rate; an average rate of 4,010 BCM/day compared to a budgeted rate of 3,500 BCM and concluded in March 2016. 50 tonnes of ore sample were collected, with 24 tonnes sent to Perth for the beneficiation pilot plant trial.

The excavation of the pits had many purposes, including the verification of geotechnical parameters such as pit wall angles and rock strengths for final pit design; confirmation of in-situ wet bulk densities for waste and ore zones; the assessment of the load-bearing capacity of the white kaolinite clay and silt layer directly above the ore zone; and, most importantly, the confirmation of uranium grade distribution and grade control methods during mining. The swell factor of the overburden material after excavation was verified to assist in the accurate design of full-scale overburden landforms. Daily production dig rates confirmed the free digging nature of the overburden; some ripping was required but all calcrete and silcrete layers were excavated without the use of drill and blast. Each pit was also excavated into the mineralised zone providing excellent exposure of the ore zones as well as bulk samples for the metallurgical pilot plant program.

The assay results from the bulk ore samples compared with the estimated Resource showed 53% greater contained U_3O_8 in the bulk sample than estimated in the Resource model. Assessment of the test pit bulk samples confirmed that very high grade uranium occurs immediately below the reduction-oxidation boundary as has been seen in drilling, however the tenor of the mineralisation in the test pits was above expectations. A detailed assessment of the reconciliation concluded that the ore zones are slightly thinner, but with higher grades and more contained metal than is indicated by drilling alone.

PILOT PLANT

Work on the metallurgical pilot plant in Perth began in late February and consisted of four stages: an ore beneficiation circuit; uranium leaching, resin-in-pulp (RIP) and uranium elution; uranium precipitation; and base metal recovery. Work on the leach and RIP circuits so far verifies approximately 90% metallurgical recoveries. The pilot plant will generate the final process design criteria for the DFS engineering. Uranium extraction is a more complex process than say, iron ore or gold. As such, we recognise that metallurgy is one of the key risks to the Project. Therefore, we set up an independent metallurgical peer review group, comprising three independent experienced uranium metallurgists to monitor the metallurgical program, and report to the Board on a regular basis. It is pleasing to report that the peer review group is very impressed with the calibre of work being done and they have not identified any issues with the proposed flow sheet, nor the testwork done to date. The peer review group will continue to monitor the program to its completion.

GEOTECHNICAL INVESTIGATION

A geotechnical drilling program was completed in January 2016. The program included diamond holes at the process plant and the proposed pits at Princess, Ambassador and Shogun, to support the subsequent Ore Reserve.

All diamond core samples were dispatched to a testing laboratory to undergo various geotechnical tests. As a result, final pit wall angles have been determined and civil engineering requirements for the process plant have been established and integrated into the DFS.

Exposing ore at the Ambassador West test pit

STUDY MANAGER

The appointment of GR Engineering Services Limited in March 2016 was another important milestone in the development of the Mulga Rock Project. We received a number of very high calibre proposals for the study lead and were pleased to appoint a study manager of this quality. GR Engineering is a trusted Western Australian engineering and consulting company that has delivered a number of significant projects across a wide range of commodities in Western Australia and overseas. The Vimy team is now working closely with them on the delivery of the DFS.

MAIDEN ORE RESERVE

In March 2016 the Company announced another major milestone for the DFS, the maiden Ore Reserve for Mulga Rock, comprising 15.2Mt at 660ppm for a total metal content of 22.1Mlb U_3O_8. The Ore Reserve is derived from Mineral Resources and optimised pit schedules as reported in the PFS, which indicated that the initial six years of production will be underpinned by the maiden Reserve. In addition to the Probable Ore Reserves, an Optimised Mining Inventory has been identified which will provide production in Years 7 to 17 of the mining schedule if mined at currently modelled grades.

At the end of June 2016, a significant increase to the Ambassador Resource at Mulga Rock East was announced, based on the results of the in-fill drilling program. The Mulga Rock Resource increased to 66.5Mt at 520ppm U_3O_8 for a contained 76.2Mlbs U_3O_8. Results showed that more than 80% of Ambassador is now classified as Indicated, totalling 19.8Mt at 720ppm U_3O_8 for 31.5Mlbs U_3O_8. Good continuity of Indicated material was also found, which is important for the continuous strip mining planned for Mulga Rock.

APPROVALS PROCESS

Following the approval of the Environmental Scoping Document in February 2015, Vimy moved ahead quickly to complete the Public Environmental Review (PER). The PER document describes the proposal, examines the likely environmental effects and the proposed environmental management procedures associated with the proposed development. It addresses the environmental factors of flora and vegetation, terrestrial fauna, subterranean fauna, hydrological processes, inland waters environmental quality, air quality and atmospheric gases, human health, heritage, rehabilitation and closure and offsets.

The first copy of the PER was provided to the Office of the Environmental Protection Authority (OEPA) in June 2015. Following Vimy's successful scoping study it was determined that the life of the Project was likely to be longer than had been initially believed and it was necessary to amend Vimy's proposal to reflect the longer duration and larger clearance area associated with the Project. The Company applied for approval to amend the proposal in a manner that was unlikely to significantly increase any impact on the environment and approval was received from the Chairman of the EPA in early December 2015.

The PER was approved for release for a twelve-week public review period starting on 14 December 2015 and ending on 8 March 2016. Public submissions were sent to the OEPA and on 27 April 2016 the Company submitted responses to the 1,100 comments provided by the OEPA. In July 2016 these responses were deemed to be acceptable by the OEPA and the proposal for the Mulga Rock Project was put forward to the EPA for consideration. Following the end of the reporting period, on 15 August 2016, the EPA recommended conditional approval of the Project. They prepared an assessment report for the WA Minister for the Environment recommending that the proposal be implemented and specifying the conditions and procedures to which implementation should be subject as required by the Western Australian Environmental Protection Act 1986. The Project is also being assessed by the Commonwealth of Australia and the assessment report will form the basis of the Commonwealth Minister's assessment and subsequent decision.

GOLDEN GECKO AWARD

The camera trapping protocol developed by the Vimy team has been nominated for the prestigious Golden Gecko award, Western Australia's highest environmental award, recognising leading practice and innovation in environmental management. Vimy has worked closely with the Department of Parks and Wildlife to develop the protocol which increases the baseline knowledge of the small and ultra-small mammals of the region, with a particular focus on the Sandhill Dunnart, a highly elusive small marsupial. The protocol has also been recommended for adoption for presence/absence surveys by the Great Victoria Desert Biodiversity Trust and hopefully will become an industry standard in the future.

MINERAL RESOURCE & ORE RESERVE STATEMENT

AT 30 JUNE 2016

MULGA ROCK PROJECT

OVERVIEW

- The Mulga Rock Project global uranium Mineral Resource estimate increased by 5% between 1 July 2015 and 30 June 2016, from 72.7Mlbs to 76.2Mlbs (from 59.7Mt at 550ppm U_3O_8 to 66.5Mt at 520ppm U_3O_8), all reported in accordance with the JORC Code 2012.
- This change was primarily the result of lowering of the Mineral Resource cut-off grade from 200ppm to 150ppm which generated a small increase in the Ambassador Mineral Resource.
- Infill drilling at Ambassador during 2015 and 2016 improved confidence in the Mineral Resource. The Indicated component of the Ambassador Mineral Resource increased significantly to 19.8Mt at 720ppm U_3O_8 for 31.5Mlbs U_3O_8.
- The Ambassador and Princess Mineral Resources are grouped to form the Mulga Rock East Deposit.
- As at 30 June 2016 the Mulga Rock West Deposit (Emperor and Shogun combined) Resource stood at 32.5Mt at 460ppm U_3O_8, for a total of 33.0Mlbs, a 6% increase on that reported to the year to 30 June 2015, also as a result of the change in cut-off grade.
- On 30 March 2016, the Company announced a Maiden Probable Ore Reserve for the Mulga Rock Project of 15.2Mt at 660ppm for a Total Metal content of 22.1Mlb U_3O_8.
- Updates for base metal Resource estimates were reported for the Mulga Rock East Deposit, coincident with the uranium Resource, underpinned by the Ambassador Resource update.

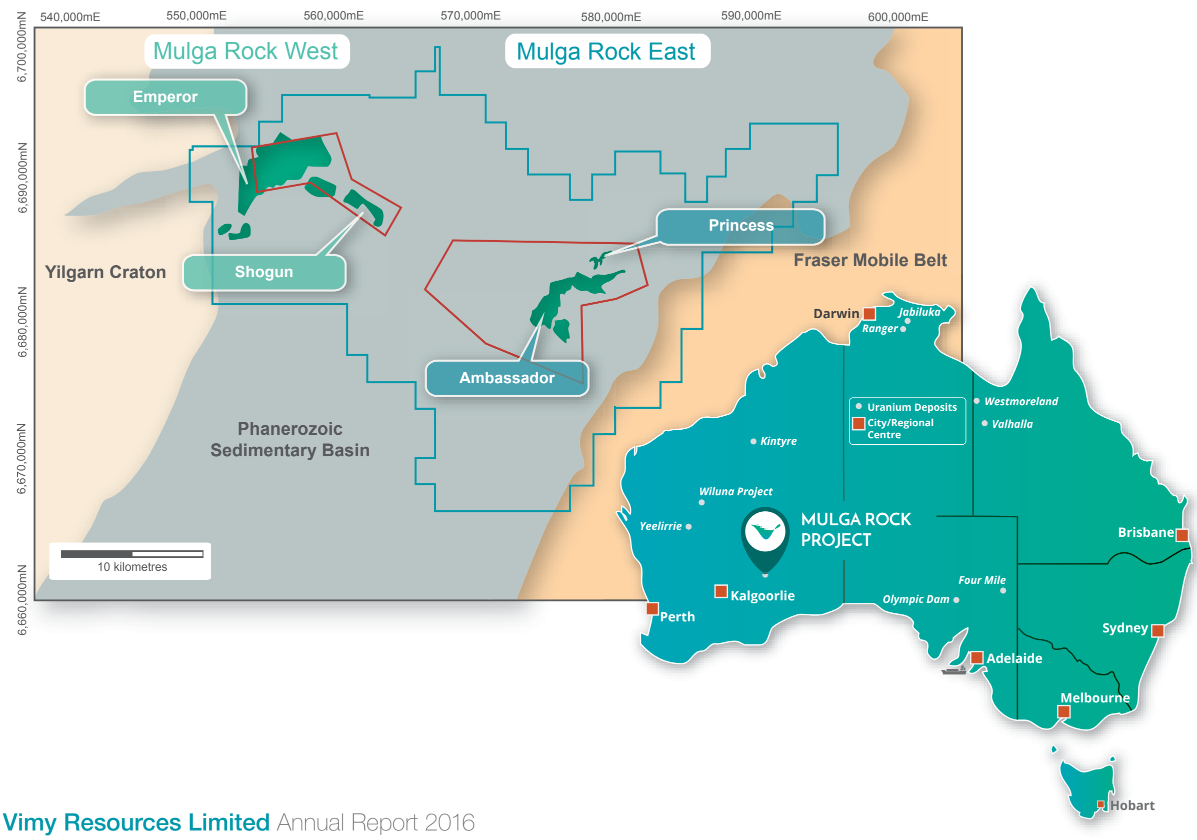

Table 1: Mulga Rock Project Ore Reserves – 29 March 2016

Deposit / Resource	Classification	Cut-off Grade (ppm U_3O_8)	Tonnes (Mt)[1,2]	U_3O_8 (ppm)[3]	Total Metal U_3O_8 (Mlb)[4]
Mulga Rock East					
Princess	Probable	150	1.3[1]	640[1]	1.8
Ambassador	Probable	150	13.9[1]	660[1]	20.2
		Total Reserve	**15.2[1]**	**660[1]**	**22.1**

1. Tonnages and grades are reported including mining dilution
2. t = dry metric tonnes; Appropriate rounding has been applied, and rounding errors may occur
3. Using cut combined U_3O_8 composites (combined chemical and radiometric grades)
4. Metallurgical plant recovery factors are not applied to Total Metal content


Aircore drilling at Ambassador West

Uranium Resource Estimate

Table 2: Mulga Rock Project Total Resource - 30 June 2016 compared to 30 June 2015

Deposit / Resource	Classification	2016			2015		
		Tonnes (Mt)[3]	U_3O_8 (ppm)	U_3O_8 (Mlb)	Tonnes (Mt)	U_3O_8 (ppm)[5]	U_3O_8 (Mlb)
Mulga Rock East							
Princess	Indicated	1.3	690	1.9	1.3	690	1.9
	Inferred	2.5	380	2.1	2.5	380	2.1
Ambassador	Indicated	19.8	720	31.5	13.0	750	21.6
	Inferred	10.4	330	7.7	15.1	480	15.9
	Sub-Total	**34.1**	**580**	**43.2**	**31.9**	**590**	**41.5**
Mulga Rock West							
Emperor	Inferred	28.4	450	28.1	24.1	500	26.4
Shogun	Inferred	4.1	550	4.9	3.7	590	4.8
	Sub-Total	32.5	460	33.0	27.8	510	31.2
	Total Resource	66.6	520	76.2	59.7	550	72.7

Please note that a cut-off grade of 200ppm U_3O_8 was used for the 2015 calculation, while in 2016 the cut-off grade was 150ppm U_3O_8.

Table 3: Mulga Rock Project Total Resource 30 June 2016

Deposit / Resource	Classification	Cut-off Grade (ppm U_3O_8)	Tonnes (Mt)[3]	U_3O_8 (ppm)[4]	U_3O_8 (Mlb)
Mulga Rock East					
Princess[1]	Indicated	150	1.3	690	1.9
Princess[1]	Inferred	150	2.5	380	2.1
Ambassador	Indicated	150	19.8	720	31.5
Ambassador	Inferred	150	10.4	330	7.7
		Sub-Total	**34.1**	**580**	**43.2**
Mulga Rock West					
Emperor[2]	Inferred	150	28.4	450	28.1
Shogun[2]	Inferred	150	4.1	550	4.9
		Sub-Total	**32.5**	**460**	**33.0**
		Total Resource	**66.6**	**520**	**76.2**

1. The Ambassador and Princess Resource estimates at a cut-off grade of 150ppm U_3O_8 were reviewed by Coffey Mining and announced to the ASX on 17 September 2015 in accordance with the JORC Code 2012.
2. Coffey Mining prepared the Emperor and Shogun Resource estimates at a cut-off grade of 150ppm U_3O_8 and released to the ASX on 17 December 2015 in accordance with the JORC Code 2012.
3. t = dry metric tonnes; Appropriate rounding has been applied, and rounding errors may occur.
4. Using cut combined U_3O_8 composites (combined chemical and radiometric grades).

RESOURCE ESTIMATE UPDATES BY DEPOSIT

- The updated Ambassador Mineral Resource was underpinned by a comprehensive drilling program of the western half of the deposit, to a nominal 100 x 80m drill spacing, consistent with that achieved at Ambassador East in 2014. Overall changes in the Ambassador West Resource were minimal, due to limited changes in bulk densities, volumes of mineralised domains and grades.
- 80% of the Ambassador Mineral Resource is now classified as Indicated, totalling 19.8Mt at 720ppm U_3O_8 for 31.5Mlbs U_3O_8, a 46% increase on 2015.

BY-PRODUCTS RESOURCE ESTIMATES

- The Mulga Rock East uranium deposit (Princess and Ambassador) also contains a base metal resource. Base metal mineralisation is associated with uranium but also occurs outside the boundaries of the uranium resource. Base metals within the uranium mineralisation domains at Mulga Rock East only are reported as Mineral Resources and presented in Table 4. Base and other metals outside of the uranium domains are currently not economically recoverable and are therefore not included in the Resource.
- Previous explorers did not assay for base metals during drilling at the Mulga Rock West deposit (Emperor and Shogun). Analysis of recent drilling data shows that base metal resource estimation at the Mulga Rock West Deposit (Emperor and Shogun) is not currently warranted given generally low grades and poor continuity.
- The overall increase in the Cu, Zn, Ni and Co Mineral Resources (12%, 28%, 20% and 28% respectively on a contained metal basis) is largely the result of the increased drill spacing at Ambassador West, with a significant shift from Inferred to Indicated classification to match that of the corresponding uranium Mineral Resource.

Table 4: Base Metal Resource – Mulga Rock East

Deposit / Resource	Tonnes (Mt)	Cu (ppm)[1]	Zn (ppm)[1]	Ni (ppm)[1]	Co (ppm)[1]
Mulga Rock East – tonnes and grade					
Princess - Indicated	1.3	750	1280	440	210
Princess - Inferred	2.5	270	500	250	140
Ambassador - Indicated	19.8	340	1340	630	310
Ambassador - Inferred	10.4	110	320	250	140
Total	34.1	280	960	480	240

Deposit / Resource	Classification	Cu (kt)	Zn (kt)	Ni (kt)	Co (kt)
Mulga Rock East					
Princess	Indicated	0.9	1.6	0.6	0.3
Princess	Inferred	0.7	1.3	0.6	0.4
Ambassador	Indicated	6.8	26.5	12.5	6.1
Ambassador	Inferred	1.2	3.3	2.6	1.5
	Total	9.6	32.7	16.3	8.2

1. The base metal Resource is contained wholly within the uranium Resource. It is reported using the same cut-off grade of 150ppm U_3O_8 with no additional base metal grade cut-offs applied.

RESOURCES - OTHER MATERIAL INFORMATION SUMMARY

GEOLOGY AND GEOLOGICAL INTERPRETATION

- Geological modelling: Updates to the Mulga Rock West geological model resulted in limited changes to block model volumes overall, with locally significant changes between domains, based on a large infill drilling program at Ambassador West, testing domains 100, 200, 300 and 400.
- Low-grade Cretaceous-hosted mineralisation was identified, similar in nature to that identified at Princess and Ambassador East and paleochannel boundaries and stratigraphic interpretation were validated across the Ambassador West deposit.
- A lithological indicator was used for modelling density, based on a pro rata of lithologies logged.

SAMPLING AND SUB-SAMPLING

- There are no material changes to report regarding sampling and sub-sampling techniques but recovery of loose material in sands during diamond drilling was improved through the use of core-tubes, oversized reamers and finger lifters.

SAMPLE ANALYSIS METHOD

- The correction methodology for secular radiometric disequilibrium was updated, to account for the various mineralised domains at Ambassador West, where individual factors were derived using polynomial-based correction for equivalent radiometric grades.
- Analysis of wet bulk density is based on quality dual-spaced density wireline logging, supported by direct measurements on diamond drill core. Dry bulk density derived from moisture values is inferred from wet and dry weight measurements.

DRILLING TECHNIQUES

- There were no material changes to the drilling techniques involved, but a significant number of diamond holes and aircore twins were used to analyse sampling bias associated with the latter.

ESTIMATION METHODOLOGY

- An accumulation or grade x thickness estimation method was used for the domains 100 and 200 at Ambassador and conventional ordinary kriging of U_3O_8 distribution for domains 300 and 400.

RESOURCE CLASSIFICATION

- Resource classification criteria were amended to reflect the revised understanding of the longitudinal continuity of the various domains, and to account for the two Resource estimation methods used.

CUT-OFF GRADE

- The overall cut-off grade for the project was revised down from 200 to 150ppm U_3O_8 as a result of input from mining studies and likely process costs derived from the project's Pre-feasibility Study.
- Base metal grades reported were not cut but constrained to the uranium mineral Resource domains.

MINING AND METALLURGICAL METHODS AND PARAMETERS AND OTHER MODIFYING FACTORS CONSIDERED TO DATE

- There were no material changes to report, assuming mining via conventional open pit mining methods.

CORPORATE GOVERNANCE – RESERVES AND RESOURCES CALCULATION

Due to the nature, stage and size of the Company's existing operations, the Board believes there would be no efficiencies gained in establishing a separate Mineral Reserve and Resources committee responsible for reviewing and monitoring the Company's processes for calculating Mineral Reserve and Resources and for ensuring that the appropriate internal controls are applies to such calculations.

However, the Company ensures that any Mineral Reserve and Resource calculations are prepared by competent geologists and are reviewed independently and verified (including estimation methodology, sampling, analytical and test data).
The Company will report any future Mineral Reserve and Resource estimates in accordance with the 2012 JORC Code.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to the Exploration Results for the Mulga Rock Resource Estimate U_3O_8 and base metals, Resource Database, Geology and Bulk Densities is based on information compiled by Xavier Moreau, who is a Member of the Australian Institute of Geoscientists. Mr Moreau is a full-time employee of Vimy Resources Limited. Mr Moreau has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Moreau consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Mulga Rock Mineral Resource estimates U_3O_8 and base metals is based on information compiled or reviewed under the supervision of AMC Consultants as consultants to the Company and reviewed by Ingvar Kirchner, an employee of AMC Consultants. Mr Kirchner consents to the inclusion, form and context of the relevant information herein as derived from the original resource reports. Mr Kirchner has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Tenements

Tenement	Ownership
M39/1080	100%
M39/1081	100%
E39/876	100%
E39/877	100%
E39/1148	100%
E39/1149	100%
E39/1150	100%
E39/1551	100%
P39/4877	100%
P39/4878	100%
P39/4879	100%
P39/4880	100%
P39/4881	100%
P39/4882	100%
L39/193	100%
L39/219	100%
L39/239	100%

Aerial view of Ambassador East test pit

2016 FINANCIAL REPORT

CONTENTS

This financial report covers Vimy Resources Limited as a Group consisting of Vimy Resources Limited and its subsidiaries. The financial report covers the year ended 30 June 2016 and is presented in Australian dollars.

Vimy Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is: Ground Floor, 10 Richardson Street West Perth, Western Australia, 6005

The financial report was authorised for issue by the directors on 30 September 2016. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. Public releases are available at asx.com.au by entering the Company's ASX code 'VMY'. Additional information on the Company is available on its website vimyresources.com.au.

Your directors present their report on Vimy Resources Limited consolidated entity ('Group') for the financial year ended 30 June 2016.

DIRECTORS

The names and details of directors who held office during the year ended 30 June 2016 and up to the date of this report (unless otherwise stated), are:

The Hon. Cheryl Edwardes AM, LLM, B.Juris, BA
Independent Non-Executive Chairman

Appointed 26 May 2014

A lawyer by training, Mrs Edwardes is a former Minister in the Western Australian Legislative Assembly with extensive experience and knowledge of WA's legal and regulatory framework relating to mining projects, environmental, native title, and heritage and land access. Mrs Edwardes is currently a Non-Executive Director of Atlas Iron Limited and AusCann Group Holdings Limited. Mrs Edwardes assists the clients of FTI Consulting with a range of complex statutory approvals required for resources and infrastructure projects. She was the Executive General Manager for External Affairs for Hancock Prospecting and Special Counsel at Minter Ellison in Perth where she practised in government relations, climate change and environmental regulation and compliance.

During her political career, Mrs Edwardes held positions including WA Attorney General, Minister for the Environment and Minister for Labour Relations. She also has broad experience and networks within China's business community.

Listed company directorships in the last three years: Atlas Iron Limited May 2015 to present and AusCann Group Holdings Limited May 2016 to present.

Michael (Mike) Young BSc (Hon), MAIG, MAICD
Managing Director and Chief Executive Officer

Appointed 17 April 2013

Mr Young was the first CEO and MD of BC Iron Limited and played an integral role in taking that company to a position as a significant iron ore producer. Mr Young successfully steered BC Iron through first stage exploration, definition of resources, feasibility study, the negotiation of development agreements with Fortescue Metals Group and ultimately the profitable production of iron ore.

Mr Young is a geologist and a graduate of Queens University, Canada with a Bachelor of Science (Honours) degree in Geological Sciences. His experience includes base metals, iron ore, uranium and gold, with a strong focus on mine-camp exploration, resource definition, and mine development. Mr Young was a founding director of uranium developer Bannerman Resources Limited and is the non-executive Chairman and founder of Cassini Resources Limited.

Listed company directorships in the last three years: BC Iron Limited October 2006 to November 2014, Cassini Resources Limited January 2012 to present, Ascot Resources Limited June 2015 to December 2015 (delisted).

Julian Tapp BA, MSc
Executive Director

Appointed 18 March 2013

Mr Tapp brings a wealth of experience in regulatory approvals. In his previous role as Head of Government Relations for Fortescue Metals Group, Mr Tapp was instrumental in overseeing and expediting the approvals process for Fortescue's world-class Pilbara iron ore project from conception through to operation.

Mr Tapp trained as an economist before holding a number of high-level roles in companies around the globe, including as Director of New Business Development for the Middle East for BAeSystems. He is also currently a non-executive director with the Pilbara Port Authority.

Listed company directorships in the last three years: Nil

David Cornell B.Comm, CA
Independent Non-executive Director

Appointed 17 July 2012

Mr Cornell is a director of Element Capital Pty Ltd and has significant experience providing strategic and corporate advice to listed companies, with a strong focus on transaction services.

Mr Cornell has assisted several companies, including Vimy Resources Limited, through the listing process and has raised over a quarter of a billion dollars through debt, equity and hybrid structures for leading resource companies including Atlas Iron and CopperCo.

Mr Cornell is a Chartered Accountant, gaining his experience with the international accounting firms Arthur Andersen and Ernst & Young where he specialised in providing corporate and professional services to both Western Australian junior explorers and international mining companies.

Listed company directorships in the last three years: Nil

Andrew Haslam Grad Dip. Min (Ballarat), GAICD
Non-executive Director

Appointed 1 April 2016

Mr Haslam is a highly experienced mining executive and has been working as a consultant to the Mulga Rock Project since February 2016. He currently serves as a Non-Executive Director of BC Iron Ltd. He is also an industry representative on the WA Quarry Managers' Board of Examiners, a Member of Australian Institute of Company Directors and a consultant to private company Genmin's Baniaca Iron Ore Project in Gabon, Africa.

Mr Haslam holds a Graduate Diploma of Mining from the University of Ballarat, Victoria, a Graduate Diploma from the Australian Institute of Company Directors, Diploma of Extractive Industries Management from SEM College WA and WA Quarry Manager's Certificate of Competency.

Listed company directorships in the last three years: BC Iron Limited from August 2011 to present.

Malcolm James B.Bus., FAICD, AusIMM
Non-executive Director

Appointed 1 April 2016

Mr James has an extensive background in finance, accounting and resources with a wealth of experience as a company director in the mining sector. This includes a focus in uranium, developed over ten years at Peninsula Energy where he served as Executive Director responsible for the daily operations through to finance. He is currently the Non-Executive Chairman of Anova Minerals Ltd and Algae.Tec Ltd.

Mr James holds a Bachelor of Business (Accounting) from RMIT University in Melbourne, he is a Fellow of the Australian Institute of Company Directors (FAICD) and Member Australasian Institute of Mining and Metallurgy (AusIMM).

Mr James is a representative of the shareholder, Forrest Family Investments Pty Ltd (Peepingee Trust).

Listed company directorships in the last three years: Anova Metals Limited from September 2012 to present; Algae Tec Limited from September 2014 to present; and Triton Gold from October 2011 to January 2014.

Aaron Hood B.Comm, B.Eng, MBA
Non-executive Director

Appointed 26 May 2015, Resigned 1 April 2016

Mr Hood was the Chief Investment Officer of Minderoo, encompassing the philanthropic and private business holdings of Andrew and Nicola Forrest.

Prior to joining Minderoo, Mr Hood spent ten years in Sydney and Perth as executive director of a private equity firm with investments in mining services, oil and gas, manufacturing and retail. He is currently a director of the Scotch College Foundation (WA) and UWA Business School Ambassadorial Council and Chairman of Harvey Beef.

Mr Hood was a representative of the shareholder, Forrest Family Investments Pty Ltd (Peepingee Trust).

Listed company directorships in the last three years: Impact Minerals Limited from May 2015 to present.

COMPANY SECRETARY

Ronald Chamberlain BCom, FCA
Chief Financial Officer and Company Secretary

Appointed 5 February 2016

Mr Chamberlain has over twenty-five years' experience in the resources industry as a finance professional, with significant involvement in all the mine stages from exploration through to mine closure. Mr Chamberlain has held a number of senior executive roles in the uranium industry, he was the inaugural CFO for Paladin Energy where he played an integral role in the funding and development of the Langer Heinrich and Kayelekera projects, and then Acting CFO and subsequently Non-Executive Director for Extract Resources prior to China Guangdong Nuclear Power's acquisition of the Husab project. Mr Chamberlain has worked on resource project developments and acquisitions in Australia, Africa, North America and Asia.

Mr Chamberlain holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Chartered Accountants Australia and New Zealand.

Shane McBride BBus., FCPA, FGIA, FCSA, MAICD
Chief Financial Officer and Company Secretary

Appointed 30 July 2009, Resigned 5 February 2016

Mr McBride has thirty-five years of commercial management experience, with twenty-eight years' experience in senior management roles in the resources industry. His experience has been gained in listed Australian public companies in the disciplines of corporate management, management and financial accounting, project development and mine site operations, corporate finance and company secretarial functions.

Mr McBride was the managing director of an Australian copper producer listed on the ASX and has substantial experience as a public company director.

Mr McBride has a Bachelor of Business degree, is a Fellow of CPA Australia, Fellow of Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators, and is a Member of the Australian Institute of Directors.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year ended 30 June 2016 were exploration and evaluation on the Mulga Rock Project, with a Pre-feasibility Study completed during the year, and commencement of a Definitive Feasibility Study.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year the following significant events occurred:

- On 17 August 2015, the Company announced a legally binding agreement with Resource Capital Fund VI L.P. ("RCF VI") for the provision of the final $25 million of a $30 million funding package announced on 20 May 2015. The funding package comprises a $15 million unsecured bridging loan and a $10 million payment in return for a 1.15% royalty on future production from the Mulga Rock Project.
- On 3 September 2015, the Company received the royalty payment of $10 million from RCF VI.
- On 4 April 2016, the Company completed the first drawdown of funds of $7.5 million from the RCF VI unsecured bridging loan.

OPERATING AND FINANCIAL REVIEW

OPERATING RESULT

The consolidated operating loss after tax for the year ended 30 June 2016 attributable to members of the Group was $11,957,825 (2015: operating loss after tax $10,725,302). The loss after tax is mainly attributable to the accounting policy to expense all exploration and evaluation expenditure as incurred.

Key highlights for the year were as follows:

- Other income increased to $11,380,804 (2015: $165,655) from both the RCF VI royalty payment of $10 million and the 2015 Research and Development Tax Incentive grant income of $1.2 million.
- Higher exploration and evaluation expenditure of $18,497,411 (2015: $9,033,668) as a consequence of the focus on Definitive Feasibility studies for the Mulga Rock Project.

DIVIDENDS

No dividends were paid in the current year (2015: $Nil).

REVIEW OF OPERATIONS

The Group's main asset is the Mulga Rock Project, one of Australia's largest undeveloped uranium resources, located 240 kilometres north east of Kalgoorlie in Western Australia. As an exploration and evaluation company, Vimy Resources Limited is in the high-risk, high-reward sector of the global mining industry. Exploration and evaluation companies are the critical front-end of the mining industry with the highest risk, and as such the Company's business model is specific to this sector.

During the year the following significant events occurred on the Mulga Rock Project:

- Commercial scale pilot test work confirmed ore beneficiation results.
- On 17 November 2015, the Company announced the completion of a Pre-feasibility Study, which reaffirmed that the Mulga Rock Project is one of the best undeveloped uranium projects in Australia.
- On the basis of the Pre-feasibility Study results, the Company initiated a Definitive Feasibility Study ("DFS").
- Release of Public Environmental Review ("PER") for public comment on 14 December 2015.
- Maiden Ore Reserve comprising 15.2Mt at 660ppm U_3O_8 for a Total Metal content of 22.1Mlb of U_3O_8.
- DFS in-fill resource drilling program at Ambassador, Shogun and Emperor deposits completed.
- Bulk ore samples obtained from both Ambassador East and West test pits.
- Geotechnical drilling completed.
- DFS ore beneficiation pilot plant program awarded and well progressed by 30 June 2016.

- GR Engineering Limited appointed Study Manager to the DFS.
- PER public submissions period closed and the Company completed response to submissions.
- Significant Resource upgrade to 66.6Mt at 520ppm U_3O_8 for 76.2Mlbs contained U_3O_8.
- Bulk samples taken from the Ambassador test pits demonstrated a 53% higher contained U_3O_8 when compared to the Resource model.
- The Office of the EPA advised that the Company's response to submissions for the PER were adequate.
- Nomination for the Golden Gecko Award for innovative camera trapping protocol was accepted for assessment.

The Company currently has seventeen (17) tenements that all relate to the Mulga Rock Project; two are mining leases, six are exploration licences, six are prospecting licences, and three are miscellaneous licences. The mining leases currently include all of the area that the Company anticipates will be incorporated into development of the Mulga Rock Project.

Financial Position

Net liabilities at 30 June 2016 were $5,298,051 (2015: Net assets of $5,745,119) as a consequence of both the $7.5 million drawdown from the RCF VI unsecured bridging loan and the accounting policy to expense all exploration and evaluation expenditure as incurred.

The Group has total borrowing facilities of $15 million as at 30 June 2016 relating to the RCF VI unsecured bridging loan, with an available facility amount at year end of $7.5 million, and a maturity date of 31 March 2017.

Cash balances at 30 June 2016 totalled $4,572,609 (2015: $6,445,757).

Going Concern

The Group's ability to continue as a going concern and to capitalise on its exploration and evaluation activities depends on its ability to obtain additional funding through equity, debt or hybrid financing, joint ventures, production off-take arrangements, Research and Development Tax Incentive receipts or other means. These circumstances create material uncertainties as to the ability of the Group to continue as a going concern.

In considering these circumstances, the directors have taken into account:

- the $7.5 million undrawn bridge facility agreement with RCF VI.
- Research and Development Tax Incentive receipts expected from lodging the 2016 Group income tax return.
- FIRB and shareholder approval for the full conversion of the RCF VI $15 million unsecured bridge facility agreement.
- the Group's demonstrated track record in raising equity.
- in the unlikely event that additional funding is not able to be obtained, the directors would actively curtail both project and corporate expenditure in light of the Group's actual funding.

In view of all the foregoing, the directors are of the view that they have a reasonable expectation that the Group will have adequate resources to continue to operate for at least the next twelve months. For these reasons, they continue to adopt the going concern basis in preparing the financial report.

LIKELY DEVELOPMENTS AND BUSINESS STRATEGY

The Group's strategy is to develop the Mulga Rock Project and to ultimately become a uranium producer. At the same time the Group is continually looking for exploration opportunities to add to its exploration upside. New assets will be evaluated on a case by case basis.

The Group's objectives are to complete the Mulga Rock Project Definitive Feasibility Study, develop the project by negotiation of offtake contracts and funding facilities, and continue exploration activities on its tenement portfolio.

MATTERS SUBSEQUENT TO THE END OF THE YEAR

Since 30 June 2016 the following significant subsequent events have occurred:

On 15 August 2016 the Office of the Environmental Protection Authority assessed the Company's proposal and prepared an Assessment Report that has been sent to the Minister under s44(1) of the Western Australian Environmental Protection Act (EPA Act). The Assessment Report recommends that the proposal is implemented and specifies the conditions and procedures to which implementation should be subject, as required by s44(2)(b) of the EPA Act.

On 15 August 2016 the Company announced the final drawdown of funds of $7.5 million under the RCF VI funding facility to maintain progress on the Definitive Feasibility Study for the Mulga Rock Project.

On 23 September 2016 the Company announced a $6.6 million placement to new and existing institutions and other sophisticated investors, conversion of the full $15 million RCF VI funding facility, and a Share Purchase Plan. The placement is in part subject to FIRB approval, and the loan conversion to equity is subject to both FIRB and shareholder approval.

MEETINGS OF DIRECTORS

The meetings of the Company's Board of Directors held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full meetings of directors		Remuneration Committee		Audit Committee	
Directors during the year ended 30 June 2016	**A**	**B**	**A**	**B**	**A**	**B**
C. Edwardes	15	15	3	3	2	2
M. Young	13	15	*	*	*	*
J. Tapp	13	15	*	*	*	*
D. Cornell	15	15	3	3	2	2
A. Haslam	2	2	1	1	-	-
M. James	2	2	1	1	-	-
A. Hood	12	13	2	2	2	2

A = Number of meetings attended in person or electronic means.
B = Number of meetings held during the time that the director held office and for which they were entitled to participate.
* = Not a member of the relevant committee.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Particulars of directors' interests and of persons connected with them in shares of the Group as at the reporting date are as follows:

Director	Number of shares	Number of options
C. Edwardes	857,142	-
M. Young	3,571,427	2,142,856
J. Tapp	3,571,427	2,142,856
D. Cornell	-	-
A. Haslam	-	-
M. James [(a)]	-	-
A. Hood [(a)]	-	-

[(a)] Mr James and Mr Hood represent the Forrest Family Investments Pty Ltd. (Peepingee Trust) which currently holds 57,142,857 ordinary shares (57,142,857 options over ordinary shares in the Company expired on 30 June 2016).

SHARE OPTIONS

Options over ordinary shares of the Group as at the reporting date are as follows:

Date granted	Expiry date	Fair value per option at grant date	Exercise price	Number of options
17 December 2014	16 December 2019	$0.31	$0.80	1,428,572
17 March 2014	16 December 2018	$0.35	$1.54	8,714,281
17 March 2014	16 December 2018	$0.35	$0.70	8,714,283
14 June 2013	14 June 2018	$0.098	$0.35	2,857,142
7 February 2012	31 January 2017	$0.392	$1.26	135,712

No option holder has any right under the options to participate in any other share issue of the Group or of any other controlled entity. No options were exercised during the year ended 30 June 2016.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group has conducted exploration and evaluation activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The Group aims to ensure a high standard of environmental care is achieved, and as a minimum, to comply with relevant environmental regulations. There have been no known material breaches of any of the environmental conditions.

REMUNERATION REPORT (AUDITED)

The Directors of the Group present the Remuneration Report of non-executive directors, executive directors and other key management personnel, prepared in accordance with the Corporation Act 2001 and the Corporation Regulations 2001.

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remuneration

C. Service agreements

D. Share-based compensation

E. Additional information

A. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. As an emerging project development company, remuneration levels are established based on industry standards rather than company performance. These remuneration levels are set to attract qualified and experienced people to pursue the Group's stated objectives. The Board, through the Remuneration Committee, takes advice on industry remuneration standards through consultation with external agents. During the 2015 and 2016 year no external agents were engaged by the Company.

The Board has established a remuneration charter, administered by the Remuneration Committee, which provides oversight guidance on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

The Board recognises that future performance will be dependent on the quality of its people. To achieve its financial and operating objectives, Vimy must be able to attract, retain and motivate highly capable people.

To this end, the Board and management have reviewed and agreed the appropriate people systems required at each level of company development. These will be implemented over time in order to support the continuing growth and change of the business.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed periodically by the Board through the Remuneration Committee. The Chairman does not attend any discussions relating to determination of her own remuneration. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum fee pool currently stands at $500,000 per annum. There are no retirement allowances for non-executive directors other than statutory superannuation contributions.

Executive pay

The executive pay and reward framework has three components:

(i) Base pay and benefits, including superannuation

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Employees are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any senior executives' contracts.

Superannuation contributions are made to employees' chosen superannuation funds in accordance with Australian regulatory requirements.

(ii) Short-term performance incentives

The Board, through the Remuneration Committee, is responsible for assessing short term incentives for key management personnel. Service agreements may establish short-term incentives against key performance indicators which are assessed by the Board through the Remuneration Committee.

(iii) Long-term incentives

Long-term incentives are provided to employees through the Vimy Employee Share Plan. See section D – Share-based compensation for further information.

Company performance

The Company is currently focused on exploration and evaluation of its projects and is not expected to generate profits during this development phase. Share price performance will occur as a result of the success in progressing project development, quality of the projects, management's performance and external factors.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Item	2016	2015	2014 *	2013 *	2012 *
Loss per share (cents)	(5.24)	(5.26)	(13.72)	(27.23)	(13.02)
Dividend (cents per share)	-	-	-	-	-
Net loss	(11,957,825)	(10,725,302)	(8,298,813)	(15,337,969)	(7,218,965)
Share price ($)	0.34	0.26	0.35	0.21	0.35

* *The figures for these years have been retrospectively changed to factor in the consolidation of share capital of the Company on a basis that every 7 shares were consolidated into 1 share.*

B. Details of remuneration

Amounts of remuneration

The key management personnel of the Group are the directors and specified executives. Details of the remuneration of the key management personnel of the Group for the years ended 30 June 2016 and 2015 are set out in the following tables.

		Short-term benefits		*Post-employment benefits*	*Share-based payments*	
		Cash salary and fees	**Cash bonus**	**Superannuation**	**Value of options /shares**	**Total**
Directors						
Non-executive						
C. Edwardes	2016	90,000	-	8,550	146,212	244,762
	2015	90,000	-	8,550	77,500	176,050
D. Cornell	2016	40,000	-	3,800	-	43,800
	2015	40,000		3,800	-	43,800
A. Haslam	2016	10,950	-	-	-	10,950
from 1 April 2016	2015	-	-	-	-	-
M. James [a]	2016	10,950	-	-	-	10,950
from 1 April 2016	2015	-	-	-	-	-
A. Hood [a]	2016	32,850	-	-	-	32,850
Resigned 1 April 2016	2015	4,200	-	-	-	4,200
F. Gooding (a)	2016	-	-	-	-	-
Resigned 26 May 2015	2015	34,149	-	-	-	34,149
Executive						
M. Young	2016	425,000	-	25,000	233,391	683,391
	2015	422,012	-	24,999	123,709	570,720
J. Tapp	2016	325,000	-	25,000	233,391	583,391
	2015	315,503	-	34,995	123,709	474,207
Total directors	2016	934,750	-	62,350	612,994	1,610,094
	2015	905,864	-	72,344	324,918	1,303,126

[a] Payments for Mr James, Mr Hood and Ms Gooding were made to the Forrest Family Investments Pty Ltd (Peepingee Trust) whom they represent on the Board. Mr Hood commenced on 26 May 2015 and was replaced by Mr James on 1 April 2016.

		Short-term benefits		Post-employment benefits	Share-based payments	
		Cash salary and fees	Cash bonus	Superannuation	Value of options /shares	Total
Key management personnel						
T. Chamberlain *Chief Operating Officer* *from 1 November 2015*	2016 2015	278,933 -	49,400 -	13,012	136,975 -	478,320 -
R. Chamberlain *CFO and Company Secretary* *from 5 February 2016*	2016 2015	125,150 -	15,000 -	11,875 -	9,626 -	161,651 -
S. McBride *CFO and Company Secretary* *Resigned 5 February 2016*	2016 2015	304,370 292,675	- -	35,000 34,923	33,049 21,317	372,419 348,915
M. Fewster	2015	76,875	-	-	-	76,875
Total key management personnel	2016 2015	708,453 369,550	64,400 -	59,887 34,923	179,650 21,317	1,012,390 425,790

Annual short-term incentive bonus is a component of the service agreement. Award of incentive bonus is dependent upon the Group performance in safety, Company share price performance compared to a peer group, and specific individual project achievements. In 2016 Mr T. Chamberlain received 65% of the maximum annual short-term incentive bonus (35% forfeited) and Mr R. Chamberlain received 60% of the maximum annual short-term incentive bonus (40% forfeited) (2015: Not applicable).

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed remuneration		At risk – short term incentives		At risk – long term incentives	
	2016	2015	2016	2015	2016	2015
Directors						
Non-executive						
C. Edwardes	40%	56%	-	-	60%	44%
D. Cornell	100%	100%	-	-	-	-
A. Haslam	100%	-	-	-	-	-
M. James	100%	-	-	-	-	-
A. Hood	100%	-	-	-	-	-
Executive						
M. Young	66%	78%	-	-	34%	22%
J. Tapp	60%	74%	-	-	40%	26%
Key management personnel						
T. Chamberlain	68%	-	-	-	32%	-
R. Chamberlain	93%	-	-	-	7%	-
S. McBride	91%	94%	-	-	9%	6%

C. Service agreements

Remuneration and other terms of employment for certain key management are formalised in service agreements. Employees are eligible for long term incentive benefits under the Vimy Employee Share Plan.

Mr M. Young, Chief Executive Officer and Managing Director

- Base Remuneration - $450,000 inclusive of superannuation.
- Term of agreement – The executive service agreement has no fixed completion term.
- Termination – The Company may terminate Mr Young's employment at any time with six months' written notice or the payment of six months' remuneration in lieu of notice. Mr Young must provide six months' written notice to terminate the agreement.
- The service agreement may be terminated by the Company at any time, without notice to the executive as a result of misconduct, wilful neglect, material breaches of his duties, the executive being charged with a criminal offence which brings the Company into serious disrepute, the executive becoming insolvent or becoming ineligible to hold office as a director.

Mr J. Tapp, Executive Director

- Base Remuneration - $350,000 inclusive of superannuation.
- Term of agreement – The executive service agreement has no fixed completion term.
- Termination – The Company may terminate Mr Tapp's employment at any time with six months' written notice or the payment of six months' remuneration in lieu of notice. Mr Tapp must provide six months' written notice to terminate the agreement.
- The service agreement may be terminated by the Company at any time, without notice to the executive as a result of misconduct, wilful neglect, material breaches of his duties, the executive being charged with a criminal offence which brings the Company into serious disrepute, the executive becoming insolvent or becoming ineligible to hold office as a director.

Mr T. Chamberlain, Chief Operating Officer – from 1 November 2015

- Base Remuneration - $380,000 plus superannuation.
- Short Term Incentive – Maximum annual award of 20% of base remuneration.
- Term of agreement – The executive service agreement has no fixed completion term.
- Termination – The Company may terminate Mr Chamberlain's employment at any time with four months' written notice or the payment of four months' remuneration in lieu of notice. Mr Chamberlain must provide two months' written notice to terminate the agreement.
- The service agreement may be terminated by the Company at any time, without notice to the executive as a result of misconduct, wilful neglect, material breaches of his duties, the executive being charged with a criminal offence which brings the Company into serious disrepute, the executive becoming insolvent or becoming ineligible to hold office as a director.

Mr R. Chamberlain, Chief Financial Officer and Company Secretary – Appointed 5 February 2016

- Base Remuneration - $300,000 plus superannuation.
- Short Term Incentive – Maximum annual award of 20% of annual base remuneration.
- Term of agreement – The executive service agreement has no fixed completion term.
- Termination – The Company may terminate Mr Chamberlain's employment at any time with six months' written notice or the payment of six months' remuneration in lieu of notice. Mr Chamberlain must provide six months' written notice to terminate the agreement.
- The service agreement may be terminated by the Company at any time, without notice to the executive as a result of misconduct, wilful neglect, material breaches of his duties, the executive being charged with a criminal offence which brings the Company into serious disrepute, the executive becoming insolvent or becoming ineligible to hold office as a director.

Mr S. McBride, Chief Financial Officer and Company Secretary – Resigned 5 February 2016

- Term of agreement – The executive service agreement has no fixed completion term.
- Termination – The Company may terminate Mr McBride's employment at any time with six months' written notice or the payment of six months' remuneration in lieu of notice. Mr McBride must provide six months' written notice to terminate the agreement.
- The service agreement may be terminated by the Company at any time, without notice to the executive as a result of misconduct, wilful neglect, material breaches of his duties, the executive being charged with a criminal offence which brings the Company into serious disrepute, the executive becoming insolvent or becoming ineligible to hold office as a director.

D. Share-based compensation

During the year the Company granted options and issued shares under the Vimy Employee Share Plan ('Plan') to key management personnel.

The following shares were issued to key management personnel for the period ended 30 June 2016:

- On 20 November 2015, the Company issued 1,000,000 ordinary shares to Mr Tony Chamberlain. These shares were purchased by the employee or their associate and funded by a limited recourse loan provided by the Company. These shares are subject to a voluntary escrow period that ends upon completion of the Mulga Rock Project definitive feasibility study to the absolute satisfaction of the Remuneration Committee.
- On 3 June 2016, the Company issued 500,000 ordinary shares to Mr Ron Chamberlain. These shares were purchased by the employee or their associate and funded by a limited recourse loan provided by the Company. These shares are subject to one year voluntary escrow period expiring on 3 June 2017.

The terms of the Plan are detailed below under 'Loans to Directors and Key Management Personnel'.

E. Additional Information

Shareholdings

The number of ordinary shares in the Company held during the year by each director and key management personnel, including their personally related entities or associates, are set out below.

	Balance at the start of the period	Granted as remuneration	Changes on appointment or resignation	Balance at the end of the period
30 June 2016				
Directors				
C. Edwardes	857,142	-	-	857,142
M. Young	3,571,427	-	-	3,571,427
J. Tapp	3,571,427	-	-	3,571,427
D. Cornell	-	-	-	-
A. Haslam	-	-	-	-
M. James [(a)]	-	-	-	-
A. Hood [(a)]	-	-	-	-
	7,999,996	-	-	7,999,996
Key management personnel				
T. Chamberlain	-	1,000,000	142,857	1,142,857
R. Chamberlain	-	500,000	-	500,000
S. McBride	457,142	-	(457,142)	-
	457,142	1,500,000	(314,285)	1,642,857

[(a)] Mr James and Mr Hood are representatives of Forrest Family Investments Pty Ltd (Peepingee Trust) which held 57,142,857 ordinary shares in the Company during the year ended 30 June 2016.

Option holdings

The number of options over ordinary shares in the Company held during the reporting period by each director and key management personnel, including their personally related entities, are set out below.

	Balance at the start of the period	Granted as remuneration	Exercised	Changes on resignation	Balance at the end of the period	Vested and exercisable at 30 June 2016
30 June 2016						
Directors						
C. Edwardes	-	-	-	-	-	-
M. Young	2,142,856	-	-	-	2,142,856	1,428,571
J. Tapp	2,142,856	-	-	-	2,142,856	1,428,571
D. Cornell	-	-	-	-	-	-
A. Haslam	-	-	-	-	-	-
M. James [(a)]	-	-	-	-	-	-
A. Hood [(a)]	-	-	-	-	-	-
	4,285,712	-	-	-	4,285,712	2,857,142
Key management personnel						
T. Chamberlain	-	-	-	-	-	-
R. Chamberlain	-	-	-	-	-	-
S. McBride	50,000	-	-	(50,000)	-	-
	50,000	-	-	(50,000)	-	-

[(a)] Mr James and Mr Hood are representatives of Forrest Family Investments Pty Ltd (Peepingee Trust) which held 57,142,857 ordinary shares in the Company during the year ended 30 June 2016.

Loans to Directors and Key Management Personnel

During 2013, shareholders approved an employee share scheme for the Company. As a result the Company adopted the employee share plan to be known as the Vimy Employee Share Plan ('Plan'), pursuant to which employees (including directors) of the Company can be invited to subscribe for shares using financial assistance provided by the Company.

The Plan provides a mechanism for the Company to invite employees (including the directors) to subscribe for shares in the Company and to apply for a loan from the Company to pay the subscription price for those shares ('Plan Shares'). The Company takes security over the Plan Shares acquired under the Plan until the limited recourse loan provided for the subscription price for those shares has been repaid in full ('Limited Recourse Loan').

A summary of the terms of issue and the Limited Recourse Loan(s) provided is shown below.

	Grant Date	Number of shares acquired	Amount of the loan	Term of the loan
Directors (or associate)				
C. Edwardes	17/12/2014	857,142	$357,500	up to 5 years
M. Young	17/12/2014	714,285	$298,000	up to 5 years
M. Young	14/6/2013	1,428,571	$246,753	up to 5 years
J. Tapp	17/12/2014	714,285	$298,000	up to 5 years
J. Tapp	14/6/2013	1,428,571	$246,753	up to 5 years
Key management personnel (or associate)				
T. Chamberlain	20/11/2015	1,000,000	$340,800	up to 5 years
T. Chamberlain	5/9/2014	142,857	$69,200	up to 5 years
R. Chamberlain	3/06/2016	500,000	$158,450	up to 5 years
S. McBride resigned 5 February 2016	5/9/2014	457,142	$221,440	up to 5 years

Share based payment

As non-interest bearing limited recourse loans were provided to purchase Plan Shares in the Company and these loans are secured against the same Plan Shares, AASB 2 (share based payments) applies. On this basis, the loan amount is not recognised in the financial statements.

Loan terms

The key terms of each Limited Recourse Loan provided under the Plan are as follows:

(i) the Limited Recourse Loan may only be applied towards the subscription price for the shares issued under the Plan;

(ii) the Limited Recourse Loan will be interest free, provided that if the Limited Recourse Loan is not repaid by the repayment date set by the Board, the Limited Recourse Loan will incur interest at 9% per annum after that date (which will accrue on a daily basis and compound annually on the then outstanding loan balance);

(iii) by signing and returning an application for a Limited Recourse Loan, the participants of the Plan (each a Participant):

- acknowledges and agrees that the Plan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of the Participant until the Limited Recourse Loan is repaid in full to the Company; and
- authorises the Company (at its election) either to take such action in the Participant's name or direct that Participant take such action in relation to the Plan Shares as the Company considers appropriate which may include but is not limited to the Company undertaking buy-back of the Plan Shares or selling the Plan Shares;

(iv) the Limited Recourse Loan becomes repayable on the earliest of:

- the date which is five years after the grant date of the Limited Recourse Loan ('Repayment Date');
- one month after the Participant ceases for any reason to be employed by the Company; and
- (by the legal personal representative of the Participant) six months after the Participant ceases to be an employee of the Company due to their death;

(v) notwithstanding paragraph (iv) above and subject to any voluntary escrow conditions entered into by the individual Participant, the Participant may repay all or part of the loan at any time before the Repayment Date; and

(vi) the Limited Recourse Loan will be limited recourse such that on the repayment date the repayment obligation under the Limited Recourse Loan will be limited to the lesser of:

- the outstanding balance of the Limited Recourse Loan; and
- the market value of the Plan Shares on that date.

In addition, where the Participant has elected for the Plan Shares to be provided to the Company in full satisfaction of the Limited Recourse Loan, the Company must accept the Plan Shares as full settlement of the repayment obligation under the Limited Recourse Loan.

Rights attaching to Plan Shares

The Plan Shares will rank equally with all other shares on issue in the capital of the Company. Holders of Plan Shares issued under the Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Constitution. In addition, holders of Plan Shares issued under the Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the Constitution.

Sale of Plan Shares

Where the Participant has been granted a Limited Recourse Loan to purchase the Plan Shares; and subject to voluntary escrow, those Plan Shares may only be sold by a Participant when the Limited Recourse Loan has been repaid proportionately to the number of Plan Shares to be sold. Otherwise any dealing by the Participant in the Plan Shares is prohibited without the prior written consent of the Company.

If the Limited Recourse Loan becomes due and payable and the Participant has not repaid the amount of the Limited Recourse Loan in full within one month of the due date, then the Participant will forfeit their interest in the Plan Shares as full consideration for the repayment of the outstanding loan balance. The Company may either (at its election) take such action in the Participant's name or direct that Participant take such action in relation to the Plan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking buy-back of the Plan Shares or selling the Plan Shares.

Other transactions with director and key management personnel related entities

	Consolidated	
	2016 $	**2015 $**
Mr Haslam is a director of Hasbar Pty Ltd. Hasbar has provided mining consulting services on the Mulga Rock Project for which it was paid at commercial rates. The amount unpaid at 30 June 2016 was $2,000.		
Mining Consulting Services	7,600	-

End of audited remuneration report.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001.*

NON-AUDIT SERVICES

During the period, the following fees were paid or payable for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

	Consolidated	
	Year ended 30 June 2016 $	**Year ended 30 June 2015 $**
Assurance services		
1. Audit services		
Grant Thornton Audit Pty Ltd:		
Audit of financial reports and other audit work under the *Corporations Act 2001*	35,665	32,629
2. Non-audit services		
Advisory fees	-	1,600
Total remuneration for assurance services	35,665	34,229

AUDITORS' INDEMNITIES AND INSURANCE

The Company does not indemnify its auditors for liability to another person's or the Company that may arise out of the conduct of the Audit.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the page following this Directors' Report.

OFFICERS' INDEMNITIES AND INSURANCE

The Company has agreed to indemnify former and current directors and officers of the Company against all liabilities to another person and the Company that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a wilful breach of duty. The agreement stipulates that the Company will meet the full amount of such liabilities including costs and expenses.

The Company agreed to pay a premium in respect of a contract insuring directors and officers of the Company. That contract of insurance prohibits the Company disclosing the nature of the liability insured against and the amount of the premium paid. The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the Directors' Report have been rounded off in accordance with the Class Order to the nearest dollar.

This Directors' Report, incorporating the Remuneration Report, is made in accordance with a resolution of the directors.

Michael Young
Chief Executive Officer and Managing Director

Dated 28 September 2016

AUDITOR'S INDEPENDENCE DECLARATION

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Auditor's Independence Declaration
To the Directors of Vimy Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Vimy Resources Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 28 September 2016

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Other Income	6	11,380,804	165,655
Exploration and evaluation expenditure		(18,497,411)	(9,033,668)
Corporate and administration expense		(3,732,340)	(2,248,161)
Financing expense		(194,223)	(122,379)
Debt forgiveness	7	-	1,467,367
Share based payments expense	7	(914,655)	(954,116)
Loss before income tax		(11,957,825)	(10,725,302)
Income tax expense		-	-
Loss attributable to members of the Company		(11,957,825)	(10,725,302)
Other comprehensive income, net of tax		-	-
Total comprehensive loss attributable to members of the Company		(11,957,825)	(10,725,302)

	Note	Cents per share	Cents per share
Loss per share from continuing operations attributable to the ordinary equity holder of the Company:			
Basic and diluted loss per share	4	(5.24)	(5.26)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
CURRENT ASSETS			
Cash and cash equivalents	9	4,572,609	6,445,757
Trade and other receivables	10	386,488	203,794
Prepayments	11	267,631	75,668
Total Current Assets		5,226,728	6,725,219
NON-CURRENT ASSETS			
Trade and other receivables	10	190,506	-
Plant and equipment	12	430,755	242,954
Total Non-Current Assets		621,261	242,954
TOTAL ASSETS		**5,847,989**	**6,968,173**
CURRENT LIABILITIES			
Trade and other payables	13	2,736,083	971,694
Provisions	14	697,488	151,447
Loans and borrowings	15	7,500,000	-
Total Current Liabilities		10,933,571	1,123,141
NON-CURRENT LIABILITIES			
Trade and other payables	13	112,183	-
Provisions	14	79,870	99,913
Other financial liabilities	16	20,416	-
Total Non-Current Liabilities		212,469	99,913
TOTAL LIABILITIES		**11,146,040**	**1,223,054**
NET (LIABILITIES) / ASSETS		**(5,298,051)**	**5,745,119**
EQUITY			
Contributed equity	17	67,727,303	67,727,303
Employee option plan reserve	18	1,316,153	1,093,362
Employee share plan reserve	18	1,927,281	1,235,417
Accumulated losses	20	(76,268,788)	(64,310,963)
TOTAL (DEFICIT) / EQUITY		**(5,298,051)**	**5,745,119**

The above statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Contributed equity $	Accumulated losses $	Option reserve $	Share reserve $	Compound financial instruments $	Total $
CONSOLIDATED						
Balance at 1 July 2014	27,572,593	(57,330,845)	974,663	400,000	3,745,184	(24,638,405)
Issue of ordinary shares net of issue costs	40,154,710	-	-	-	-	40,154,710
Loss attributable to members of the Company	-	(10,725,302)	-	-	-	(10,725,302)
Share based payments expense	-	-	118,699	835,417	-	954,116
Conversion of compound financial instruments	-	3,745,184	-	-	(3,745,184)	-
Balance at 30 June 2015	67,727,303	(64,310,963)	1,093,362	1,235,417	-	5,745,119
Balance at 1 July 2015	67,727,303	(64,310,963)	1,093,362	1,235,417	-	5,745,119
Loss attributable to members of the Company	-	(11,957,825)	-	-	-	(11,957,825)
Share based payments expense	-	-	222,791	691,864	-	914,655
Balance at 30 June 2016	67,727,303	(76,268,788)	1,316,153	1,927,281	-	(5,298,051)

The above statement of changes in equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
Cash Flows from Operating Activities			
Interest received		152,596	139,875
Payments to other suppliers and employees		(20,178,549)	(10,934,271)
R&D tax incentive grant income		1,215,702	-
Other income		-	24,095
Net cash used in Operating Activities	24	(18,810,251)	(10,770,301)
Cash Flows from Investing Activities			
Proceeds from sale of royalty		10,000,000	-
Purchase of plant and equipment		(372,391)	(158,066)
Office security deposit		(190,506)	-
Net cash from / (used in) Investing Activities		9,437,103	(158,066)
Cash Flows from Financing Activities			
Proceeds from issue of ordinary shares		-	17,000,000
Share issue costs		-	(163,208)
Proceeds from drawdown of loan		7,500,000	-
Net cash provided by Financing Activities		7,500,000	16,836,792
Net (decrease) / increase in cash and cash equivalents held		(1,873,148)	5,908,425
Cash and cash equivalents at the beginning of the financial year		6,445,757	537,332
Cash and cash equivalents at the end of the financial year	9	4,572,609	6,445,757

The above statement of cash flows should be read in conjunction with the accompanying notes

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REPORTING ENTITY

Vimy Resources Limited ('the Company') is a company incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is Ground Floor, 10 Richardson Street, West Perth, WA, 6005, Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries, together referred to as the ('Group'). The Group is a for-profit entity and primarily involved in uranium project exploration and evaluation.

1. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes formula. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(ii) Rehabilitation provision

Significant estimates and assumptions are made in determining the provision for rehabilitation of the mine as there are numerous factors that will affect the ultimate liability payable.

These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

(iii) Fair value of financial derivative instruments

The Group assesses the fair value of its derivative instruments in accordance with its accounting policies. When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using various valuation techniques, such as Black-Scholes valuation models and discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. These judgements include consideration of inputs such as market price volatility and foreign exchange volatility. Changes in these assumptions could affect the reported fair value of financial instruments.

(iv) Income taxes

The Group is subject to income taxes in Australia. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Sufficient tax losses exist to offset any deferred tax liabilities. The Group's ability to access existing tax losses is dependent on it demonstrating achievement of either of two income tax defined tests, being the continuity of ownership test or the same business test.

(v) Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The directors considered the impairment of the investments in subsidiaries and loans receivable from subsidiaries based on their estimate of the fair value less costs to sell off the underlying mineral tenements. The inter-company loans have no interest or repayment terms and are effectively investments in controlled entities and are reflected at cost.

2. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group operates one business segment: Exploration and Evaluation. The activities undertaken by this segment relate to the Mulga Rock Project. This activity does not generate any sales revenue.

	Exploration	
	2016 $	**2015 $**
Result		
Segment contribution	(8,497,410)	(9,071,519)
Reconciliation to Consolidated Loss		
Segment contribution	(8,497,410)	(9,071,519)
Corporate and administration expense	(3,732,340)	(2,186,215)
Share based payments expense	(914,655)	(954,116)
Finance expense	(194,223)	(122,379)
Debt forgiveness	-	1,467,367
R&D Incentive Grant	1,215,701	-
Interest received	165,102	141,560
Loss from continuing operations	(11,957,825)	(10,725,302)
Total Assets		
Segment assets	630,395	213,666
Reconciliation to Group Total Assets		
Segment assets	630,395	213,666
Corporate and administration assets	5,217,594	6,754,507
Total assets	5,847,989	6,968,173

3. FINANCIAL RISK MANAGEMENT

The Group's financial position is not complex. Its activities may expose it to a variety of financial risks in the future such as market risk (including fair value interest rate risk), credit risk, and liquidity risk. The Group's overall financial risk management focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

The Group holds the following financial instruments:

	Consolidated 2016 $	Consolidated 2015 $
Financial assets		
Cash and cash equivalents	4,572,609	6,445,757
Trade and other receivables - current	32,203	86,020
Trade and other receivables – non-current	190,506	-
	4,795,318	6,531,777
Financial liabilities		
Trade and other payables – current	2,604,953	869,945
Loans and borrowings	7,500,000	-
Trade and other payables – non-current	112,183	-
Other financial liabilities	20,416	-
	10,237,552	869,945

(a) Market risk

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from cash deposits. Deposits at variable rates expose the Group to cash flow interest rate risk. Deposits at fixed rates expose the Group to fair value interest rate risk. During 2016 and 2015, the Group's deposits at variable rates were denominated in Australian dollars.

As at the reporting date, the Group had the following variable rate deposits and there were no interest rate swap contracts outstanding:

	2016 Weighted average interest rate	2016 Balance $	2015 Weighted average interest rate	2015 Balance $
Short-term deposits		3,750,000		4,045,000
Cash at bank		822,609		2,400,757
Net exposure to cash flow interest rate risk	2.53%	4,572,609	1.46%	6,445,757

The Group analyses its interest rate exposure on each occasion a deposit term expires. The Group aims to maximise interest returns from available funds and at the same time retain operating flexibility through adequate access to funds. During 2016 and 2015, if interest rates had been 10% higher or lower than the prevailing rates realised, with all other variables held constant, there would be an immaterial change in post-tax loss for the year. Equity would not have been impacted.

(b) Credit risk

The Group has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. For banks and financial institutions, the Group will only hold deposits with A or better rated banks or financial institutions. All funds are currently banked with the Australian and New Zealand Banking Group Limited. Receivables are generally limited to Goods and Services Tax refunds or Research and Development Tax Incentive grant income from the Australian Taxation Office. Events leading to other receivables are reviewed on a case by case basis and if there is no independent rating, management assesses the credit quality of the transaction party, taking into account its financial position, past experience and other factors.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note. All receivables at 30 June 2016 were received within two months.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group will aim at maintaining flexibility in funding by accessing appropriate committed credit lines available from different counterparties where appropriate and possible. Surplus funds when available are generally only invested in high credit quality financial institutions in highly liquid markets.

Maturities of financial liabilities

As at 30 June 2016, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		*Non-current*	
	Within Six Months $	**Six - Twelve Months $**	**One - Five Years $**	**Later than Five Years $**
30 June 2016				
Loans and borrowings	165,373	7,666,667	913,109	-
Trade and other payables	2,604,953	-	-	-
Other financial liabilities	-	-	20,416	-
Total	2,770,326	7,666,667	933,525	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

30 June 2015				
Trade and other payables	869,945	-	-	-
Total	869,945	-	-	-

(d) Capital management

The Group's capital management objective is to ensure adequate funding is obtained to enable it to progress its exploration and evaluation activities, while retaining sufficient cash reserves to ensure the Group continues as a going concern. As a project development company, funds for activities are generally sourced from equity markets, asset sales, or from borrowing facilities. The Group has utilised equity raisings and borrowings to maintain adequate funding. The Board monitors cash resources against expenditure forecasts associated with the Company's stated growth strategies and development plans to assess financial requirements.

(e) Fair value estimation

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2016 and 30 June 2015:

30 June 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Cash and cash equivalents	4,572,609	-	-	4,572,609
Trade and other receivables current	32,203	-	-	32,203
Trade and other receivables non-current	190,506	-	-	190,506
Total financial assets	4,795,318	-	-	4,795,318
Financial liabilities				
Trade and other payables current	(2,604,953)	-	-	(2,604,953)
Loans and borrowings	(7,500,000)	-	-	(7,500,000)
Trade and other payables non-current	(112,183)	-	-	(112,183)
Other financial liabilities	-	(20,416)		(20,416)
Total financial liabilities	(10,217,136)	(20,416)	-	(10,237,552)
Net fair value	(5,421,818)	(20,416)	-	(5,442,234)

30 June 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Cash and cash equivalents	6,445,757	-	-	6,445,757
Trade and other receivables	86,020	-	-	86,020
Total financial assets	6,531,777	-	-	6,531,777
Financial liabilities				
Trade and other payables	(869,945)	-	-	(869,945)
Total financial liabilities	(869,945)	-	-	(869,945)
Net fair value	5,661,832	-	-	5,661,832

There were no transfers between Level 1 and Level 2 in 2016 or 2015.

Value techniques used to derive Level 2 fair values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

The fair value of the embedded derivatives associated with the RCF VI Bridge Finance facility are valued using a Black-Scholes option pricing model that takes into account the exercise price, term of the facilities, non-tradeable nature of the facilities, the share price at drawdown date and expected share price volatility of the underlying share, the expected dividend yield, and the risk-free rate for the term of the facility.

The table below summarises the model inputs for the embedded derivatives as at 30 June 2016:

	Bridge finance facility
Dividend yield	0.00%
Expected volatility of Company's shares	101.00%
Risk-free rate	1.57%
Term remaining (years)	1.75
Conversion price (cents)	0.30
Underlying security spot price at valuation date (cents)	0.340
Valuation date	30 June 2016
Black-Scholes valuation per share	0.182

4. EARNINGS PER SHARE

	Consolidated	
	2016 Cents per share	**2015 Cents per share**
Basic and diluted loss per share (cents per share)	(5.24)	(5.26)
Loss after tax used in the calculation of basic EPS	$(11,957,825)	$(10,725,302)
Weighted average number of shares outstanding during the year used in calculations of loss per share	#229,761,367	#203,752,216

There are 21,849,988 (2015: 79,010,701) potential ordinary shares that have not been included in the dilutive EPS calculation because they are anti-dilutive.

5. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURE

(a) Key management personnel

The following additional persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the year:

Name	**Position**	**Employer**
T. Chamberlain From 1 November 2015	Chief Operating Officer	Vimy Resources Limited
R. Chamberlain Appointed 5 February 2016	Chief Financial Officer and Company Secretary	Vimy Resources Limited
S. McBride Resigned 5 February 2016	Chief Financial Officer and Company Secretary	Vimy Resources Limited

(b) Key management personnel compensation

	Consolidated	
	2016 $	2015 $
Short-term employee benefits	1,707,603	1,275,414
Post-employment benefits	122,237	107,267
Share-based payments	792,644	346,235
	2,622,484	1,728,916

In accordance with AASB124 remuneration disclosures related to key management personnel are included in the Remuneration Report in the Directors' Report.

(c) Loans to Director and Key Management Personnel

During 2013, shareholders approved a new employee share scheme for the Company. As a result, the Company adopted the employee share plan to be known as the Vimy Employee Share Plan ('Plan'), pursuant to which certain employees (including directors) of the Company can be invited to subscribe for shares using financial assistance provided by the Company.

The Plan provides a mechanism for the Company to invite employees (including the directors) to subscribe for shares in the Company and to apply for a loan from the Company to pay the subscription price for those shares ('Plan Shares'). The Company takes security over the Shares acquired under the Plan until the limited recourse loan provided for the subscription price for those shares is repaid in full ('Limited Recourse Loan').

Subsequent to shareholder approval of the Plan and separate shareholder approval to issue shares to directors, a summary of the terms of issue and the Limited Recourse Loan provided is shown below.

	Grant date	Number of shares acquired	Amount of the loan	Term of the loan
Director (or associate)				
C. Edwardes	17/12/2014	857,142	$357,500	up to 5 years
M. Young	17/12/2014	714,285	$298,000	up to 5 years
M. Young	14/6/2013	1,428,571	$246,753	up to 5 years
J. Tapp	17/12/2014	714,285	$298,000	up to 5 years
J. Tapp	14/6/2013	1,428,571	$246,753	up to 5 years
Key management personnel (or associate)				
S. McBride - *resigned*	5/9/2014	457,142	$221,440	up to 5 years
T. Chamberlain	5/9/2014	142,857	$69,200	up to 5 years
T. Chamberlain	20/11/2015	1,000,000	$340,800	up to 5 years
R. Chamberlain	3/6/2016	500,000	$158,450	up to 5 years

Share based payment

As non-interest bearing limited recourse loans were provided to purchase Plan Shares in the Company and these loans are secured against the same Plan Shares, AASB 2 (share based payments) applies. On this basis, the loan amount is not recognised in the financial statements.

Loan terms

The key terms of each Limited Recourse Loan provided under the Plan are as follows:

(i) the Limited Recourse Loan may only be applied towards the subscription price for the shares issued under the Plan;

(ii) the Limited Recourse Loan will be interest free, provided that if the Limited Recourse Loan is not repaid by the repayment date set by the Board, the Limited Recourse Loan will incur interest at 9% per annum after that date (which will accrue on a daily basis and compound annually on the then outstanding loan balance);

(iii) by signing and returning an application for a Limited Recourse Loan, the participants of the Plan (each a Participant):

- acknowledges and agrees that the Plan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of the Participant until the Limited Recourse Loan is repaid in full to the Company; and
- authorises the Company (at its election) either to take such action in the Participant's name or direct that Participant take such action in relation to the Plan Shares as the Company considers appropriate which may include but is not limited to the Company undertaking buy-back of the Plan Shares or selling the Plan Shares;

(iv) the Limited Recourse Loan becomes repayable on the earliest of:

- the date which is five years after the grant date of the Limited Recourse Loan (‘Repayment Date’);
- one month after the Participant ceases for any reason to be employed by the Company; and
- (by the legal personal representative of the Participant) six months after the Participant ceases to be an employee of the Company due to their death;

(v) notwithstanding paragraph (iv) above and subject to any voluntary escrow conditions entered into by the individual participant, the Participant may repay all or part of the loan at any time before the Repayment Date; and

(vi) the Limited Recourse Loan will be limited recourse such that on the repayment date the repayment obligation under the Limited Recourse Loan will be limited to the lesser of:

- the outstanding balance of the Limited Recourse Loan; and
- the market value of the Plan Shares on that date.

In addition, where the Participant has elected for the Plan Shares to be provided to the Company in full satisfaction of the Limited Recourse Loan, the Company must accept the Plan Shares as full settlement of the repayment obligation under the Limited Recourse Loan.

Rights attaching to Plan Shares

The Plan Shares will rank equally with all other shares on issue in the capital of the Company. Holders of Plan Shares issued under the Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Constitution. In addition, holders of Plan Shares issued under the Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the Constitution.

Sale of Plan Shares

Where the Participant has been granted a Limited Recourse Loan to purchase the Plan Shares; and subject to voluntary escrow those Plan Shares may only be sold by a Participant when the Limited Recourse Loan has been repaid proportionately to the number of Plan Shares to be sold. Otherwise any dealing by the Participant in the Plan Shares is prohibited without the prior written consent of the Company.

If the Limited Recourse Loan becomes due and payable and the Participant has not repaid the amount of the Limited Recourse Loan in full within one month of the due date, then the Participant will forfeit their interest in the Plan Shares as full consideration for the repayment of the outstanding loan balance. The Company may either (at its election) take such action in the Participant's name or direct that Participant take such action in relation to the Plan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking buy-back of the Plan Shares or selling the Plan Shares.

(d) Other transactions with director and key management personnel related entities

	Consolidated	
	2016 **$**	**2015** **$**
Mr Haslam is a director of Hasbar Pty Ltd. Hasbar Pty Ltd has been providing mining consulting services to the company for which it was paid at commercial rates. There was $2,000 unpaid at 30 June 2016 (2015: $nil).		
Mining consulting services	7,600	-

6. OTHER INCOME

	Consolidated	
	2016 **$**	**2015** **$**
Interest received	165,102	141,560
R&D tax incentive grant income [(a)]	1,215,702	-
Sale of royalty [(b)]	10,000,000	-
Other income	-	24,095
	11,380,804	165,655

(a) The research and development tax incentive grant income relates to the 2015 income tax year.

(b) On 17 August 2015, the Company announced a legally binding agreement with Resource Capital Fund VI L.P. ("RCF VI") for the provision of a funding package which included a $10 million payment in return for a 1.15% royalty on future production from the Mulga Rock Project. The Company's accounting policy to expense exploration and evaluation expenditure as incurred.

7. LOSS FOR THE YEAR

The loss from ordinary activities before income tax has been determined after:

	Consolidated	
	2016 **$**	**2015** **$**
(a) Expenses		
Depreciation expense	184,589	128,368
Operating leases costs	287,576	267,434
Audit and review fees	35,665	34,229
	507,830	430,031
(b) Employee benefits expense		
Wages, salaries and directors' fees	4,080,190	2,535,352
Share based payments expense (refer Note 19)	914,655	954,116
Other employee benefits	341,895	221,727
	5,336,740	3,711,195

	Consolidated 2016 $	Consolidated 2015 $
(c) Embedded derivative		
Fair value movement on embedded derivative (refer Note 16)	20,416	-
	20,416	-
(d) Debt forgiveness		
Debt forgiveness [(a)]	-	1,467,367
	-	1,467,367

(a) On 17 July 2014, the Company converted loans and borrowings into equity. The Company convertible note holders comprising Australian resource investment groups Acorn Capital Limited and its clients, Macquarie Bank Limited and Element Resources Fund, converted $23.3 million of debt into equity by subscribing for 613,741,209 ordinary fully paid shares at an issue price of $0.038 per share (pre-consolidation), in addition the note holders have forgiven $1.2 million in fees plus $0.3 million on interest thereon. These transactions resulted in the Company eliminating the convertible note facility.

INCOME TAX BENEFIT

(a) Income tax recognised

No income tax is payable by the Group as it recorded losses for income tax purposes for the year.

(b) Reconciliation of effective tax rate

	Consolidated 2016 $	Consolidated 2015 $
Loss after income tax	(11,957,825)	(10,725,302)
Income tax expense	-	-
Loss before income tax	(11,957,825)	(10,725,302)
Income tax using the Company's domestic tax rate of 30 percent (2015: 30 percent)	(3,587,347)	(3,217,591)
Non-deductible expenses and non-assessable income	3,373	393
Equity based remuneration	274,189	286,235
Tax incentives	(364,711)	(25,887)
Mining royalty payment	(15,833)	-
Movement in deferred tax assets not brought to account as future income tax benefits	2,896,438	2,899,323
Under (over) provided in prior periods	793,891	57,527
	-	-

(c) Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Consolidated 2016 $	2015 $
Property, plant and equipment	(6,802)	(33,328)
Receivables	(1,476)	-
Accrued income	(4,526)	(774)
Exploration tenements	1,739,650	1,739,650
Employee provisions	105,334	81,329
s40-880 costs	158,328	189,541
Other costs	36,888	34,500
Loans and borrowings	74,169	-
Rehabilitation provision	135,438	-
Tax losses	18,400,268	15,729,913
Tax (assets) liabilities	**20,637,271**	**17,740,831**
Unrecognised	**(20,637,271)**	**(17,740,831)**
Net tax (assets) liabilities	-	-

On 1 July 2007, Vimy Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group under the Tax Consolidation Regime. Each entity in the Group will continue to recognise its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the Parent entity. The current tax liability of each Group entity will then subsequently be assumed by the Parent entity. The tax consolidated group entered into a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to profit before tax of the tax consolidated group.

9. CASH AND CASH EQUIVALENTS

	Consolidated 2016 $	2015 $
Cash at bank and in hand	822,609	2,400,757
Short-term deposits	3,750,000	4,045,000
	4,572,609	6,445,757

(a) The above figures are shown as cash and cash equivalents at the end of the financial period in the statement of cash flows.

(b) Cash at bank and on hand includes interest-bearing amounts. The average rate applicable to the Group's balance at 30 June 2016 was 2.53% (2015: 1.46%).

(c) Included within cash and equivalents disclosed above at 30 June 2016 is $1.0 million in restricted cash (2015: not applicable) in the form of a minimum working capital amount under the terms of the RCF VI Bridge Facility Agreement (refer Note 15).

10. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2016 $	2015 $
Current		
Other receivables	32,204	82,248
Goods and services tax receivable	354,284	121,546
	386,488	203,794
Non-Current		
Security deposit [(a)]	190,506	-
	190,506	-

(a) The security deposit for $190,506 (2015: $nil) is cash security required for a bank guarantee related to the office lease at 10 Richardson Street, West Perth.

11. PREPAYMENT

	Consolidated	
	2016 $	2015 $
Deposits for tenement applications	245,000	-
Other prepayments	22,631	75,668
	267,631	75,668

12. PLANT AND EQUIPMENT

	Consolidated 2016 $	Consolidated 2015 $
Office equipment		
Cost	280,911	280,911
Accumulated depreciation	(235,552)	(251,623)
Total office equipment	45,359	29,288
Exploration equipment		
Cost	1,370,843	1,167,272
Accumulated depreciation	(985,447)	(953,606)
Total exploration equipment	385,396	213,666
Total office and exploration equipment	430,755	242,954

Movements in the carrying amounts of each class of assets at the beginning and end of the current financial period is as set out below:

	2016 $	2015 $
Office equipment		
Balance at the beginning of year	29,288	8,873
Additions	51,803	48,688
Depreciation expense	(35,732)	(28,273)
Carrying amount at the end of the year	45,359	29,288
Exploration equipment		
Balance at the beginning of year	213,666	198,632
Additions	320,587	115,129
Depreciation expense	(148,857)	(100,095)
Carrying amount at the end of the year	385,396	213,666
Total carrying amount at the end of the year	430,755	242,954

13. TRADE AND OTHER PAYABLES

	Consolidated 2016 $	Consolidated 2015 $
Current		
Trade payables and accruals	2,654,043	971,694
Interest payable [(i)]	82,040	-
	2,736,083	971,694
Non-Current		
Interest payable [(i)]	112,183	-
	112,183	-

(i) Relates to interest payable on the RCF VI Bridge Facility Agreement, refer to note 15 for details.

14. PROVISIONS

	Consolidated 2016 $	Consolidated 2015 $
Current		
Employee entitlement: Annual Leave		
Opening balance	151,447	100,393
Employee entitlements provided for	248,357	148,409
Employee entitlements used	(153,776)	(97,355)
Closing balance	246,028	151,447
The current provision relates to annual leave for employees of the Group. The provision is expected to be used over the forthcoming twelve months.		
Rehabilitation		
Opening balance	-	-
Rehabilitation provided for	451,460	-
Closing balance	451,460	-
The Group recognised a liability for rehabilitation during the year relating to completion of geotechnical test pits designed to provide information inputs into the Definitive Feasibility Study for the Mulga Rock Project.		
Total current provision	697,488	151,447
Non-Current		
Employee entitlement: Long Service Leave		
Opening balance	99,913	60,243
Employee entitlements provided for / foregone	(20,043)	39,670
Total non-current provision	79,870	99,913

15. LOANS AND BORROWINGS

	Consolidated	
	2016 **$**	**2015** **$**
RCF VI Bridge Facility Agreement	7,500,000	-
Total Loans and Borrowings	7,500,000	-

RCF VI Bridge Facility Agreement:

The RCF VI Bridge Facility is part of a $30 million funding package from Resource Capital Fund VI. The funding package comprised a $5 million placement to RCF VI undertaken in May 2015, a $10 million payment received in September 2015 in return for a 1.15% royalty, and a $15 million unsecured Bridge Facility.

The Company has drawdown $7.5 million of the facility as at 30 June 2016. The facility has a maturity date of 31 March 2017. The available facility at 30 June 2016 of $7.5 million was drawdown on 15 August 2016.

Interest on the facility is calculated at a rate of 15% per annum, with 4% payable quarterly and 11% deferred for payment until 31 March 2018. However, the deferred interest amounts at 31 March 2018 do not become payable if, up to 31 March 2018 all the following circumstances have occurred:

- RCF VI is granted a participation opportunity on all equity issues,
- Vimy completes the project financing for the Mulga Rock Project,
- There is no event of default, and
- Vimy had repaid all loans.

Included within the facility terms and conditions are:

- a conversion price option for RCF VI to convert deferred interest payable into shares at a fixed price. At 30 June 2016, the fair value of this embedded derivative was $20,416, refer Note 16, and
- A requirement to maintain $1.0 million in restricted cash in the form of a minimum working capital amount, refer Note 9(c).

16. OTHER FINANCIAL LIABILITIES

	Consolidated	
	2016 **$**	**2015** **$**
Embedded derivatives (i)	20,416	-
Total	20,416	-

(i) Relates to an embedded derivative in the RCF VI Bridge Facility Agreement, refer to note 15 for details.

17. CONTRIBUTED EQUITY

229,761,367 (2015: 227,732,795) fully paid ordinary shares

	Consolidated	
	Number	$
Ordinary shares		
At 1 July 2014 (Pre consolidation)	423,726,209	27,572,593
17 July 2014 Share placement @ 3 cents (Pre consolidation)	400,000,000	12,000,000
17 July 2014 Conversion of convertible and promissory notes to equity (Pre consolidation)	613,741,209	23,322,166
5 September 2014 Employee share plan issue (Pre consolidation)	13,500,000	-
8 December 2014 Consolidation of share capital	(1,243,687,002)	-
17 December 2014 Employee share plan issue (Post consolidation)	2,285,712	-
21 May 2015 Share placement @ 30 cents (Post consolidation)	16,666,667	5,000,000
21 May 2015 Shares issued for fees on placement @ 30 cents (Post consolidation)	1,500,000	450,000
Share issue costs	-	(617,456)
Balance at 30 June 2015 (Post consolidation)	227,732,795	67,727,303
At 1 July 2015	227,732,795	67,727,303
20 November 2015 Employee share plan issue	1,000,000	-
25 November 2015 Buy-back of shares	(271,428)	-
3 June 2016 Employee share plan issue	1,300,000	-
Balance at 30 June 2016	229,761,367	67,727,303

The shares have no par value.

Fully paid ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

18. EMPLOYEE SHARE AND OPTION RESERVES

Employee Share Option Reserves

	Consolidated	
	2016 $	**2015 $**
Reserves	1,316,153	1,093,362
Reserves comprise the following:		
Employee Share Option Reserve		
Balance as at start of financial year	1,093,362	974,663
1,428,570 options vesting (a)	222,791	118,699
Balance as at end of the financial year	1,316,153	1,093,362

(a) On 16 December 2014, the Company granted 714,285 options each to Messrs Young and Tapp which vest two years and expire on 16 December 2019. Each option is exercisable at $0.80 per ordinary share. The Black Scholes valuation expense will be proportionately allocated over the vesting period.

Employee Share Plan Reserves

The share plan reserve records items recognised as expenses on the valuation of employee shares.

	Consolidated	
	2016 $	**2015 $**
Reserves	1,927,281	1,235,417
Reserves comprise the following:		
Employee Share Plan Reserve		
Balance as at start of financial year	1,235,417	400,000
1,928,571 shares issued and vested	-	205,885
2,285,712 shares issued and vesting (a)	390,434	629,532
13,500,000 shares issued and vesting (b)	139,427	-
1,000,000 shares issued and vesting (c)	136,975	-
1,300,000 shares issued and vesting (d)	25,028	-
Balance as at end of the financial year	1,927,281	1,235,417

(a) On 18 December 2014, a total of 2,285,712 ordinary shares were issued to Directors, Messrs Young and Tapp and The Hon. Cheryl Edwardes and have been funded by a non-interest bearing, limited recourse loan from the Company. These shares are subject to vesting period of two years which expires on 17 December 2016. The Black Scholes valuation expense will be proportionately allocated over the vesting period.

(b) On 5 September 2014 a total of 13,500,000 shares were issued to staff and have been funded by a non-interest bearing, limited recourse loan from the Company. The shares are subject to a vesting period of one year and expire on 4 September 2019. The Black Scholes valuation expense has been proportionally allocated over the vesting period.

(c) On 20 November 2015 a total of 1,000,000 shares were issued to Mr T. Chamberlain and have been funded by a non-interest bearing, limited recourse loan from the Company. The shares are subject to a vesting period that ends upon completion of the Definitive Feasibility Study for the Mulga Rock Project to the absolute satisfaction of the Remuneration Committee, and expire on 20 November 2020. The Black Scholes valuation expense will be proportionally allocated over the vesting period.

(d) On 3 June 2016 a total of 1,300,000 shares were issued to employees and have been funded by a non-interest bearing, limited recourse loan from the Company. The shares are subject to a vesting period of one year and expire on 3 June 2021. The Black Scholes valuation expense will be proportionally allocated over the vesting period.

As non-interest bearing limited recourse loans were provided to purchase Plan shares in the Company and these loans are secured against the same Plan shares, AASB 2 (share based payments) applies. On this basis, the loan amount is not recognised in the financial statements and instead an amount is expensed as a share based payment.

19. SHARE BASED PAYMENTS

(a) Employee share option plan

The Company had an employee share option plan, which was also available to directors (the issue of securities to directors requires shareholder approval), called the Vimy Resources Limited Employee Share Option Plan ("Plan"). This Plan was replaced by the Vimy Employee Share Plan on 14 June 2013, however, some options remain outstanding under the prior employee option plan. No options were issued during the year.

Set out below is a summary of options granted to employees under the Vimy Resources Limited Employee Option Plan:

Grant date	Expiry date	Number Balance at start of year	Number Granted during year	Number Exercised during year	Number Cancelled during year	Number Balance at end of year	Number Exercisable at end of year
Various	Various	4,439,285	-	-	(17,856)	4,421,429	2,992,859
Weighted average exercise price			**-**	**-**	**-**	**0.52**	**0.52**

(b) Employee share plan

On 14 June 2013, the Company established an employee share plan, which is also available to directors (the issue of securities to directors requires shareholder approval). The plan is called the Vimy Employee Share Plan.

A summary of the main terms and conditions of the Vimy Employee Share Plan can be found at Note 5.

Set out below is a summary of shares granted to employees under the Plan:

Issue date	Number Balance at start of year	Number Issued during year	Number Cancelled during year	Number Balance at end of year
14 June 2013	2,857,142	-	-	2,857,142
5 September 2014	1,928,571	-	(271,433)	1,657,138
17 December 2014	2,285,712	-	-	2,285,712
20 November 2015	-	1,000,000	-	1,000,000
3 June 2016	-	1,300,000	-	1,300,000

On 20 November 2015, the Company issued 1,000,000 shares to Mr T. Chamberlain under its employee share plan. The input variables used in the Black Scholes option pricing model are as follows:

Issue date:	20 November 2015
Expected volatility:	115%
Latest loan repayment date:	5 years
Risk free interest rate (based on government bonds):	2.85%
Calculated share value at issue date:	$0.25
Total amount to be recognised as share based payments over a one year escrow period	$249,994

Subsequently on 3 June 2016, the Company issued 1,300,000 shares to employees under its employee share plan. The input variables used in the Black Scholes option pricing model are as follows:

Issue date:	3 June 2016
Expected volatility:	115%
Latest loan repayment date:	5 years
Risk free interest rate (based on government bonds):	2.22%
Calculated share value at issue date:	$0.26
Total amount to be recognised as share based payments over a one year escrow period	$338,348

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	Consolidated	
	2016 $	**2015 $**
Share based payments expense	914,655	954,116

20. ACCUMULATED LOSSES

	Consolidated	
	2016 $	**2015 $**
Accumulated losses at the beginning of the financial year	(64,310,963)	(57,330,845)
Transfer of compound financial instrument to accumulated losses	-	3,745,184
Net loss attributable to members of the Company	(11,957,825)	(10,725,302)
Accumulated losses at the end of the financial year	(76,268,788)	(64,310,963)

21. EXPENDITURE COMMITMENTS

	Consolidated 2016 $	Consolidated 2015 $
(a) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements relating to office space		
Payable - minimum lease payments		
- not later than 12 months	241,512	74,000
- between 12 months and 5 years	332,489	-
	574,001	74,000

On 1 November 2015 the Company entered into a new office lease for the Ground Floor, 10 Richardson Street, West Perth, Western Australia for three years. A cash-backed guarantee bond has been established for $190,506 in relation to the new lease.

	Consolidated 2016 $	Consolidated 2015 $
(b) Expenditure commitments contracted for:		
Exploration tenements		
In order to maintain current rights of tenure to exploration tenements, the Group is required to meet the minimum expenditure requirements. These obligations are not provided for in the financial statements:		
- not later than 12 months	1,984,017	1,947,120
- between 12 months and 5 years	5,214,000	5,034,120
	7,198,017	6,981,240

22. CONTROLLED ENTITIES

	Country of incorporation	Percentage owned 2016	Percentage owned 2015
Parent entity:			
Vimy Resources Limited	Australia		
Subsidiaries of Vimy Resources Limited:			
Narnoo Mining Pty Ltd	Australia	100%	100%
Velo Resources Pty Ltd (previously Camuco Pty Ltd)	Australia	100%	100%
Gunbarrel Energy and Minerals Australia Pty Ltd	Australia	100%	100%

23. REMUNERATION OF AUDITORS

	Consolidated 2016 $	Consolidated 2015 $
During the period the following fees were paid or payable for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:		
Assurance services		
Audit services		
Grant Thornton Audit Pty Ltd:		
- audit and review of financial reports and other audit work under the *Corporations Act 2001*	35,665	32,629
Non audit services		
- Advisory fees	-	1,600
Total remuneration	35,665	34,229

24. CASH FLOW INFORMATION

(a) Reconciliation of Loss after tax to net cash outflow from Operating Activities

	2016 $	2015 $
Loss after income tax	(11,957,825)	(10,725,302)
Adjustments for:		
Depreciation expense	184,589	128,368
Share based payments expense	914,655	954,116
Fair value adjustment to embedded derivative	20,416	-
Fees and interest forgiven on Convertible Notes	-	(1,467,367)
Finance costs	-	112,380
Proceeds from sale of royalty	(10,000,000)	-
	(20,838,165)	(10,997,805)
Changes in operating assets and liabilities:		
(Increase) / Decrease in trade and other receivables	(182,694)	(115,616)
(Increase) / Decrease in prepayments	(191,963)	24,672
Increase / (Decrease) in trade and other payables	1,876,573	227,723
Increase / (Decrease) in provisions	525,998	90,725
Net cash outflow from operating activities	(18,810,251)	(10,770,301)

(b) Non-cash financing and investing activities

	2016 $	2015 $
Capitalisation of finance costs	-	112,380
Debt forgiveness	-	(1,467,367)
Payment of facility fee on RCF VI funding facility	-	450,000

25. CONTINGENT LIABILITIES AND ASSETS

Contingent Liability - Royalty

On 17 August 2015, the Company announced a legally binding agreement with Resource Capital Fund VI L.P. ("RCF VI") for the provision of the final $25 million of the $30 million funding package announced on 20 May 2015. The funding package comprises a $10 million payment in return for a 1.15% royalty on future production from the Mulga Rock Project and a $15 million unsecured bridging loan.

On 3 September 2015, the Company received the royalty payment of $10 million from RCF VI. Narnoo Mining Pty Ltd ('Narnoo'), wholly owned subsidiary of Vimy, has agreed to pay a royalty to RCF VI of 1.15% on the gross proceeds received by Narnoo from selling mineral products extracted and recovered from the tenements that make up the Mulga Rock Project.

As is customary for a royalty arrangement, the Company has granted security to RCF VI for the royalty obligations, in the form of a mortgage over the mining tenements.

Contingent Asset – R&D Tax Incentive Grant

During the year ended 30 June 2016, the Group finalised its 2015 financial year research and development tax incentive claim filings, and as a consequence the recognised $1.2 million in grant income in Note 6. The Group intends to lodge a claim for the 2016 financial year relating to continuation of research and development activities. At the time of preparing the consolidated financial statements for the year ended 30 June 2016, work on the 2016 financial year research and development tax incentive claim filings is incomplete and a reliable measurement of this claim is not presently available. As a consequence, the Group has not recognised a receivable asset for the 2016 financial year research and development tax incentive claim as at 30 June 2016.

26. PARENT ENTITY INFORMATION

	Parent Entity	
	2016 $	**2015 $**
Information relating to Vimy Resources Limited:		
Current assets	5,226,728	6,649,551
Total assets	5,847,989	6,892,504
Current liabilities	10,004,486	1,104,683
Total liabilities	10,216,956	1,204,596
Total net (liabilities) / assets	(4,368,967)	5,687,908
Issued capital	67,727,303	67,272,303
Accumulated losses	(75,339,704)	(63,913,174)
Employee share plan reserve	1,927,281	1,235,417
Employee options plan reserve	1,316,153	1,093,362
Total (deficit) / equity	(4,368,967)	5,687,908
Loss of the parent entity	(11,426,530)	(6,523,956)
Total comprehensive loss of the parent entity	(11,426,530)	(6,523,956)

Guarantees of the Parent:

On 1 July 2007, Vimy Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group under the Tax Consolidation Regime. Each entity in the Group will continue to recognise its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the Parent entity. The current tax liability of each Group entity will then subsequently be assumed by the Parent entity. The tax consolidated group entered into a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to profit before tax of the tax consolidated group.

	Parent Entity	
	2016 **$**	**2015** **$**
Commitments and contingent liabilities of the Parent		
Expenditure commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements relating to office space		
Payable - minimum lease payments		
- not later than 12 months	241,512	74,000
- between 12 months and 5 years	332,489	-
	574,001	74,000

27. EVENTS OCCURRING AFTER REPORTING DATE

Since 30 June 2016 the following significant subsequent events have occurred:

On 15 August 2016 the Office of the Environmental Protection Authority assessed the Company's proposal and prepared an Assessment Report that has been sent to the Minister under s44(1) of the Western Australian Environmental Protection Act (EPA Act). The Assessment Report recommends that the proposal is implemented and specifies the conditions and procedures to which implementation should be subject, as required by s44(2)(b) of the EPA Act.

On 15 August 2016 the Company announced the final drawdown of funds of $7.5 million under the RCF VI funding facility to maintain progress on the Definitive Feasibility Study for the Mulga Rock Project.

On 23 September 2016 the Company announced a $6.6 million placement to new and existing institutions and other sophisticated investors, conversion of the full $15 million RCF VI funding facility, and a Share Purchase Plan. The placement is in part subject to FIRB approval, and the loan conversion to equity is subject to both FIRB and shareholder approval.

28. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Vimy Resources Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Vimy Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of Vimy Resources Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and liabilities (including derivative instruments) at fair value.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1.

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and are rounded to the nearest dollar. Where necessary prior year balances can be reallocated to compare with the current year.

(b) Going Concern

The Group incurred a net loss of $11,957,825 during the year ended 30 June 2016, after recognising the sale of a 1.15% royalty on future production from the Mulga Rock Project for $10 million. The Group's net cash used in operating activities was $18,810,251 for the year ended 30 June 2016.

At 30 June 2016 a net liability exists in the Statement of Financial Position of $5,298,051, as a consequence of both the Group's accounting policy to expense exploration and evaluation expenditure as incurred, and the $7.5 million drawdown of Resource Capital Fund VI L.P. (RCF VI) unsecured bridge facility agreement. Current liabilities exceed current assets by $5,706,843.

On 15 August 2016 the Group completed the final $7.5 million drawdown of the $15 million unsecured bridge facility agreement with RCF VI, which has a maturity date of 31 March 2017. On 23 September 2016 the Group announced full conversion of the $15 million RCF VI unsecured bridge facility agreement to equity, subject to both FIRB and shareholder approval.

The Group's ability to continue as a going concern and to capitalise on its exploration and evaluation activities depends on being able to obtain additional funding through equity, debt or hybrid financing, joint ventures, production off-take arrangements, R&D Tax Incentive receipts or other means. The Group's ability to continue as a going concern also depends on FIRB and shareholder approval for full conversion of the RCF VI $15 million unsecured bridge facility agreement to equity. These circumstances create material uncertainties as to the ability of the Group to continue as a going concern.

In considering these circumstances, the directors have taken into account the R&D Tax Incentive receipts expected from lodging both the 2016 and 2017 Group income tax returns, the Group's demonstrated track record in raising equity, the $6.6 million placement to new and existing institutions and other sophisticated investors (in part subject to FIRB approval), and the previous funding support provided by RCF VI.

In the unlikely event that additional funding is not able to be obtained, and approval is not obtained to convert the RCF VI bridge facility agreement to equity, the directors would actively curtail both project and corporate expenditure in light of the Group's actual funding and indebtedness.

In view of all the foregoing, the directors are of the view that they have a reasonable expectation that the Group will have adequate resources to continue to operate for at least the next twelve months. For these reasons, they continue to adopt the going concern basis in preparing the financial report.

If the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

(c) Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2016. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(d) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. These standards and interpretations have not been early adopted.

- AASB 9 *Financial Instruments* (effective for annual reporting periods beginning on or after 1 January 2018). AASB 9 addresses the clarification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. Following a preliminary assessment Vimy has determined that AASB 9 will have no material impact on the way the Group accounts for its financial instruments.
- AASB 15 *Revenue from Contracts with Customers* (effective for annual reporting periods beginning on or after 1 January 2018). AASB 15 introduces new framework for accounting for revenue and will replace AASB 118 *Revenue* and AASB 111 *Construction Contracts*. The new standard is based on the principle that revenue is recognised when control over goods and services transfers to a customer, therefore the notion of control replaces the existing notion of risks and rewards. Following a preliminary assessment Vimy has determined that there will be no material impact of the new standard on the Group's financial statements.
- AASB 16 *Leases* (effective for annual reporting periods beginning on or after 1 January 2019). AASB 16 introduces new framework for accounting for leases and will replace AASB 117 *Leases*. The new standard will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the Statement of Financial Position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. Management is continuing to assess the impact of the new standard on Vimy's financial statements.

(e) Impairment of non-financial assets

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

(f) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – 2 to 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(g) Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an expense.

(h) Employee benefits

Employee entitlement

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Liabilities arising in respect of wages and salaries, annual leave and long service leave and any other benefits expected to be settled wholly within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on high quality corporate bonds, which have terms to maturity approximating the terms of the related liabilities, are used.

Share-based payments

The company provides staff with an Employee Share Plan, whereby eligible participants are granted shares in the company funded by a limited recourse loan company. The limited recourse loans are recorded within equity and not as a receivable or financial asset to be recovered by the Company. Share-based compensation benefits may be provided to employees and directors via Vimy Employee Share Plan. The fair value of the shares is the market volume weighted average closing price for the Shares over the 10 trading day period prior to issue, which is represented as an increase in equity.

(i) Financial instruments

(i) Non-derivative financial assets

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

(ii) Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise loans, borrowings, trade and other payables.

(iii) Derivative financial liabilities

Derivative financial instruments are recorded at fair value on the Statement of Financial Position and classified by contract maturity. Derivative instruments are classified as either hedges of the fair value of recognised assets or liabilities or of firm commitments (fair value hedges), hedges of highly probably forecast transactions (cash flow hedges), or non-hedge derivatives. The changes in the fair value of any non-hedge derivatives are recognised immediately in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

(j) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(k) Exploration and evaluation expenditure

Exploration and evaluation expenditure is expensed in the year it is incurred. Development costs, when incurred, will be capitalised. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(m) Leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

(p) Revenue and income recognition

Revenue and income are recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue and income can be reliably measured. The following specific recognition criteria must also be met before revenue and income is recognised:

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate.

Royalty income

Royalty income is recognised when the royalty has been transferred out of the control of the Group.

R&D Tax Incentive grant income

Any grant received for eligible research and development tax incentive income is offset against the area where the costs were initially incurred. This is in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as a consequence of the accounting policy to expense exploration and evaluation costs as incurred.

(q) New accounting standards and interpretations

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2015:

- AASB 2014-1 *Amendments to Australian Accounting Standards Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles.* AASB 2014-1 introduced annual improvements that resulted in changes to various standards.

The adoption of the 2010-2012 and 2011-2013 annual improvement cycles had no impact on the amounts recognised and disclosures in Vimy's financial statements.

(r) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for uncollectible debts.

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(t) Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of transaction cost incurred. Loans and borrowings are subsequently measured at amortised costs. Loans and borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired.

(u) Rehabilitation and site restoration

The Group is required to rehabilitate mine sites, to the extent that any environmental disturbance has occurred, to a condition acceptable to the relevant authorities. The rehabilitation provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes are reflected in the provision at the end of the reporting period.

DIRECTORS' DECLARATION
30 JUNE 2016

1. In the opinion of the directors of Vimy Resources Limited:

   (a) the consolidated financial statements and notes of Vimy Resources Limited are in accordance with the *Corporations Act 2001*, including

      i. giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

      ii. complying with Accounting Standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements.

   (b) there are reasonable grounds to believe that Vimy Resources Limited will be able to pay its debts as and when they become due and payable; and

2. The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the *Corporations Act 2001* .

3. The consolidated financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors:

Michael Young

Chief Executive Officer and Managing Director

Dated: 28 September 2016

Grant Thornton

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West Perth WA 6005

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VIMY RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Vimy Resources Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion
In our opinion the financial report of Vimy Resources Limited is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

c) the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material Uncertainty relating to Going concern
Without qualification to the audit opinion expressed above, we draw attention to Note 28(b) to the financial report that highlights the consolidated entity reported a net loss of $11,957,825 and a net liability position of $5,298,051 for the year ended 30 June 2016. These conditions, along with other matters as set forth in Note 28(b), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 37 of the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion on the Remuneration Report

In our opinion, the Remuneration Report of Vimy Resources Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 28 September 2016

ADDITIONAL INFORMATION
AS AT 30 SEPTEMBER 2016

Capital structure

The capital structure of the Company at the date of this report was:

Ordinary shares	Unlisted options
254,250,925	21,842,846

Distribution of listed ordinary fully paid shares

Size of holding			Number of shareholders	Number of ordinary shares
1	-	1,000	449	174,368
1,001	-	5,000	537	1,360,617
5,001	-	10,000	154	1,164,032
10,001	-	100,000	253	8,397,214
100,001	-	and over	58	243,154,694
			1,451	**254,250,925**

The number of shareholders holding less than a marketable parcel of ordinary shares was 667.

Twenty largest shareholders of listed ordinary shares

	Name	Ordinary shares held	% of total
1	Forrest Family Inv. Pty Ltd ATF Peepingee A/C	57,142,857	22.47%
2	Macquarie Bank Limited	43,156,026	16.97%
3	Merrill Lynch Australia Nominees Pty Ltd	33,765,219	13.28%
4	National Nominees Ltd ATF Geiger Resources Fund	27,756,398	10.92%
5	Sumico WA Pty Ltd ATF Busani Family account	27,535,076	10.83%
6	Ack Pty Ltd ATF Markoff Super No. 2	7,692,307	3.03%
7	BNP Paribas Nominees Pty Ltd	7,480,343	2.94%
8	Michael E. and S. T. Fewster	5,138,571	2.02%
9	HSBC Custody Nominees Australia Ltd	4,195,944	1.65%
10	Eaglefield Holdings Pty Ltd	3,745,714	1.47%
11	Michael C. Young and J. T. Young	3,571,427	1.40%
12	Citicorp Nominees Pty Ltd	3,332,532	1.31%
13	J P Morgan Nominees Australia Ltd	2,165,198	0.85%
14	Julian R. Tapp	2,142,856	0.84%
15	Greensilk Nominees Pty Ltd (Dunbar-Tapp Family Account)	1,428,571	0.56%
16	Anthony C. Chamberlain	1,000,000	0.39%
17	Cheryl Edwardes	857,142	0.34%
18	C. G., H. J. and M. Petricevic	854,874	0.34%
19	Christopher W. Davis	753,993	0.30%
20	HSBC Custody Nominees Australia Ltd	595,714	0.23%
		234,310,762	**92.13%**

Voting rights of ordinary shares (ASX Code: VMY)

At a general meeting, on a show of hands, every ordinary shareholder present in person or by proxy has one vote. On the taking of a poll, every ordinary shareholder present in person or by proxy, and whose shares are fully paid, has one vote for each of his or her shares.

Distribution of all unlisted employee option plan holders:

Size of holding			Number of option holders	Number of options
5,001	-	10,000	1	7,142
10,001	-	100,000	4	121,428
100,001	-	and over	2	4,285,712
			7	**4,414,282**

Holders of 20% or more of the securities listed above:

Michael C. Young and J. T. Young ATF the MJE Trust	2,142,856 options
Julian R. Tapp	2,142,856 options

Distribution of unlisted option holders (expiring on 16 December 2018, exercisable at $1.54 per share):

Size of holding			Number of option holders	Number of options
100,001	-	and over	6	8,714,281
			6	**8,714,281**

Holders of 20% or more of the securities listed above:

National Nominees Limited	3,290,235 options
Macquarie Bank Limited	4,292,751 options

Distribution of unlisted option holders (expiring on 16 December 2018, exercisable at 70 cents per share):

Size of holding			Number of option holders	Number of options
100,001	-	and over	6	8,714,283
			6	**8,714,283**

Holders of 20% or more of the securities listed above:

National Nominees Limited	3,242,318 options
Macquarie Bank Limited	4,230,236 options

Unlisted options

Until exercised, unlisted options confer no voting rights and no rights to subscribe for new securities in the Company. They do not entitle the holder to a dividend, or to participate in a winding up of the Company. The unlisted options are a separate class of security that may be converted into the Company's shares on a one-for-one basis once they are exercised.

ADDITIONAL INFORMATION
AS AT 30 SEPTEMBER 2016

Substantial shareholders (in accordance with notices provided to the Company)

	Name	Ordinary shares held	% of total
1	Forrest Family Inv. Pty Ltd	57,142,857	22.47%
2	Acorn Capital Limited	43,259,490	17.01%
3	Macquarie Bank Limited	43,159,068	16.97%
4	Michael Edward Fewster	36,339,361	13.90%
5	Resource Capital Fund VI LP	33,765,219	13.28%

On-market buy back

There is no current on-market buy back of the Company's shares in place.

Investor Relations

Shareholders and investors seeking information on the Company should reference the Australian Securities Exchange website **asx.com.au** and search announcements under the Company's ASX symbol VMY, reference the Company's website at **www.vimyresources.com.au** or contact the Chief Executive Officer or Company Secretary at:

Vimy Resources Limited
Ground Floor
10 Richardson Street
West Perth WA 6005

Telephone: +61 8 9389 2700

Facsimile: +61 8 9389 2722

Email: info@vimyresources.com.au

Shareholder enquiries

Enquiries relating to shareholding, tax file number and notification of change of address should be directed to:

Security Transfer Australia Pty Ltd
770 Canning Highway
Applecross WA 6153

Telephone: +61 8 9315 2333

Facsimile: +61 8 9315 2233

CORPORATE GOVERNANCE STATEMENT

STATEMENT

Vimy Resources Limited ('Company') has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations Third Edition ("Principles and Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

This statement is current as at 28 September 2016.

DISCLOSURE – PRINCIPLES AND RECOMMENDATIONS

The Company reports below on how it has followed (or otherwise departed from) each of the Principles and Recommendations during the 2016 financial year ('Reporting Period').

Principle 1 – Lay solid foundations for management and oversight

A listed entity should establish and disclose the respective roles and responsibilities of board and management and how their performance is monitored and evaluated.

Recommendation 1.1:

A listed entity should disclose:

(a) the respective roles and responsibilities of board and management; and

(b) those matters expressly reserved to the board and those delegated to management.

Disclosure:

The Company has established functions reserved to the Board and has set out these functions in its Board Charter.

A copy of the Company's Board Charter is made available on the Company's website.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Chief Executive Officer and Managing Director ('CEO/MD') and assisting the CEO/MD in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the CEO/MD or, if the matter concerns the CEO/MD, then directly to the Chair.

Recommendation 1.2:

A listed entity should:

(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director

Disclosure:

When the Board determines that changes are required to the Board or indeed, if a director resigns from the Board, in determining candidates for the Board, the Board will follow a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Directors are rotated on the basis of: "At each annual general meeting one-third of the directors for the time being, or, if their number is not a multiple of three, then the whole number nearest one-third, shall retire from office and based on that calculation the directors to retire at an annual general meeting are those who have been longest in office since their last election. A retiring director is eligible for re-election. Re-appointment of directors is not automatic."

The Company Policy and Procedure for the Selection and re/Appointment of Directors requires that shareholders shall be informed of the names of candidates submitted for election as directors at a general meeting of shareholders. In order to enable shareholders to make an informed decision regarding the election, the following information shall be supplied to shareholders:

- biographical details (including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate);
- details of material business relationships between the candidate and the Company; and the candidate and directors of the Company;
- directorships held;
- the term of office currently served by any directors subject to re-election; and
- any other particulars required by law.

A copy of the Company's Policy and Procedure for the Selection and (Re)/Appointment of Directors is made available on the Company's website.

Recommendation 1.3:

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Disclosure:

Remuneration and other terms of employment for key management personnel are formalised in service agreements which are disclosed in the Remuneration Report which forms part of the Directors' Report. Non-Executive Directors sign a formal letter of appointment.

Recommendation 1.4:

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Disclosure:

The Company Secretary fulfils other management responsibilities in addition to company secretarial duties. The formal reporting line of the Company Secretary is to the CEO/MD. For any matter relevant to the company secretarial duties or conduct of the Board, the Company Secretary has an indirect reporting line, and is accountable, to the Chair of the Board.

Recommendation 1.5:

A listed entity should:

(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

(b) disclose that policy or a summary of it; and

(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:

- the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
- if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

Notification of departure:

The Company does not have a diversity policy.

Explanation for departure:

The Company has not established a diversity policy due to the relatively small size of the Company. The Board considers that at this stage no benefits would be gained by establishing a diversity policy. The Company is committed to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees to enhance the Company's performance.

At 30 June 2016 the Board was comprised of six members with one woman; being the Chairman, The Hon. Cheryl Edwardes, AM. The Company had twenty four employees at 30 June 2016, with ten women which represented 42% of the total employees. There are no women in senior executive roles.

Recommendation 1.6:

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

The Company has formalised a policy relating to the Process for Performance Evaluation, and a copy is made available on the Company's website.

The assessment process used by the Board requires each director to complete a questionnaire relating to the role, composition, procedures, practices and behaviour of the Board and its members. Senior executives having most direct contact with the Board may also be invited to complete similar questionnaires. Responses to the questionnaires are confidential and provided direct to the Company Secretary with the results individually and in aggregate then communicated to the Chair of the Board.

During the Reporting Period, a formal evaluation of the Board did not take place. The composition of the Board was reviewed at the time of appointing Mr Andrew Haslam a Non-Executive Director on 1 April 2016.

Recommendation 1.7:

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

The performance of all directors and senior executives is reviewed at least annually. The Board evaluates the performance of senior executives having regard to such things as: the responsibilities of the executive; performance against budget and goals that have been set; any communicated key performance indicators; and qualitative as well as quantitative measures.

No senior executive is involved with their own evaluation, and the Board evaluates such parties without such parties being present. An evaluation of senior executives was undertaken during the year in accordance with this process.

The Company's policy on remuneration is contained in the Remuneration Report which forms part of the Directors' Report.

Principle 2 – Structure the Board to add value

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

Recommendation 2.1:

The board of a listed entity should:

(a) have a nomination committee which:

- has at least three members, a majority of whom are independent directors; and
- is chaired by an independent director,

and disclose:

- the charter of the committee;
- the members of the committee; and
- as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Notification of departure:

The Board has not established a Nomination Committee.

Explanation for departure:

The full Board performs the function of a Nomination Committee.

A separate Nomination Committee has not been formed due to the relatively small size and structure of the Board. The Board considers that at this stage no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. The Board discusses nomination-related matters on an ongoing basis, as required. When considering matters of nomination, the Board functions in accordance with its Nomination Committee Charter. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

A copy of the Company's Nomination Committee Charter is made available on the Company's website.

Recommendation 2.2:

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Disclosure:

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Recommendation 2.3:

A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Principles and Recommendations, but the board is of the opinion that it does not compromise the independence of the director; the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each director.

Disclosure:

The Company has formalised a policy relating to Assessing the Independence of Directors, and a copy is made available on the Company's website.

The Board consisted of five members up to 1 April 2016, with two independent directors being The Hon. Cheryl Edwardes, AM and Mr David Cornell. After 1 April 2016 the Board consisted of six members, with three independent directors, being The Hon. Cheryl Edwardes, AM, Mr David Cornell, and Mr Andrew Haslam.

These directors are independent as they are non-executive directors who are not members of management and who are free of any material business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The director's interest, position, association or relationship and length of service is set out in the Directors' Report. This disclosure includes the fact that Mr Andrew Haslam, in addition to his director fees, also receives payment at commercial rates for mining consulting services relating to the Mulga Rock Project.

Recommendation 2.4:

A majority of the board of a listed entity should be independent directors.

Notification of departure:

The Company did not have a majority of independent directors.

Explanation for departure:

The Board considered that the composition of the Board was adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business.

Recommendation 2.5:

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO/MD of the entity.

Disclosure:

The Hon. Cheryl Edwardes, AM is the independent chair and Mr Michael Young is the CEO/MD of the Company.

Recommendation 2.6:

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Disclosure:

The formal letter of appointment and induction pack provided to directors contains sufficient information to allow the new director to gain an understanding of:

- the rights, duties and responsibilities of directors;
- the role of Board Committees;
- the roles and responsibilities of the executive team; and
- the Company's financial, strategic, and operational risk management position.

New directors undertake an induction program which comprises:

- an information pack which includes a copy of the Company's constitution; Board and Committee charters; most recent annual report; most recent monthly performance report; the Company's strategic plan; organisational chart; deed of access, insurance and indemnity and details of the Company's director and officers' insurance policy; and a copy of the register of the Company's most significant risks;
- a program of meetings with members of the Company's executive team; and
- visits to the Company's projects.

Principle 3 – Act ethically and responsibly

A listed entity should act ethically and responsibly.

Recommendation 3.1:

A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is made available on the Company's website.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1:

The board of a listed entity should:

(a) have an audit committee which:

- has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
- is chaired by an independent director, who is not the chair of the board,

and disclose:

- the charter of the committee;
- the relevant qualifications and experience of the members of the committee; and
- in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Disclosure:

The Company has an Audit Committee.

For the entire Reporting Period, Mr David Cornell was the independent chair of the Audit Committee.

Up to 1 April 2016 the Audit Committee had three members – Mr David Cornell, The Hon. Cheryl Edwardes AM, and Mr Aaron Hood. Of these members two are considered to be independent – Mr David Cornell and The Hon. Cheryl Edwardes AM, which represents a majority of the committee.

After 1 April 2016 the Audit Committee had four members – Mr David Cornell, The Hon. Cheryl Edwardes AM, Mr Malcolm James and Mr Andrew Haslam. Of these members three are considered to be independent – Mr David Cornell, The Hon. Cheryl Edwardes AM and Mr Andrew Haslam, which represents a majority of the committee

The Audit Committee Charter is disclosed on the Company's website.

The number of Audit Committee meetings held during the year and the qualifications of the directors are disclosed in the Directors' Report.

Recommendation 4.2:

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO/MD and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Disclosure:

The CEO/MD and CFO have provided the declaration to the Board in accordance with section 295A of the Corporations Act 2001.

This declaration is that:

- the financial records of Vimy Resources Limited for the financial year ended 30 June 2016 have been properly maintained in accordance with section 286 of the Australian Corporations Act 2001; and
- the financial statements, and the notes referred to in paragraph 295(3)(b) of the Australian Corporations Act 2001, for the financial year ended 30 June 2016 comply with the accounting standards; and
- the financial statements and notes for the financial year ended 30 June 2016 give a true and fair view (section 297 of the Australian Corporations Act 2001); and
- any other matters that are prescribed by the regulations in relation to the financial statements and the notes for the financial year ended 30 June 2016 are satisfied.

The consolidated financial statements comply with International Financial Reporting Standards.

Recommendation 4.3:

A listed entity that has an Annual General Meeting ('AGM') should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Disclosure:

The external auditor attends the Company's AGM. Shareholders may submit written questions to the auditor to be considered at the meeting in relation to the conduct of the audit and the preparation and content of the Independent Audit Report by providing the questions to the Company at least five business days before the day of the meeting. Shareholders are also given a reasonable opportunity at the meeting to ask the auditor questions relevant to the conduct of the audit, the Independent Audit Report, the accounting policies adopted by the Company and the independence of the auditor.

Principle 5 – Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has formalised policies relating to ASX Listing Rule Compliance and Compliance Procedures, and a summary of both policies is made available on the Company's website.

The written policies are designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Principle 6 – Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

Recommendation 6.1:

A listed entity should provide information about itself and its governance to investors via its website.

Disclosure:

The Company has formalised a policy relating to Shareholder Communication, and a copy is made available on the Company's website.

The Company has a website "vimyresources.com.au" providing information about itself and its governance to investors.

Recommendation 6.2:

A listed entity should design and implement an investor relations program to facilitate effective two way communication with investors.

Disclosure:

The Shareholder Communication policy includes promotion of effective communication with investors and encourages shareholder participation at general meetings.

Recommendation 6.3:

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Disclosure:

Notices of meeting sent to the Company's shareholders comply with the ASX Listing Rules. In relation to AGMs, shareholders are invited to submit questions before the meeting.

The Chairman also encourages shareholders at the AGM to ask questions and make comments about the Company's operations and the performance of the Board and senior management.

New directors or directors seeking re-election are given the opportunity to address the AGM and to answer questions from shareholders.

Recommendation 6.4:

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Disclosure:

Shareholders have the option of electing to receive all shareholder communications by email. The Company provides a printed copy of the annual report only to those shareholders who have specifically elected to receive a printed copy. The annual report is available on the Company website.

All announcements made to the ASX are available to shareholders by email notification when a shareholder provides the Company with an email address and elects to be notified of all the Company's ASX announcements. In addition to this, the ASX announcements are made available on the Company's website.

The Company share register is managed and maintained by Security Transfer Australia Pty Ltd. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), via the Security Transfer Australia Registrars investor centre or by emailing registrar@securitytransfer.com.au.

Principle 7 – Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1:

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

- has at least three members, a majority of whom are independent directors; and
- is chaired by an independent director,

and disclose:

- the charter of the committee;
- the members of the committee; and
- as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Notification of departure:

The Board has not established a Risk Committee.

Explanation for departure:

The composition of the Board during the financial year did not allow for a Risk Committee to be structured in accordance with the recommendation. The Board assumes the role of the Risk Committee.

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the CEO/MD, who is responsible for identifying, assessing, monitoring and managing risks. The CEO/MD is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the CEO/MD has unrestricted access to Company employees, contractors and records. The CEO/MD may obtain independent expert advice on any matter believed appropriate, with the prior approval of the Board.

The Audit Committee monitors and reviews the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;

- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

A summary of the Risk Management Policy is made available on the Company’s website.

Recommendation 7.2:

The board or a committee of the board should:

- review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and
- disclose, in relation to each reporting period, whether such a review has taken place.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received oral reports from management as to the effectiveness of the Company's management of its material business risks on an ongoing and regular basis for each reporting period.

Recommendation 7.3:

A listed entity should disclose:

- if it has an internal audit function, how the function is structured and what role it performs; or
- if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes

Disclosure:

The Company does not have an internal audit function.

The CEO/MD and CFO are responsible for evaluating and continually improving the effectiveness of its risk management and internal control processes

An annual declaration is provided to the Board by the CEO/MD and CFO in accordance with section 295A of the *Corporations Act 2001*.

This declaration is:

- founded on a sound system of risk management and internal control; and
- that the system is operating effectively in all material respects in relation to financial reporting risks.

In making the declaration the CEO/MD and CFO consider the size of the Company, its complexity, number of personnel and its financial resources, to ensure the system of risk management and internal control is appropriate.

Recommendation 7.4:

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Disclosure:

The Board monitors all material risks that the Company is exposed to and actively seeks to mitigate them, using resources reasonably available to control those risks.

The activities of the Company are focused on developing the Mulga Rock Project into a producing uranium mine. Uranium mining has inherent risks which the Company, utilising its own professional employees and consultants and working in partnership with communities and authorities, actively seeks to mitigate against.

The material risks which the Company is exposed include, but are not limited to, the following:

- obtaining government approvals
- geological and environmental issues
- land access and community disputes
- the ability to raise additional capital
- commodity price and world economy
- recruiting and retaining qualified personnel
- inherent risks associated with production, storage and transport of uranium.

The Board is responsible to oversee the risk management function and the CEO/MD is in charge of implementing an appropriate level of control to mitigate these risks within the Company. The Board reviews all major strategies and decisions and takes appropriate actions on a continuous basis.

Principle 8 – Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

Recommendation 8.1:

The board of a listed entity should:

(a) have a remuneration committee which:

- has at least three members, a majority of whom are independent directors; and
- is chaired by an independent director,

and disclose:

- the charter of the committee;
- the members of the committee; and
- as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Disclosure:

The Company has a Remuneration Committee.

Up to 1 April 2016, Mr David Cornell was the independent chair of the Remuneration Committee. After 1 April 2016, Mr Andrew Haslam was the independent chair of the Remuneration Committee.

Up to 1 April 2016 the Remuneration Committee had three members – Mr David Cornell, The Hon. Cheryl Edwardes AM, and Mr Aaron Hood. Of these members two are considered to be independent – Mr David Cornell and The Hon. Cheryl Edwardes AM, which represents a majority of the committee.

After 1 April 2016 the Remuneration Committee had four members – Mr David Cornell, The Hon. Cheryl Edwardes AM, Mr Malcolm James and Mr Andrew Haslam. Of these members three are considered to be independent – Mr David Cornell, The Hon. Cheryl Edwardes AM and Mr Andrew Haslam, which represents a majority of the committee.

The Remuneration Committee Charter is disclosed on the Company's website.

The number of Remuneration Committee meetings held during the year and the qualifications of the directors are disclosed in the Directors' Report.

Recommendation 8.2:

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Disclosure:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include securities granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

Details of remuneration, including the Company's policy on remuneration, are contained in the Remuneration Report which forms part of the Directors' Report.

Recommendation 8.3:

A listed entity which has an equity-based remuneration scheme should:

- have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- disclose that policy or a summary of it.

Disclosure:

The board has adopted a Policy for Trading in Company Securities. The Policy prohibits short term speculative trading of the Company's securities. Directors, officers and employees are required to obtain clearance prior to trading.

A summary of the Company's Policy for Trading in Company Securities is made available on the Company's website.

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