ANNUAL REPORT
2017

VIMY
RESOURCES LIMITED

CORPORATE DIRECTORY

BOARD OF DIRECTORS

The Hon. Cheryl Edwardes, AM
Non-Executive Chairman

Mike Young
Managing Director

Julian Tapp
Executive Director

David Cornell
Non-Executive Director

Andy Haslam
Non-Executive Director

Mal James
Non-Executive Director

Dr Vanessa Guthrie
Non-Executive Director

Ron Chamberlain
Company Secretary

REGISTERED & PRINCIPAL OFFICE

Ground Floor
10 Richardson Street
West Perth WA 6005

Tel: +61 8 9389 2700
Fax: +61 8 9389 2722
Email: info@vimyresources.com.au
Web: www.vimyresources.com.au

AUDITOR

Grant Thornton Audit Pty Ltd
Level 1
10 Kings Park Road
West Perth WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Ltd

Postal address:
GPO Box 2975
Melbourne VIC 3001

Office address:
Level 11, 172 St Georges Terrace
Perth WA 6000

Tel:
Australia: 1300 367 027
International: +61 3 9946 4421

TRANSACTIONAL BANKER

ANZ Banking Group Limited
1275 Hay Street
West Perth WA 6005

AUSTRALIAN SECURITIES EXCHANGE

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

ASX code: **VMY**

TABLE OF CONTENTS

CHAIRMAN'S LETTER

VIMY'S VISION OF 'MINING A CLEANER TOMORROW' CAPTURES THE STRONG ENVIRONMENTAL ETHIC AND VALUES THAT UNDERPIN ALL THE ACTIVITIES OF OUR PROFESSIONAL TEAM.

Dear Shareholders,

Vimy has had another great year – the news keeps getting better while the Mulga Rock Project moves towards production. Mike and his team have once again made significant progress and continue to achieve the strategies set out by the Board.

One of the most important achievements for the year was the State and Federal Ministerial environmental approvals for the Project. The Public Environmental Review process that Vimy moved through took 1,234 days and was very thorough. We welcome the approvals from both the Western Australian State Government and the Federal Government.

Vimy's vision of 'Mining a cleaner tomorrow' captures the strong environmental ethic and values that underpin all the activities of our professional team. The Mulga Rock Project will not only be mined to a high environmental standard, employing world's best practices, but will also generate a carbon-free energy source that will offset approximately 70 million tonnes of CO_2 which is around 13% of Australia's total greenhouse gas emissions.

Regardless of the world's changing economic cycles, the demand for energy continues to grow. Nuclear energy is an important part of the clean energy mix. There is certainly a place for wind, wave and solar but there is no cleaner, cheaper or more efficient source of baseload power than nuclear power, which significantly reduces the reliance on fossil fuels to produce electricity. Nuclear power will be a key energy source for billions of people in communities which are either completely without power or have only limited access to it.

The insatiable appetite for reliable energy in the developing world will require an emissions-free energy source that can deliver reliable, dispatchable electricity 24/7. Only two baseload sources can do this: hydro and nuclear. As the non-OECD world, particularly India and China, continue to lift their populations out of poverty through providing electricity, they will continue to embrace and grow their nuclear power industries; in fact, there are more nuclear power plants under construction in the world than at any time in the past 25 years. Vimy is very well placed to leverage off this new demand.

It was a privilege to represent Vimy at the World Nuclear Association Symposium last month in London with Mike and Julian. While they had many scheduled meetings to attend, or were engaged in the technical sessions of the conference, I took the opportunity to engage with the new generation of stakeholders involved in the nuclear industry. The atmosphere and enthusiasm exhibited at the conference reflected a commitment to embracing technologies that will provide the world with a safe and sustainable long-term energy source.


Piacentini and Son upgrading the Mulga Rock airstrip

The people involved in the industry are a reasonably large but tight-knit group who meet at these conferences on a fairly regular basis. As with all industry conferences, the aim is to keep each other updated on technical matters and debate the issues around the industry. Mike and Julian have established themselves within the circles of people who have worked in the sector for many years and have put Vimy on the world map.

I would like to take this opportunity of thanking our shareholders for their on-going support. Our major shareholders, Resource Capital Fund VI L.P. (RCF), Forrest Family Investments, Macquarie Bank, Acorn Capital and original Board member Mike Fewster, continue to show their faith in the Vimy team and the Mulga Rock Project.

RCF have provided support for one of our biggest achievements this year, the optimisation drilling program which is proving to have greatly improved the economics of the Project. Their support has been ongoing since 2015 when they initially provided a $30 million funding package. In August last year, we completed the final drawdown of the $15 million RCF unsecured bridging loan which was part of this funding package and with shareholder support earlier this year, converted the remaining loan into ordinary shares, leaving us debt free. Just as this report is going to print, RCF have appointed their first board member to the Vimy Board, Dr Vanessa Guthrie, formerly Managing Director of Toro Energy. I welcome Vanessa to the Vimy Board, and look forward to sharing her wisdom and knowledge of the uranium industry and her wider experience.

My thanks also go to Mike and his team for another year of significant achievement. Once again, their skill and determination have moved the Mulga Rock Project closer to production. On behalf of the Vimy Board, I would like to thank each one of them.

MY THANKS ALSO GO TO MIKE AND HIS TEAM FOR ANOTHER YEAR OF SIGNIFICANT ACHIEVEMENT. ONCE AGAIN, THEIR SKILL AND DETERMINATION HAVE MOVED THE MULGA ROCK PROJECT CLOSER TO PRODUCTION.

The Hon. Cheryl Edwardes LLM GAICD AM
Chairman

Mulga Rock team at camp

CEO'S REVIEW OF ACTIVITIES

Dear Shareholders,

I must admit to not being a great fan of the annual report these days. It feels really strange to me to be writing this letter in September about activities that were finished in June. Given the incredible pace that our team maintains, going back three months feels like we're talking about old news! And don't even get me started about how this goes against the 'continuous disclosure' rules of the ASX and the fast pace of communication these days.

But I will do whatever it takes to maintain our momentum and success and if that means following the rules, then I'm happy to do that too. Despite this, a fact that seems to be lost on many, is that Vimy has successfully mined uranium ore, processed it to produce uranium oxide concentrate, or 'yellowcake', and shipped that yellowcake overseas. We're officially uranium exporters!

Despite my concerns about the timing of an annual report, I like to think our shareholders keep up with our activities all year. Our mailing list statistics show that many of you read our quarterly reports and ASX announcements as soon as they are released. And if you're not on our mailing list, please contact us and you soon will be!

But like New Year's Eve, the annual report is a good opportunity to look at how far we've come during the year, and to set out plans for the future. It offers me the chance to reflect on how much can be achieved by a small group of driven individuals in a year.

So, how to review what has been a very busy year? A good starting point is to browse the list of ASX announcements that were made during the year. Every year I do it, and every year I'm amazed by how much our team can achieve in one year, and that is certainly the case this year; it's a very impressive list. From the confirmation from the newly-elected WA State Government that the Mulga Rock has approval to go ahead, the State and Commonwealth environmental approvals, the Mineral Resource and Ore Reserve upgrades, to the successful completion of a pilot plant

Mike Young on site

ACHIEVEMENTS FOR 2017

- Significant Mineral Resource and Ore Reserve updates
- State and Federal Ministerial Approval
- DFS due for release in November 2017
- Export of yellowcake and converter accounts established
- $6 million placement to new institutional and sophisticated investors

and then approval from three overseas converters that our product meets their exacting standards, there's been a lot of good news.

As often happens, some of our most impressive achievements this year were reported after 30 June but they shouldn't be lost in the 'subsequent events' section. While it's interesting to look at the comparison figures in the resources and reserves figures from 30 June last year to 30 June this year (on page 18) the more exciting and up to date pieces of news are the Mineral Resource upgrade, announced on 12 July, where the Mulga Rock Project cracked the 90Mlb U_3O_8 mark, and the Ore Reserve upgrade, announced on 4 September 2017, which saw Ore Reserves move to 42.3Mlbs U_3O_8 from 22.7Mt at 845ppm U_3O_8. The resource and reserve tables on page 15 are the ones to look at as they are the most up to date.

The Resource upgrade announced on 12 July showed a 30% increase in uranium metal since November 2016 and highlighted the world-class scale and economic development potential of the Mulga Rock Project.

The higher-grade zones within Ambassador, 25Mlb at 0.15% (1,500ppm) U_3O_8, are supporting significantly improved economics compared to the PFS which we released back in November 2015. Our mining studies show that early mining of these zones will underpin the initial payback period and lead to a significant improvement in our operating costs.

The Ore Reserve update announced on 4 September showed that the 'go line' – a miner's term for the point where the trucks assemble for the next shift – is truly in sight for the Project. The Ore Reserve contained metal was up 36% from the previous update in November 2016. The Reserves now stand at 42.3Mlbs U_3O_8 from 22.7Mt at 845ppm U_3O_8. The three years of Proved Reserves should provide sufficient surety to fund the Project.

Board visit to pilot plant - July 2016

As a result of the strong positive grade reconciliation from the test pits, a significant infill drilling campaign was carried out in late 2016. The outcome of that drilling was so positive that in April we announced a delay to the delivery of the DFS. We decided on this course of action as it became clear that the resource model we had been using had been built on conservative assumptions using data available at the time. Material from the test pits showed significantly more metal in the bulk sample than we expected from the resource model. Additional contained metal in a deposit results in a proportional increase in revenue for almost no increase in total operating costs, so we decided to conduct the infill drilling, and upgrade the resource and reserve models which have been incorporated into the updated mining schedule, leading to a much improved DFS. We expect to release the DFS during November 2017.

Gaining State and Commonwealth environmental approvals was a huge achievement this year and one of the major ticks for the Project. The statement in June this year by the newly-elected WA State Labor Government confirming that the Project would be allowed to proceed to development finally put the approvals issue beyond doubt and confirmed that the Mulga Rock Project could be the first uranium mine in Western Australia. The statement was consistent with Premier McGowan's position when he first became Leader of the Opposition in 2012 and with an earlier statement by the Hon. Bill Johnston, Minister for Mines and Petroleum. Importantly, the Minister has first-hand understanding of the Mulga Rock Project and its environment, having visited it in July 2017.

This confirmation built on the long approvals process which the Vimy team had been working on steadily for more than three years. The twelve-week Public Environmental Review period, which closed in March 2016, was followed by a series of reviews and appeals. It's a rigorous process and allows everyone involved, the public and government agencies, to consider the Project from every perspective. We ticked every box through this process and the Project was approved by the Western Australian Minister for the Environment in December 2016 and then the Federal Minister in March 2017. Most pleasing was the recognition of the limited residual environmental impact associated with the Project against major environmental benefits associated with offsetting greenhouse gas emissions.

At the same time, following consent from the Environmental Protection Agency (EPA), we were able to carry out earthworks that will speed up the move toward construction and operation. An upgrade to the existing site access road means heavy equipment can enter the site for construction activities and the clearing of the Kakarook North borefield provides improved access to the main water supply for the mining operation.

In October 2016, we were granted new mining leases, giving us security of tenure for all proposed mining areas and post-mine landforms, with those grants valid for an initial 21-year period. These replaced the existing mining leases and provide increased operational flexibility for our mining crews, improving both environmental and engineering outcomes.

As I mentioned above, we made history this year by exporting yellowcake from Western Australia for the first time. It was only four and a half kilograms sent as test samples, but it was the first uranium produced from Mulga Rock. The samples were produced from ore material from the Ambassador test pits and put through the pilot plant in 2016 as part of the DFS process.

We sent the yellowcake to three converters, the first stage in the nuclear fuel cycle. These were New Areva in France, Cameco Corporation in Canada and ConverDyn in the USA. Nuclear utilities have quality assurance standards that need to be met before they enter long-term offtake agreements. Likewise, this was a quality assurance box that we needed to tick to support the Project development. A developer moving towards production must prove that its product meets industry standards and all three commercial converters confirmed the high quality of our final product.

Again, after the 30 June reporting date, we announced a very successful $6 million placement to new institutional and sophisticated investors. We had a great response from investors, with the placement heavily oversubscribed. As a result, we welcomed approximately 300 new shareholders to our register, and it was very encouraging to see our belief in the Mulga Rock Project and our optimistic view of the uranium market reinforced by people willing to put their money behind it. Funds raised from the placement allow us to continue work on the DFS work programs and to advance offtake and funding discussions.

Throughout the year, we have increased our engagement with nuclear utilities around the world to further offtake discussions. As Cheryl mentioned, Julian Tapp and I have attended several nuclear industry conferences, and I was asked to present at the World Nuclear Fuel Cycle conference in Toronto in April this year. These conferences are the best way to showcase the Mulga Rock Project and to engage with the right people in the nuclear industry and demonstrate the credentials of the Project and the team behind it. Becoming known in the industry is very important, especially given the off-market contract nature of uranium procurement.

The conferences also give us an insider's view of the current state of the uranium market. One of the strongest impressions we've taken away from these meetings is that everybody in the industry, on the supply side and the demand side, knows that there's a shortage coming, even the pessimists. The utilities and converters say the shortage won't come until 2030, while the producers say the shortage will come next month. Obviously it's somewhere between those two data points. We think it's probably going to become clear in the next six to eighteen months, but believe there is definitely a shortage coming.

The organisations we speak to have a strong interest in Australian uranium suppliers as they see Australia as a safe jurisdiction with the world's leading environmental practices. Our company mission of becoming 'a reliable and respected uranium producer' strikes a strong chord with them as security and reliability of supply are their most important considerations. They are also very keen to diversify their supply and to include suppliers from countries other than Kazakhstan and Canada who currently control about 60 percent of the world's uranium production.

Vimy is now a member of the World Nuclear Association, with members covering every aspect of global nuclear generation and many of the world's uranium miners. They run a number of these conferences so being approached to become a member is an important step in being an integral part of the industry.

Despite my reservations about the annual report process, it is, like Christmas, a good opportunity to say thanks. Firstly, thanks to our shareholders for their continued confidence in Vimy management and team, the Mulga Rock Project and for their positive outlook for uranium. As mentioned earlier, we are keen to keep all shareholders up to date with our progress throughout the year, not just once a year at annual report time, so please add your name to the mailing list on our website if you haven't done so already.

The Vimy team has continued to tick all the boxes this year. Between us, we have the experience and contacts in all the right areas from project approvals to mine operation. Importantly we have a great deal of experience in building mines which is so important as we move towards the construction phase. We also have a great can-do attitude and team spirit. This extends to our contractors, a talented bunch who fit in easily with the Vimy team and produce great results.

I'd like to make a special mention of our team members who work on site at the Mulga Rock Project. It's a very long way from anywhere and it takes them all an awfully long time to get to work. They deal with many things that we city dwellers don't have to worry about – being away from their families, communication outages, working weekends and Christmas, some quite extreme weather conditions, strange critters and hard physical work that must often be quite repetitive. They need to have a wide range of skills, not the least of which is just to keep things ticking over. They deal with visitors to site from board members to large drilling teams and they make them all welcome. Some of them have special talents that we all benefit from – they have embraced drone technology and some of them take great photos, many of which are in this report.

I'd like to say thanks to every Vimy team member for another year of hard work and dedication and to congratulate them for their ongoing commitment to safety.

Mike Young
Managing Director and CEO

Wallis Drilling at Mulga Rock

OUTLOOK FOR 2018

Vimy has often said that it is better to be in the take-off zone, on the surfboard, and waiting for the incoming swell, rather than sitting on the beach waxing your board. You don't need to live next to the Indian Ocean to get the metaphor, and with the Definitive Feasibility Study nearing completion and Ministerial approvals completed, we're paddling out to the take-off zone! The perfect storm that is supply-demand imbalance is just over the horizon, and the swell will surely follow.

We will be ready.

The 2018 financial year will be a transitional year for us. This will be less demanding for our technical team, and much more active for our corporate side as we begin the process of securing contracts which will underpin our development.

We at Vimy believe deeply in our uranium thesis as set out below. Part of our strategy is to grow the Company's asset base through exploration and acquisitions. With studies done, our technical team will assess other uranium opportunities both within Australia and overseas as there are some great bargains out there.

URANIUM SPOT PRICE

There is a fundamental disconnect between sentiment and reality in the uranium business. Market sentiment is driven by the 'spot market' which currently stands at US$20.70 per pound U_3O_8. However, the marginal cost of uranium production is such that in 2017, a majority of global uranium production would be underwater at current spot prices.

At the same time, more highly priced offtake agreements and delivery commitments ensure that these mines remain profitable. In fact, most of the uranium purchased by utilities is done on a long-term contract basis in what is an opaque market. The disconnect therefore is simple: customers (and investors) think the price of uranium is US$20 while the miners (and smart investors) know that the actual price needs to be three times that to sustain and grow primary supply.

Only two things can happen in this scenario: nuclear power plants run out of fuel, or the uranium price goes up. The thesis above is complicated somewhat by secondary supplies and current global stockpiles, but the long-term viability of the nuclear power industry will require existing mines to continue operating, and new mines to open.

The global capacity of operable nuclear reactors continues to grow and, with over 60GWe of nuclear capacity under construction and a further 165GWe in advanced planning, new reactors coming on line are expected to significantly outpace closures and retirements leading to a sustained growth in demand. The biggest factors underpinning growth are the Chinese nuclear build program, and the glacially slow, though eventual, restart of the bulk of the Japanese reactor fleet over the next five years. China is without doubt the key to growth, with 20 reactors under construction, a further 40 planned, and another 143 proposed. China has a target of 150GWe of nuclear capacity by 2030 which will require new reactors being commissioned at a rate of about 10 per year from 2022 onwards, taking China's nuclear capacity above that of the United States by around 2026.

Piacentini and Son building the access road at Mulga Rock

Diamond drilling at Mulga Rock, carried out by Wallis Drilling

Mining is a game of diminishing assets as each mine depletes its reserves. Without a steady pipeline of new mines in any commodity, demand growth unreservedly leads to shortages. The timing of this tipping point remains unclear, but some analysts suggest that a meaningful shortfall could happen as soon as 2020. The nuclear fuel cycle, that is the timing and process of manufacturing nuclear fuel rods, takes over 18 months, and so utilities typically secure their contracts two or more years out from delivery requirements. With insufficient volume available from the spot market, prices are expected to rise quickly as more utilities enter the market and security of supply takes precedence over price.

All of these factors provide strong support for our view that the uranium price is due for a rebound in the same timeframe that we plan to move towards production. While many new uranium prospects have been discovered, the lead times to production are growing and Vimy's Mulga Rock Project is one of the most advanced development projects in the world.

Our strategy has always been to be 'mine ready' as soon as possible and to be first 'off the blocks' when the price inflexion occurs.

URANIUM MARKETING

Nuclear utilities around the world are keenly aware of developments being made by Vimy and appreciate that the Mulga Rock Project is now largely de-risked in terms of obtaining the necessary approvals. Some utilities have recently provided Vimy the opportunity to bid into their procurement opportunities. The completion of the DFS will enhance Vimy's ability to bid competitively into these processes.

Post DFS-completion, a more active engagement with utilities will commence with a view to obtaining strategic offtake agreements sufficient to underpin the financing required for project development.

BANKING DISCUSSIONS

Early engagement with banking institutions is crucial for uranium producers. The off-market contract nature of uranium procurement provides an inextricable link between uranium marketing and bank funding.

As a consequence, Vimy sought early engagement with banking institutions and was pleased to announce the appointment of Société Générale as bank project finance advisor in February 2017. Société Générale will assist with development of the overall bank project financing structure for the Mulga Rock Project, an area in which they have significant experience.

This early bank engagement provides multiple benefits to Vimy, including quantification of debt capacity and clarification of uranium marketing contract requirements. Société Générale's advisory role will be key to Vimy defining the bankable incentive price for the Mulga Rock Project.

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.

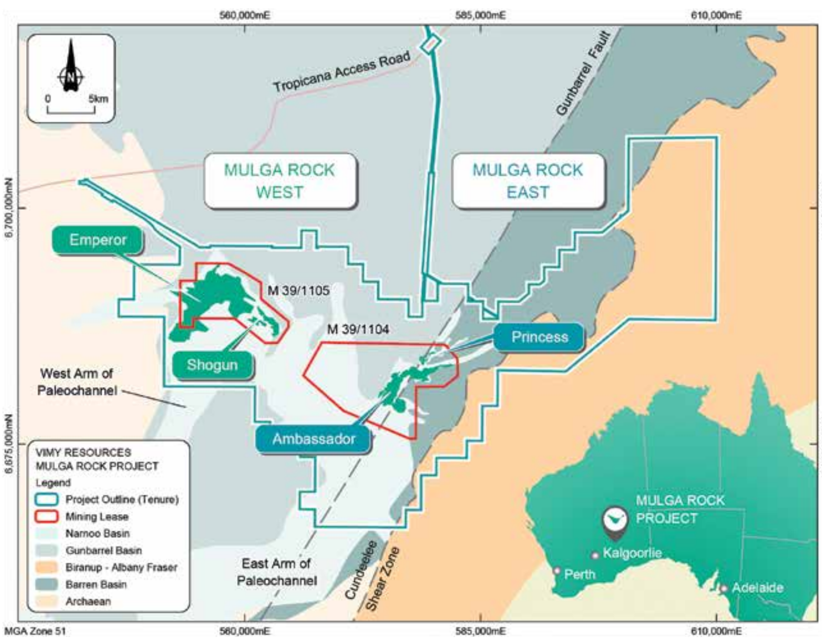
Excavation of Ambassador test pit

OPERATIONS REVIEW

Vimy's focus is the Mulga Rock Project, one of Australia's largest and most advanced undeveloped uranium resources. The Project is located 240km east-northeast of Kalgoorlie in Western Australia. The Mulga Rock Project is 100% owned and operated by Vimy. As the Project is located in the Great Victoria Desert, there are no competing land uses to the proposed mining operation.

The Mulga Rock Project comprises four Mineral Resources: Ambassador and Princess, which form the Mulga Rock East Mining Centre and Shogun and Emperor, which form the Mulga Rock West Mining Centre, approximately 20km away. The Project is situated on two granted Mining Leases (ML39/1104 and ML39/1105). Vimy holds title to approximately 750 square kilometres of exploration ground across the Mulga Rock Project and shares road access with the Tropicana Gold Mine.

Results of the Mulga Rock Project 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 East, then Ambassador West, Shogun and then Emperor.



DEFINITIVE FEASIBILITY STUDY

The Vimy team made solid progress on the Definitive Feasibility Study (DFS) during the year, building on the major milestones reached in the 2016 year. The release of the DFS was postponed to allow positive results from the optimisation drilling program to be incorporated into the updated resource figures. It is now due for release in November 2017.

OPTIMISATION IN-FILL DRILLING

In late 2015-early 2016, two open-cut geotechnical trenches, or test pits, were completed at Ambassador East and West. Assessment of the material in the test pits showed that the contained U_3O_8 in the excavated material was significantly higher than expected from the resource model. The Company decided to conduct what we called the 'optimisation drilling program' to investigate these results.

The optimisation drilling program commenced in October 2016 with assay, density, and disequilibrium data assessment completed in April 2017. The program was carried out over a 4km long section of the Ambassador East resource, an area which falls inside the current pit designs. Drill spacing varied between 50 x 80m and 50 x 40m. 84 diamond drill holes (for 4,333m) and 215 aircore drill holes (for 11,700m) were drilled with 5,673 samples taken and 739 bulk density measurements (drill core only).

A number of improvements were made to sampling procedures in this drilling program, including vacuum packing of diamond drill core at the rig to preserve moisture, and two-stage validation of wireline data. The Company identified several areas where the understanding of controls on mineralisation, input data and resource modelling processes have improved and can cumulatively lead to a material increase in the uranium metal. These include the use of geological sub-domaining which better honours local diamond drilling data and an increased drilling density, irrespective of drilling method, which increases contained metal. Ore densities from diamond core data increased with improved methodology. Overall, we gained a much better understanding of the controls on mineralisation and geological modelling and developed new best practice in handling disequilibrium issues in young uranium deposits.

Approaching desert storm at Mulga Rock

Borehole Wireline conducting downhole wireline survey at Mulga Rock

APPROVALS

We have made great progress with approvals, culminating in gaining State and Commonwealth conditional environmental approvals in December 2016 and March 2017 respectively. This was followed by an announcement on 20 June 2017 from the McGowan Government that the Mulga Rock Project is legally entitled to obtain all secondary approvals.

The twelve-week Public Environmental Review period for the Mulga Rock Project was completed in March 2016. Vimy submitted responses to all comments, and in July 2016 the responses were deemed to be accepted by the Office of the EPA, and the proposal was put forward to the EPA for consideration.

On 15 August 2016, the EPA recommended approval of the Mulga Rock Project and their assessment report was sent to the Minister for approval as required under s.44(1) of the Western Australian Environmental Protection Act 1986. The Project was assessed under an agreement between the Commonwealth of Australia, and Western Australia made under s.45 of the Environment Protection and Biodiversity Conservation Act 1999 (Cth).

On 19 December 2016, the Mulga Rock Project was approved by the then Western Australian Minister for Environment, the Hon. Albert Jacob MLA. The Minister's statement was an endorsement of the very low environmental impacts associated with the Project which was deemed to have no significant residual impacts on the environment, if implemented with the required conditions. In March 2017, the Project was then approved by the Hon. Josh Frydenberg MP, the Federal Minister for the Environment and Energy. Together these constitute the Project's major environmental approvals.

Although we were confident that the new WA State Labor Government would stand by the policy adopted by Premier Mark McGowan when he first became Leader of the Opposition in 2012, we welcomed the statement to State Parliament by the Hon. Bill Johnson on 20 June 2017, providing absolute assurance that the Mulga Rock Project is allowed to proceed.

We now have all the major environmental approvals to become Western Australia's first uranium mine.

EXPORT OF SAMPLES

In April this year Vimy was given permission by the then Minister for Resources and Northern Australia, the Hon. Matthew Canavan, to export uranium ore concentrate as samples to uranium converters for testing and quality assurance purposes. Approval was also granted by the Director General of ASNO, the Australian Safeguards and Non-proliferation Office.

The samples were produced during 2016 as the final product of the DFS pilot plant process. The ore feed was extracted from the geotechnical investigation trenches excavated at Ambassador in 2015/2016 and put through the metallurgical pilot plant. The first Uranium Oxide Concentrate (UOC) was precipitated in December 2016, and these particular samples were chosen as being closest to the quality expected in final production.

Vimy will produce a high-quality UOC at Mulga Rock, which will be shipped to the conversion plants for processing into nuclear fuel. The three samples were sent to converters' facilities in Canada for Cameco Corporation, the USA for ConverDyn and France for New Areva and put through their testing and quality assurance programs. In September this year, the Company announced that all three converters confirmed that the product from Mulga Rock was of a high quality. Nuclear utilities seeking to purchase Vimy's product under long-term offtake agreements can now be assured of product quality.

The setting up of accounts with all three converters is also an important step as all uranium concentrate from the Mulga Rock Project is required to be delivered to converter accounts. It is from these converter accounts that book transfers of uranium concentrate are made to utility customers, and sales invoicing is finalised. Australia's uranium is sold strictly for electrical power generation only, and there are extremely strict safeguards in place to ensure this. Australia was the first country to bring into force an additional protocol above the Nuclear Non-Proliferation Treaty (NPT) and requires all customer countries to have entered into a bilateral safeguards treaty which is more rigorous than NPT arrangements.

SAFETY

At Vimy, we actively encourage a culture of safety while emphasising that safety is everyone's responsibility. We had an in-house competition this year to come up with a safety slogan and the winner was Mathew Lovelock, one of our mining engineers, with the slogan: *'Safety – The Power is in U'.*

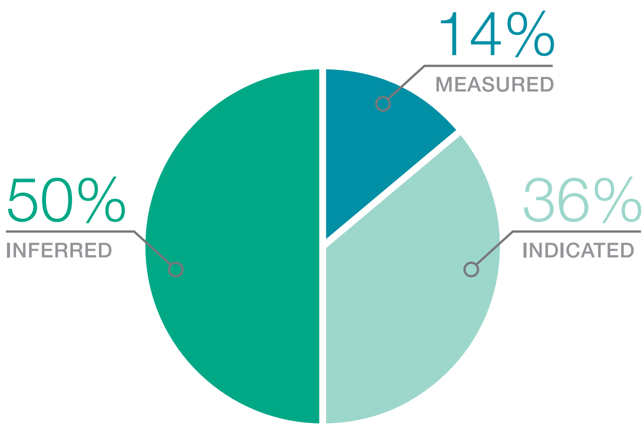
The Vimy EHS team uses the MyOSH electronic safety system across the operation, which enables all hazards and incidents to be captured, investigated, remedied and closed off. The system supports an integrated framework for Vimy's EHS management system and has enabled the team to move to a more resilient safety culture.

Vimy's health and safety performance for 2017 was positive with a strong emphasis on leading indicators, such as Hazard Reports, Take 5's and Job Hazard Assessments. This focus on preventative measures resulted in frequency rates for Lost Time Injuries (LTIs), Medically Treated Injuries (MTIs) and Minor Injuries (MI) well below mining industry averages. This is a great outcome, and all Vimy employees should be commended on putting safety first.

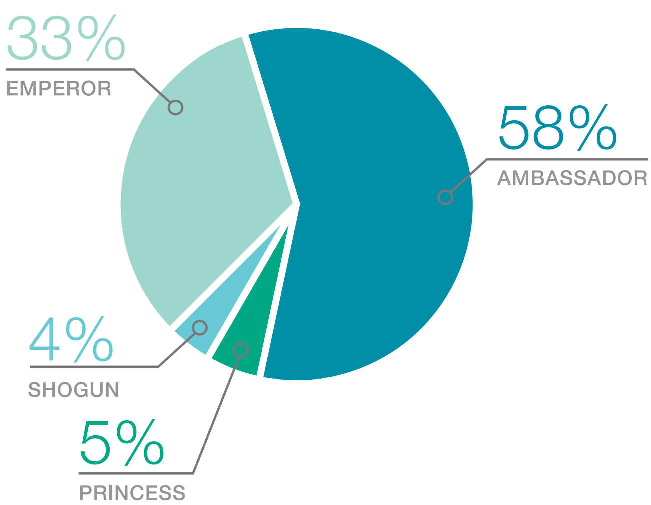
SAFETY
THE POWER IS IN U

MINERAL RESOURCE & ORE RESERVE UPDATES

RESOURCE STATUS



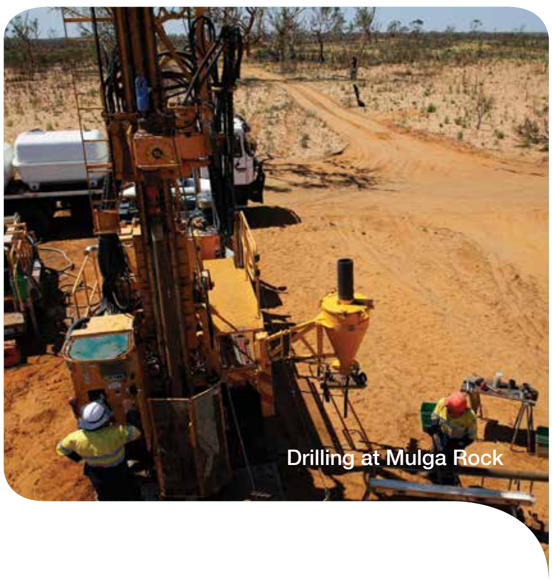
CONTAINED METAL BY DEPOSIT



A Mineral Resource upgrade was announced on 8 November 2016 for Shogun and Emperor and 25 May 2017 for the Ambassador East deposit, but the most significant upgrade, announced just after the end of the reporting period on 12 July 2017, saw the Mulga Rock aggregate Mineral Resource move above the 90Mlb mark. The global resource at the Mulga Rock Project now stands at 90.1Mlbs U_3O_8, from 71.2Mt at 570ppm U_3O_8, with 50% of the global Mineral Resource now in Measured and Indicated status. As announced on 4 September 2017, most of this material was converted to Proven and Probable Reserves.

The Mulga Rock East mining centre, comprising the Princess and Ambassador deposits, will be the focus of initial mine development, with sufficient mineral inventory in the Ore Reserve (which also includes the Shogun deposit) to feed the process plant for the first thirteen years of production. The Mineral Resource at Mulga Rock East has increased by 30% for a total of 56.4Mlb U_3O_8 at 680ppm U_3O_8 compared to the November 2016 estimate.

The Princess and Ambassador resources now represent 63% of the global resource as shown on the chart to the left.



Drilling at Mulga Rock

MULGA ROCK PROJECT MINERAL RESOURCE, JULY 2017

Deposit / Resource	Classification	Cut-off Grade (ppm U_3O_8)	Tonnes (Mt)[1]	U_3O_8 (ppm)[2]	Total Metal U_3O_8 (Mlb)
Mulga Rock East					
Princess	Indicated	150	2.0	820	3.6
Princess	Inferred	150	1.3	420	1.2
Ambassador	Measured	150	5.2	1,100	12.6
Ambassador	Indicated	150	14.8	800	26.0
Ambassador	Inferred	150	14.2	420	13.1
		Sub-total	**37.4**	**680**	**56.4**
Mulga Rock West					
Emperor	Inferred	150	30.8	440	29.8
Shogun	Indicated	150	2.2	680	3.2
Shogun	Inferred	150	0.9	290	0.6
		Sub-total	**33.8**	**450**	**33.6**
		Total Resource	**71.2**	**570**	**90.1**

1. t = metric dry tonnes; appropriate rounding has been applied, and rounding errors may occur.
2. Using cut combined U_3O_8 composites (combined chemical and radiometric grades).

MULGA ROCK PROJECT ORE RESERVE, AUGUST 2017

Deposit / Resource	Classification	Cut-off Grade (ppm U_3O_8)	Tonnes (Mt)[1,2]	U_3O_8 (ppm)[3]	U_3O_8 (Mlb)[4]
Mulga Rock East					
Ambassador	Proved	150	5.3	1,055	12.3
Ambassador	Probable	150	14.1	775	24.0
Princess	Probable	150	1.7	870	3.3
		Sub-total	**21.1**	**850**	**39.6**
Mulga Rock West					
Shogun	Probable	150	1.6	760	2.7
		Sub-total	**1.6**	**760**	**2.7**
		Total Reserve	**22.7**	**845**	**42.3**

1. Tonnages and grades are reported including mining dilution.
2. t = metric dry 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.

TENEMENTS

At 30 June 2017, Vimy held title to approximately 750 square kilometres of exploration ground across the Mulga Rock Project. All tenements are in the Mt Margaret Mineral Field of Western Australia.

The Company currently has 24 tenements that all relate to the Mulga Rock Project: two are mining leases, eight are exploration licences, five are prospecting licences, and nine 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.

GRANT OF MINING LEASES

In October 2016 the Company announced the granting of two new mining leases (M39/1104 and M39/1105). These replaced the previous mining leases M39/1080 and M39/1081 granted in July 2012, which were conditionally surrendered. All licences and conditions attached to the original tenements were carried over to the new Mining Leases.

Tenement	Ownership
M39/1104	100%
M39/1105	100%
E39/876	100%
E39/877	100%
E39/1148	100%
E39/1149	100%
E39/1150	100%
E39/1551	100%
E39/1683	100%
E39/1902	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%
L39/240	100%
L39/241	100%
L39/242	100%
L39/252	100%
L39/253	100%
L39/254	100%

Aerial view of Mulga Rock camp and airstrip

MINERAL RESOURCE AND ORE RESERVE STATEMENT

AS AT 30 JUNE 2017

MULGA ROCK PROJECT

OVERVIEW

- **The Mineral Resource and Ore Reserve reported in this section have been superseded. Please refer to pages 14 and 15 of this report for details of further significant increases to both the Resource and Ore Reserve estimates, announced after the end of the reporting period.**
- The Mulga Rock Project global uranium mineral estimate increased by 3% between 1 July 2016 and 30 June 2017, from 76.2Mlbs to 78.5Mlbs (from 66.6Mt at 520ppm U_3O_8 to 67.9Mt at 525ppm), all reported in accordance with the JORC Code 2012.
- The Ambassador and Princess resources are grouped to form the Mulga Rock East Deposit and the Shogun and Emperor resources form the Mulga Rock West Deposit.
- At Mulga Rock East, the change was the result of a 14% increase in the Mineral Resource at Ambassador East, resulting from the optimisation drilling campaign which took place in the fourth quarter of 2016, increasing the contained metal from 12.4 to 14.1Mlbs U_3O_8.
- On 25 May 2017, the Company announced a high-grade Maiden Measured Mineral Resource for the Mulga Rock Project (12.4Mlb U_3O_8) at 0.11% U_3O_8 (1,100 ppm).
- At Mulga Rock West, the combined resources of Emperor and Shogun stood at 33.7Mt at 450ppm U_3O_8 for a total of 33.6Mlb, a 2% increase on that reported to the year to 30 June 2016, which was 32.5Mt at 460ppm U_3O_8 for a total of 33.0Mlbs.The increase arose from extensive infill (Shogun) and twin (Emperor) drilling programs completed and announced early in 2016.
- On 16 November 2016, the Company announced an increased Probable Ore Reserve for the Mulga Rock Project of 18.7Mt at 755ppm for a total metal content of 31.2Mlb U_3O_8 (from 15.2Mt at 660ppm for a total metal content of 22.1Mlb U_3O_8). This represented a 41% increase in contained metal and 14% increase in uranium grade from the Maiden Ore Reserve announced in March 2016.

Diamond core drilling at Mulga Rock

MULGA ROCK PROJECT TOTAL ORE RESERVE
30 JUNE 2017 COMPARED TO 30 JUNE 2016, REPORTED AT A 150PPM CUT-OFF GRADE

		2017			2016		
Deposit / Resource	Classification	Tonnes (Mt)[1, 2]	U_3O_8 (ppm)[3]	U_3O_8 (Mlb)[4]	Tonnes (Mt)[1, 2]	U_3O_8 (ppm)[3]	U_3O_8 (Mlb)[4]
Mulga Rock East							
Princess	Probable	1.1	734	1.7	1.3	640	1.8
Ambassador	Probable	16.4	753	27.3	13.9	660	20.2
	Sub-total	**17.5**	**752**	**29.0**	**15.2**	**660**	**22.1**
Mulga Rock West							
Shogun	Probable	1.2	808	2.2	-	-	-
	Sub-total	**1.2**	**808**	**2.2**	**-**	**-**	**-**
	Total Reserve	**18.7**	**755**	**31.2**	**15.2**	**660**	**22.1**

MULGA ROCK PROJECT TOTAL MINERAL RESOURCE
30 JUNE 2017 COMPARED TO 30 JUNE 2016, REPORTED AT A 150PPM CUT-OFF GRADE

		2017			2016		
Deposit / Resource	Classification	Tonnes (Mt)[2]	U_3O_8 (ppm)[3]	U_3O_8 (Mlb)[4]	Tonnes (Mt)[2]	U_3O_8 (ppm)[3]	U_3O_8 (Mlb)[4]
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	Measured	5.1	1,105	12.4	-	-	-
	Indicated	14.0	655	20.1	19.8	720	31.5
	Inferred	11.3	335	8.3	10.4	330	7.7
	Sub-total	**34.2**	**595**	**45.0**	**34.1**	**580**	**43.2**
Mulga Rock West							
Emperor	Inferred	30.8	440	29.8	28.4	450	28.1
Shogun	Indicated	1.9	680	2.9			
Shogun	Inferred	1.1	390	0.9	4.1	550	4.9
	Sub-total	**33.7**	**450**	**33.6**	**32.5**	**460**	**33.0**
	Total Resource	**67.9**	**525**	**78.5**	**66.6**	**520**	**76.2**

[1] Tonnages and grades are reported including mining dilution.
[2] t = metric dry 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.

MINERAL RESOURCE ESTIMATE UPDATES BY DEPOSIT

MULGA ROCK EAST

- The "optimisation drilling program" at Ambassador, carried out in 4Q 2016, was planned following assessment of the material from the two test pits excavated at Ambassador during the ongoing Definitive Feasibility Study. Results indicated that the contained U_3O_8 in the excavated material was significantly higher than expected from the resource model and the optimisation drilling was conducted to confirm this assessment.
- The 4Q 2016 optimisation drilling program was conducted on a 4km long section of the Ambassador East resource using a drill spacing varying between 50 x 80m and 50 x 40m.
- At Ambassador East there was a 92% conversion from an Indicated to Measured status.

MULGA ROCK WEST

- On 8 November 2016, the Shogun Resource Estimate was announced at 3.0Mt at 580ppm U_3O_8 for 3.8Mlbs U_3O_8, with 76% of the Mineral Resource classified as Indicated. The Shogun Mineral Resource grade increased from 550ppm to 570ppm U_3O_8.
- The estimate was based on the extensive infill drilling program at Shogun, announced to the ASX on 25 February 2016, and comprising 162 air core and 15 diamond core holes in the Shogun resource area, for a total of 7,096 metres.
- The twin drilling program at Emperor, also conducted in early 2016, consisted of 25 twin aircore and diamond holes for a total of 2,470 metres, primarily to verify bulk density and to establish radiometric disequilibrium factors.

BY-PRODUCTS RESOURCE ESTIMATES

- Base and other metals within the uranium mineralisation domains were previously reported although outside of the uranium domains they were considered not economically recoverable. A base metal estimate has not been included in this report. Poor continuity, low grades and overall low metal content indicate that they do not have a reasonable chance of eventual economic recovery.

RESOURCES - OTHER MATERIAL INFORMATION SUMMARY

GEOLOGY AND GEOLOGICAL INTERPRETATION

- Geological modelling: Updates to the Mulga Rock West and East geological models relied on the increased drill spacing in part of the Project as well as better characterisation of the various stratigraphic packages based on their wireline signature.
- The increased drill spacing at Ambassador East resulted in very limited changes in volume and tonnage of the mineralised domains (typically less than 4-5%).

SAMPLING AND SUB-SAMPLING

- Improvements were made to measurements of wet bulk densities and moistures through vacuum packing samples at the drill rig.
- A dual validation process of wireline data was also introduced, ensuring more efficient delivery of high quality data.

SAMPLE ANALYSIS METHOD

- The correction methodology for secular radiometric disequilibrium was updated on the basis of geological sub-domains, honouring locally consistent thicknesses, grades and metal accumulations. This has resulted in a general increase in grade, and justified overall increases in top cut-off grades applied across to various sub-domains.
- A more thorough data validation process was introduced in the analysis of bulk density and moisture, resulting in a better treatment of outliers and very good correlation of measurements on physical readings and wireline density logs equivalents. This has resulted in minor changes to the bulk and dry density assigned to the various lithologies used in the estimation process. Bulk densities at Ambassador and Princess were estimated directly into the block models, with bulk densities at Shogun and Emperor applied to the block model using indicator derived fractions for the key lithologies.

DRILLING TECHNIQUES

- There were no material changes to the drilling techniques involved in the 4Q 2016 optimisation drilling program, with consistent delivery of high quality drill core and aircore cutting achieved throughout the program.

ESTIMATION METHODOLOGY

- 3D estimation methods were used this year for all domains at Ambassador and Princess, in preference to the 2D accumulation or grade x thickness estimation method used for the domains 100 and 200 at Ambassador in previous years.

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. Conditional simulation modelling of the various mineralised domains was used to assess confidence levels associated with drill spacing and corresponding Mineral Resource classification. All other things being equal, the following criteria were used:
  - Measured category is defined as having +/- 15% relative error at the 90% level against the quarterly production output.
  - Indicated category is defined as having a +/-15% relative error at the 90% level against the annual production output.

CUT-OFF GRADE

- No adjustment was made to the overall cut-off grade for the Project (150 ppm U_3O_8), with ongoing mining and process studies supporting that threshold.

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

- There were no material changes to report, assuming mining via a mix of conventional and strip mining methodologies.

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 Ore Reserves and Mineral Resources committee responsible for reviewing and monitoring the Company's processes for calculating Ore Reserves and Mineral Resources and for ensuring that the appropriate internal controls are applied to such calculations.

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

The Company has also engaged the services of a highly reputable Mineral Resource consultant to peer review the data acquisition, handling, processing and estimation used during the year.

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 are 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'.

The information in this report that relates to operating costs and estimation of the Mulga Rock Ore Reserves is based on information compiled by Andrew Hutson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Hutson is an employee of Mining Plus. Mr Hutson consents to the inclusion, form and context of the relevant information herein as derived from the original Ore Reserve report. Mr Hutson 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'.

The information in this report that relates to resource optimisation, mining methodology, mine schedule and infrastructure for the Mulga Rock Ore Reserves is based on information compiled by Joel van Anen, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr van Anen is an employee of Vimy Resources. Mr van Anen consents to the inclusion, form and context of the relevant information herein as derived from the original Ore Reserve report. Mr van Anen 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'.

2017 FINANCIAL REPORT

TABLE OF 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 2017 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 21 September 2017. 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 2017.

DIRECTORS

The names and details of directors who held office during the year ended 30 June 2017 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. She was appointed in August 2017 as a part-time member of the Foreign Investment Review Board for a five-year period. Mrs Edwardes assists the clients of FTI Consulting with a range of complex statutory approvals required for resources and infrastructure projects. She also chairs the Port Hedland International Airport, a joint venture company between AMP Capital and Infrastructure Capital Group and is a Commissioner on the WA Football Commission.

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.

Mrs Edwardes was awarded an Order of Australia in the Queen's Birthday Honours 2016 for "significant service to the people and Parliament of Western Australia, to the law and to the environment, and through executive roles with business, education and community organisations."

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), and Cycliq Group Limited February 2017 to present.

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 (Andy) 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 Limited. 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 (Mal) 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; and Algae Tec Limited from September 2014 to present.

COMPANY SECRETARY

Ronald (Ron) 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.

Listed company directorships in the last three years: Nil

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year ended 30 June 2017 were exploration and evaluation on the Mulga Rock Project, with Definitive Feasibility Study work undertaken during the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year the following significant events occurred:

- On 15 August 2016, the Company completed the final drawdown of $7.5 million from the Resource Capital Fund VI L.P. ('RCF VI') unsecured bridging loan. On 17 August 2015, the Company announced a legally binding agreement with 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 $5 million share placement completed in May 2015, 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 30 September 2016, the Company announced completion of a placement from new and existing institutional and sophisticated investors which raised $6.3 million in new funds at $0.26 per share before costs. The funds raised were primarily for a uranium grade optimisation drilling program.
- On 23 November 2016, the Company issued 19,230,769 fully paid ordinary shares for an agreed value of $0.26 per share to repay $5 million of the RCF VI bridge facility.
- On 24 January 2017, the Company announced shareholders had approved the conversion of the remaining $10 million of the RCF VI bridge facility into 38,461,539 fully paid ordinary shares for an agreed value of $0.26 per share to repay the facility before its maturity on 31 March 2017.

OPERATING AND FINANCIAL REVIEW

OPERATING RESULT

The consolidated operating loss after tax for the year ended 30 June 2017 attributable to members of the Group was $11,500,157 (2016: operating loss after tax $11,957,825). 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 decreased to $7,724,364 (2016: $11,380,804) as a consequence of the RCF VI royalty payment of $10 million in 2016, despite higher R&D tax incentive grant income in 2017.
- Lower exploration and evaluation expenditure of $13,597,184 (2016: $18,497,411) as a result of nearing completion of the Definitive Feasibility study for the Mulga Rock Project.

DIVIDENDS

No dividends were paid in the current year (2016: $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:

- On 7 July 2016, the Office of the Environmental Protection Authority informed the Company that its responses to the Public Environmental Review submissions had been determined to be acceptable and that its proposal for the project can now be considered by the Environmental Protection Authority ('EPA').
- On 15 August 2016, the EPA recommended approval of the project to the Western Australian Minister for Environment, subject to specific conditions and procedures.
- On 27 September 2016, the EPA granted consent to allow preliminary works to be undertaken in support of the project.
- On 24 October 2016, the Company was granted two new replacement Mining Leases, giving security of tenure for all proposed mining areas and post-mine landforms for the life-of-mine of the project.
- On 8 November 2016, the Company announced a significant increase in the resource classification across the Ambassador and Shogun deposits, with greater than 36Mlbs U_3O_8 classified as indicated.

- On 16 November 2016, the Company announced an updated Probable Ore Reserve containing 18.7Mt at 755ppm U_3O_8 for 31.2Mlb U_3O_8 comprising a 41% increase in contained metal from the Maiden Ore Reserve announced in March 2016, with uranium grade increasing 14%, from 660ppm to 755ppm U_3O_8.
- On 28 November 2016, the Western Australian Minister for Environment determined the appeals to the EPA recommendation, and partly allowed the appeals, by amending a number of conditions, primarily in order to improve consistency between the conditions and the assessment and recommendations.
- On 19 December 2016, the Western Australian Minister for Environment approved the Project, subject to implementation conditions.
- On 6 March 2017, the Commonwealth's Minister for the Environment and Energy approved the Project, subject to specified conditions, and this was the final approval required before work could commence.
- On 10 March 2017, the Company announced commencement of work on the project, involving some initial construction activity associated with both infrastructure facilities and mining.
- On 24 April 2017, the Company announced dispatch of uranium samples to converters for testing.
- On 26 April 2017, the Company announced results of the 2016 in-fill drilling program, with an overall increase of 5% to 15% in contained uranium metal in the area drilled out. This increase in contained metal will have a material, positive effect on the economics of the Mulga Rock Project, the Company has determined that publication of the DFS should be delayed.
- On 25 May 2017, the Company announced an update to the Project mineral resource, with a maiden measured mineral resource of 12.4Mlb U_3O_8 high-grade, as the measured resource is greater than 0.11**%** U_3O_8 (1,100ppm), and a 14% increase in contained metal at Ambassador East (from 12.4 to 14.1Mlb U_3O_8).
- On 20 June 2017, the new McGowan Western Australian Government confirmed that the Project will be allowed to proceed to development.

The Company currently has twenty-four tenements that all relate to the Mulga Rock Project, two are mining leases, eight are exploration licences, five are prospecting licences, and nine 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 assets at 30 June 2017 were $4,627,848 (2016: Net liabilities of $5,298,051) and are low as a consequence of the accounting policy to expense all exploration and evaluation expenditure as incurred.

Cash balances at 30 June 2017 totalled $5,081,972 (2016: $4,572,609).

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 $6 million placement to new institutional and sophisticated investors on 31 July 2017.
- Research and Development Tax Incentive receipts expected from lodging the 2017 Group income tax return.
- The Group's demonstrated track record in raising equity.
- The previous funding support provided by existing shareholders and indication that they would continue to support the Group

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 and other projects as may be acquired.

MATTERS SUBSEQUENT TO THE END OF THE YEAR

Since 30 June 2017 the following significant subsequent events have occurred:

On 12 July 2017, the Company announced the results from a Mineral Resource update at its Mulga Rock Project. The new global Mineral Resource has increased by 17% to 71.2Mt at 570ppm U_3O_8 for 90.1Mlbs U_3O_8 compared to the November 2016 estimate of 76.8Mlb U_3O_8.

On 31 July 2017, the Company announced the completion of a heavily oversubscribed placement from new institutional and sophisticated investors which raised $6 million at $0.14 per share before costs. The funds raised were primarily to enable completion of the DFS work programs for the Mulga Rock Project.

On 4 September 2017, the Company announced a major ore reserve update to 42.3Mlbs U_3O_8 from 22.7Mt at 845ppm U_3O_8, a 36% increase in ore reserve metal since the last reserve update in November 2016, including a maiden proved ore reserve of 12.3Mlbs from 5.3Mt at 1,055ppm U_3O_8.

On 6 September 2017, the Company announced that it had received all results from testing of the Uranium Ore Concentrate product samples dispatched to the three international commercial converters, confirming the high quality product from the Mulga Rock Project.

MEETINGS OF DIRECTORS

The meetings of the Company's Board of Directors held during the year ended 30 June 2017, 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 2017	**A**	**B**	**A**	**B**	**A**	**B**
C. Edwardes	13	13	4	4	1	2
M. Young	13	13	*	*	*	*
J. Tapp	13	13	*	*	*	*
D. Cornell	13	13	4	4	2	2
A. Haslam	13	13	4	4	2	2
M. James	11	13	4	4	1	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	5,238,094	2,142,856
J. Tapp	3,571,427	2,142,856
D. Cornell	-	-
A. Haslam	-	-
M. James [(a)]	-	-

(a) Mr James is the nominated representative of Forrest Family Investments Pty Ltd, an investment entity within Andrew Forrest's Minderoo Group which currently holds 57,142,857 ordinary shares.

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

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 2017.

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 2016 and 2017 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 has regard to the following indices in respect of the current financial year and the previous four financial years:

Item	2017	2016	2015	2014 *	2013 *
Loss per share (cents)	(4.11)	(5.24)	(5.26)	(13.72)	(27.23)
Dividend (cents per share)	-	-	-	-	-
Net loss	(11,500,157)	(11,957,825)	(10,725,302)	(8,298,813)	(15,337,969)
Share price ($)	0.18	0.34	0.26	0.35	0.21

* 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 2017 and 2016 are set out in the following tables.

		Short-term benefits		***Post-employment benefits***	***Share-based payments***	
		Cash salary and fees	**Cash bonus (a)**	**Superannuation**	**Value of options / shares**	**Total**
Directors						
Non-executive						
C. Edwardes	2017	90,000	-	8,550	67,513	166,063
Chairman	2016	90,000	-	8,550	146,212	244,762
D. Cornell	2017	40,000	-	3,800	-	43,800
	2016	40,000	-	3,800	-	43,800
A. Haslam	2017	43,800	-	-	-	43,800
from 1 April 2016	2016	10,950	-	-	-	10,950
M. James (b)	2017	43,800	-	-	-	43,800
from 1 April 2016	2016	10,950	-	-	-	10,950
A. Hood (b)	2017	-	-	-	-	-
Resigned 1 April 2016	2016	32,850	-	-	-	32,850
Executive						
M. Young	2017	425,000	179,775 (a)	25,000	302,953	932,728
CEO and MD	2016	425,000	-	25,000	233,391	683,391
J. Tapp	2017	325,000	103,100 (a)	25,000	107,768	560,868
	2016	325,000	-	25,000	233,391	583,391
Total directors	2017	967,600	282,875	62,350	478,234	1,791,059
	2016	934,750	-	62,350	612,994	1,610,094

(a) Cash bonus payments to M. Young and J. Tapp in 2017 relate to both the 2017 and 2016 years. No recognition of cash bonus payments were made in 2016 for M. Young and J. Tapp as no legal or constructive obligation existed as at 30 June 2016 for the entitlement. During 2017 the service agreements for M. Young and J. Tapp were amended to include a short term incentive entitlement, which has resulted in the recognition of both 2017 and 2016 cash bonus payments in the 2017 year.

(b) Payments for Mr James and Mr Hood 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 (a)**	**Superannuation**	**Value of options / shares**	**Total**
Key management personnel						
T. Chamberlain	2017	380,000	58,900	19,616	113,019	571,535
Chief Operating Officer	2016	278,933	49,400	13,012	136,975	478,320
from 1 November 2015						
R. Chamberlain	2017	300,000	45,000	28,500	120,508	494,008
CFO and Company Secretary	2016	125,150	15,000	11,875	9,626	161,651
from 5 February 2016						
S. McBride	2017	-	-	-	-	-
CFO and Company Secretary	2016	304,370	-	35,000	33,049	372,419
Resigned 5 February 2016						
Total key management personnel	2017	680,000	103,900	48,116	233,527	1,065,543
	2016	708,453	64,400	59,887	179,650	1,012,390

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.

For the 2017 year cash bonus payments, M. Young received 78% of the maximum annual short-term incentive bonus (22% forfeited), J. Tapp received 70% of the maximum annual short-term incentive bonus (30% forfeited), T. Chamberlain received 77.5% of the maximum annual short-term incentive bonus (22.5% forfeited), and R. Chamberlain received 75% of the maximum annual short-term incentive bonus (25% forfeited).

For the 2016 year cash bonus payments, M. Young received 63% of the maximum annual short-term incentive bonus (37% forfeited), J. Tapp received 82% of the maximum annual short-term incentive bonus (18% forfeited), T. Chamberlain received 65% of the maximum annual short-term incentive bonus (35% forfeited), and R. Chamberlain received 60% of the maximum annual short-term incentive bonus (40% forfeited).

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***	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Directors						
Non-executive						
C. Edwardes	59%	40%	-	-	41%	60%
D. Cornell	100%	100%	-	-	-	-
A. Haslam	100%	100%	-	-	-	-
M. James	100%	100%	-	-	-	-
A. Hood	-	100%	-	-	-	-
Executive						
M. Young	48%	66%	19%	-	33%	34%
J. Tapp	63%	60%	18%	-	19%	40%
Key management personnel						
T. Chamberlain	70%	61%	10%	10%	20%	29%
R. Chamberlain	67%	85%	9%	9%	24%	6%
S. McBride	-	91%	-	-	-	9%

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.
- Short Term Incentive – Maximum annual award of 30% of base remuneration.
- 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.
- Change of Control - If there is a change of control of the Company, and there is a material diminution of the executive's duties or decision-making authority which is not agreed with the executive, the executive will be entitled to twelve months base remuneration plus the equivalent of the full year short term incentive bonus. This change of control entitlement is inclusive of the applicable notice period.

Mr J. Tapp, Executive Director

- Base Remuneration - $350,000 inclusive of 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 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.
- Change of Control - If there is a change of control of the Company, and there is a material diminution of the executive's duties or decision-making authority which is not agreed with the executive, the executive will be entitled to twelve months base remuneration plus the equivalent of the full year short term incentive bonus. This change of control entitlement is inclusive of the applicable notice period.

Mr T. Chamberlain, Chief Operating Officer

- 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 T. Chamberlain's employment at any time with four months' written notice or the payment of four months' remuneration in lieu of notice. Mr T. 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.
- Change of Control - If there is a change of control of the Company, and there is a material diminution of the executive's duties or decision-making authority which is not agreed with the executive, the executive will be entitled to twelve months base remuneration plus the equivalent of the full year short term incentive bonus. This change of control entitlement is inclusive of the applicable notice period.

Mr R. Chamberlain, Chief Financial Officer and Company Secretary

- 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 R. Chamberlain's employment at any time with six months' written notice or the payment of six months' remuneration in lieu of notice. Mr R. 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.
- Change of Control - If there is a change of control of the Company, and there is a material diminution of the executive's duties or decision making authority which is not agreed with the executive, the executive will be entitled to twelve months' base remuneration plus the equivalent of the full year short term incentive bonus. This change of control entitlement is inclusive of the applicable notice period.

D. Share-based compensation

During the year the Company issued shares under the 2016 Vimy Employee Share Plan ('2016 Plan') to one key management personnel.

On 22 November 2016, the Company issued 1,666,667 ordinary shares to Mr M. Young. 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 three year service condition relating to satisfaction of key performance indicators for project approvals, finance, decision to mine, production, health, safety and environment, governance and continuity.

The exercise price of the equity instruments granted was $0.245 per share, the fair value of the equity instruments granted was $0.24 per share, and the total amount to be recognised as share based payments over the three-year service condition period was $323,978. The expiry date of the issued shares is 22 November 2021.

The terms of the 2016 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 2017				
Directors				
C. Edwardes	857,142	-	-	857,142
M. Young	3,571,427	1,666,667	-	5,238,094
J. Tapp	3,571,427	-	-	3,571,427
D. Cornell	-	-	-	-
A. Haslam	-	-	-	-
M. James [(a)]	-	-	-	-
	7,999,996	1,666,667	-	9,666,663
Key management personnel				
T. Chamberlain	1,142,857	-	-	1,142,857
R. Chamberlain	500,000	-	-	500,000
	1,642,857	-	-	1,642,857

(a) Mr James is the representative of Forrest Family Investments Pty Ltd (Peepingee Trust) which held 57,142,857 ordinary shares in the Company during the year ended 30 June 2017.

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 2017
30 June 2017						
Directors						
C. Edwardes	-	-	-	-	-	
M. Young	2,142,856	-	-	-	2,142,856	2,142,856
J. Tapp	2,142,856	-	-	-	2,142,856	2,142,856
D. Cornell	-	-	-	-	-	
A. Haslam	-	-	-	-	-	
M. James [(a)]	-	-	-	-	-	
	4,285,712	-	-	-	4,285,712	4,285,712
Key management personnel						
T. Chamberlain	-	-	-	-	-	-
R. Chamberlain	-	-	-	-	-	-
	-	-	-	-	-	-

(a) Mr James is the representative of Forrest Family Investments Pty Ltd (Peepingee Trust) which held 57,142,857 ordinary shares in the Company during the year ended 30 June 2017.

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 2013 Vimy Employee Share Plan ('2013 Plan'), pursuant to which employees (including directors) of the Company can be invited to subscribe for shares using financial assistance provided by the Company.

During 2016, shareholders approved an employee share scheme for the Company. As a result the Company adopted the employee share plan to be known as the 2016 Vimy Employee Share Plan ('2016 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 Plans provide 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 Plans 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	22/11/2016	1,666,667	$407,500	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 Plans are as follows:

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

(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 Plans (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) 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 Plans 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 Plans 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	
	2017 $	**2016 $**
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 2017 was $nil (2016: $7,600).		
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 2017 $	**Year ended 30 June 2016 $**
Assurance services		
1. Audit services		
Grant Thornton Audit Pty Ltd:		
Audit of financial reports and other audit work under the *Corporations Act 2001*	34,871	35,665
2. Non-audit services		
Advisory fees	-	-
Total remuneration for assurance services	34,871	35,665

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 has also 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 21 September 2017

Grant Thornton

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

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 2017, 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 Audit Pty Ltd

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

Patrick Warr
Partner - Audit & Assurance

Perth, 21 September 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 $	2016 $
Other Income	6	7,724,364	11,380,804
Exploration and evaluation expenditure		(13,597,184)	(18,497,411)
Corporate and administration expense		(3,809,237)	(3,732,340)
Financing expense		(913,419)	(194,223)
Share based payments expense	7	(904,681)	(914,655)
Loss before income tax		(11,500,157)	(11,957,825)
Income tax expense		-	-
Loss attributable to members of the Company		(11,500,157)	(11,957,825)
Other comprehensive income, net of tax		-	-
Total comprehensive loss attributable to members of the Company		(11,500,157)	(11,957,825)

	Note		
Loss per share from continuing operations attributable to the ordinary equity holder of the Company:		**Cents per share**	**Cents per share**
Basic and diluted loss per share	4	(4.11)	(5.24)

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 2017

	Note	Consolidated 2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	9	5,081,972	4,572,609
Trade and other receivables	10	2,363,665	386,488
Prepayments	11	82,813	267,631
Total Current Assets		7,528,450	5,226,728
NON-CURRENT ASSETS			
Trade and other receivables	10	190,506	190,506
Plant and equipment	12	299,265	430,755
Total Non-Current Assets		489,771	621,261
TOTAL ASSETS		**8,018,221**	**5,847,989**
CURRENT LIABILITIES			
Trade and other payables	13	2,403,709	2,736,083
Provisions	14	377,390	697,488
Loans and borrowings	15	-	7,500,000
Other financial liabilities	16	22,237	-
Total Current Liabilities		2,803,336	10,933,571
NON-CURRENT LIABILITIES			
Trade and other payables	13	-	112,183
Provisions	14	587,037	79,870
Other financial liabilities	16	-	20,416
Total Non-Current Liabilities		587,037	212,469
TOTAL LIABILITIES		**3,390,373**	**11,146,040**
NET (LIABILITIES) / ASSETS		**4,627,848**	**(5,298,051)**
EQUITY			
Contributed equity	17	88,248,678	67,727,303
Employee option plan reserve	18	1,419,026	1,316,153
Employee share plan reserve	18	2,729,089	1,927,281
Accumulated losses	20	(87,768,945)	(76,268,788)
TOTAL (DEFICIT) / EQUITY		**4,627,848**	**(5,298,051)**

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 2017

	Contributed equity $	Accumulated losses $	Option reserve $	Share reserve $	Total $
CONSOLIDATED					
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)
Balance at 1 July 2016	67,727,303	(76,268,788)	1,316,153	1,927,281	(5,298,051)
Issue of ordinary shares net of issue costs	20,521,375	-	-	-	20,521,375
Loss attributable to members of the Company	-	(11,500,157)	-	-	(11,500,157)
Share based payments expense	-	-	102,873	801,808	904,681
Balance at 30 June 2017	88,248,678	(87,768,945)	1,419,026	2,729,089	4,627,848

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 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Cash Flows from Operating Activities			
Interest received		197,958	152,596
Payments to other suppliers and employees		(17,107,671)	(20,178,549)
R&D tax incentive grant income		3,973,698	1,215,702
Interest paid		(34,965)	-
Net cash used in Operating Activities	24	(12,970,980)	(18,810,251)
Cash Flows from Investing Activities			
Proceeds from sale of royalty		-	10,000,000
Purchase of plant and equipment		(81,536)	(372,391)
Proceeds from sale of assets		12,737	-
Office security deposit		-	(190,506)
Net cash from / (used in) Investing Activities		(68,799)	9,437,103
Cash Flows from Financing Activities			
Proceeds from issue of ordinary shares		6,419,897	-
Share issue costs		(370,755)	-
Proceeds from drawdown of loan		7,500,000	7,500,000
Net cash provided by Financing Activities		13,549,142	7,500,000
Net (decrease) / increase in cash and cash equivalents held		509,363	(1,873,148)
Cash and cash equivalents at the beginning of the financial year		4,572,609	6,445,757
Cash and cash equivalents at the end of the financial year	9	5,081,972	4,572,609

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

NOTE TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2017

TABLE OF CONTENTS

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 2017 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	
	2017 $	2016 $
Result		
Segment contribution	(13,584,457)	(8,497,411)
Reconciliation to Consolidated Loss		
Segment contribution	(13,584,457)	(8,497,411)
Corporate and administration expense	(3,809,237)	(3,732,340)
Share based payments expense	(904,681)	(914,655)
Finance expense	(913,419)	(194,223)
Gain on share issue	1,365,153	-
R&D Tax Incentive Grant income	6,150,723	1,215,702
Interest received	195,761	165,102
Loss from continuing operations	(11,500,157)	(11,957,825)
Total assets		
Segment assets	357,411	630,395
Reconciliation to Group Total Assets		
Segment assets	357,411	630,395
Corporate and administration assets	7,660,810	5,217,594
Total assets	8,018,221	5,847,989

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 2017 $	Consolidated 2016 $
Financial assets		
Cash and cash equivalents	5,081,972	4,572,609
Trade and other receivables – current	21,904	32,204
Trade and other receivables – non-current	190,506	190,506
	5,294,382	4,795,319
Financial liabilities		
Trade and other payables – current	2,282,159	2,604,953
Loans and borrowings – current	-	7,500,000
Trade and other payables – non-current	-	112,183
Other financial liabilities – current	22,237	-
Other financial liabilities – non-current	-	20,416
	2,304,396	10,237,552

(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 2017 and 2016, 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:

	2017		2016	
	Weighted average interest rate	Balance $	Weighted average interest rate	Balance $
Short-term deposits		4,500,000		3,750,000
Cash at bank		581,972		822,609
Net exposure to cash flow interest rate risk	1.96%	5,081,972	2.53%	4,572,609

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 2017 and 2016 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 2017 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 2017, 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 2017				
Trade and other payables	1,559,222	1,044,841	-	-
Other financial liabilities	-	22,237	-	-
Total	1,559,222	1,067,078	-	-

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

30 June 2016				
Trade and other payables	2,688,288	166,667	913,109	-
Loans and borrowings	-	7,500,000	-	-
Other financial liabilities	-	-	20,416	-
Total	2,688,288	7,666,667	933,525	-

(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 2017 and 30 June 2016:

30 June 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Financial liabilities				
Other financial liabilities	-	(22,237)	-	(22,237)
Total financial liabilities	-	(22,237)	-	(22,237)
Net fair value	-	(22,237)	-	(22,237)

30 June 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Financial liabilities				
Other financial liabilities	-	(20,416)		(20,416)
Total financial liabilities	-	(20,416)	-	(20,416)
Net fair value	-	(20,416)	-	(20,416)

There were no transfers between Level 1 and Level 2 in 2017 or 2016.

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 2017 and 30 June 2016:

	2017 ***Embedded Derivative*** ***Bridge Finance facility***	***2016*** ***Embedded Derivative*** ***Bridge Finance facility***
Dividend yield	0%	0%
Expected volatility of Company's shares	101%	101%
Risk-free rate	1.75%	1.57%
Term remaining (years)	0.75	1.75
Conversion price (cents)	30	30
Underlying security spot price at valuation date (cents)	18	34
Valuation date	30 June 2017	30 June 2016
Black-Scholes valuation per share	$0.0342	$0.182

4. EARNINGS PER SHARE

	Consolidated 2017	Consolidated 2016
Basic and diluted loss per share (cents per share)	(4.11) cents	(5.24) cents
Loss after tax used in the calculation of basic and diluted EPS	$(11,500,157)	$(11,957,825)
Weighted average number of shares outstanding during the year used in calculations of loss per share	#279,447,019	#229,761,367

There are 21,714,274 (2016: 21,849,988) 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

In addition to the Directors the following 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	Chief Operating Officer	Vimy Resources Limited
R. Chamberlain	Chief Financial Officer and Company Secretary	Vimy Resources Limited

(b) Key management personnel compensation

	Consolidated 2017 $	Consolidated 2016 $
Short-term employee benefits	2,034,375	1,707,603
Post-employment benefits	110,466	122,237
Share-based payments	711,761	792,644
	2,856,602	2,622,484

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 2013 Vimy Employee Share Plan ('2013 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.

During 2016, 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 2016 Vimy Employee Share Plan ('2016 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 Plans provide 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 Plans 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 Plans 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	22/11/2016	1,666,667	$407,500	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 February 2016*	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 Plans are as follows:

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

(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 Plans (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	
	2017 $	**2016 $**
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 $nil unpaid at 30 June 2017 (2016: $2,000).		
Mining consulting services	-	7,600

6. OTHER INCOME

	2017 $	2016 $
Interest received	195,761	165,102
R&D tax incentive grant income [(a)]	6,150,723	1,215,702
Sale of royalty [(b)]	-	10,000,000
Gain on share issue [(c)]	1,346,153	-
Other income	31,727	-
	7,724,364	11,380,804

(a) The research and development tax incentive grant income for the 2017 financial year relates to both the 2017 and 2016 income tax years, and for the 2016 financial year the grant income related 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 is to expense exploration and evaluation expenditure as incurred.

(c) The gain on share issue relates to shares issued to convert debt to equity (refer to Note 17).

7. LOSS FOR THE YEAR

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

	Consolidated 2017 $	Consolidated 2016 $
(a) Expenses		
Depreciation expense	222,927	184,589
Operating leases costs	334,279	287,576
Audit and review fees	34,871	35,665
	592,077	507,830
(b) Employee benefits expense		
Wages, salaries and directors' fees	4,428,272	4,080,190
Defined contribution superannuation expense	288,608	296,171
Share based payments expense (refer Note 19)	904,681	914,655
Other employee benefits	31,231	45,724
	5,652,792	5,336,740
(c) Embedded derivative		
Fair value movement on embedded derivative (refer Note 16)	1,821	20,416
	1,821	20,416

8. 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 2017 $	Consolidated 2016 $
Loss after income tax	(11,500,157)	(11,957,825)
Income tax expense	-	-
Loss before income tax	(11,500,157)	(11,957,825)
Income tax using the Company's domestic tax rate of 30 percent (2016: 30 percent)	(3,450,047)	(3,587,347)
Non-deductible expenses and non-assessable income	4,964	3,373
Equity based remuneration	271,404	274,189
Research and development grant incentive income	(1,845,217)	(364,711)
Research and development expenditure	1,501,397	-
Mining royalty payment	-	(15,833)
Commercial debt forgiveness	(409,546)	-
Reduction of tax losses	409,546	-
Capital raising costs taken to equity	(103,199)	-
Movement in deferred tax assets not brought to account as future income tax benefits	969,878	2,896,438
Under recognition in prior year of deferred tax assets not brought to account as future income tax benefits	2,650,820	793,891
	-	-

(c) Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Consolidated	
	2017 $	**2016 $**
Property, plant and equipment	27,327	(6,802)
Receivables	-	(1,476)
Accrued income	(5,817)	(4,526)
Exploration tenements	1,739,650	1,739,650
Employee provisions	137,077	105,334
S40-880 costs	177,647	158,328
Other costs	128,880	36,888
Loans and borrowings	224,412	74,169
Rehabilitation provision	159,129	135,438
Tax losses	19,018,840	18,400,268
Net tax assets	**21,607,145**	**20,637,271**
Unrecognised tax assets	**(21,607,145)**	**(20,637,271)**
	-	-

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	
	2017 $	**2016 $**
Cash at bank and in hand	581,972	822,609
Short-term deposits	4,500,000	3,750,000
	5,081,972	4,572,609

(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 weighted average rate applicable to the Group's balance at 30 June 2017 was 1.96% (2016: 2.53%).

(c) Included within cash and equivalents disclosed above at 30 June 2017 is $1.0 million in restricted cash (2016: $1.0 million) 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 2017 $	Consolidated 2016 $
Current		
Other receivables	21,904	32,204
R&D Tax Incentive Grant receivable	2,177,025	-
Goods and services tax receivable	164,736	354,284
	2,363,665	386,488
Non-Current		
Security deposit [(a)]	190,506	190,506
	190,506	190,506

(a) The security deposit for $190,506 (2016: $190,506) is cash security required for a bank guarantee related to the office lease at 10 Richardson Street, West Perth.

11. PREPAYMENT

	Consolidated 2017 $	Consolidated 2016 $
Deposits for tenement applications	78,995	245,000
Other prepayments	3,818	22,631
	82,813	267,631

12. PLANT AND EQUIPMENT

	Consolidated 2017 $	Consolidated 2016 $
Office equipment		
Cost	332,714	280,911
Accumulated depreciation	(300,335)	(235,552)
Total office equipment	32,379	45,359
Exploration equipment		
Cost	1,424,387	1,370,843
Accumulated depreciation	(1,157,501)	(985,447)
Total exploration equipment	266,886	385,396
Total office and exploration equipment	299,265	430,755

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:

	2017 $	2016 $
Office equipment		
Balance at the beginning of year	45,359	29,288
Additions	16,156	51,803
Depreciation expense	(29,136)	(35,732)
Carrying amount at the end of the year	32,379	45,359
Exploration equipment		
Balance at the beginning of year	385,396	213,666
Additions	75,280	320,587
Depreciation expense	(193,790)	(148,857)
Carrying amount at the end of the year	266,886	385,396
Total carrying amount at the end of the year	299,265	430,755

13. TRADE AND OTHER PAYABLES

	2017 $	2016 $
Current		
Trade payables and accruals	1,677,905	2,654,043
Interest payable [(i)]	725,804	82,040
	2,403,709	2,736,083
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 2017 $	Consolidated 2016 $
CURRENT		
Employee entitlement: Annual Leave		
Opening balance	246,028	151,447
Employee entitlements provided for	250,907	248,357
Employee entitlements used	(194,303)	(153,776)
Closing balance	302,632	246,028
The current provision relates to annual leave for employees of the Group. The provision is expected to be used over the forthcoming twelve months.		
Employee entitlement: Long Service Leave		
Opening balance	-	-
Employee entitlements provided for	37,697	-
Reclassification from non-current	37,061	-
Closing balance	74,758	-
Rehabilitation		
Opening balance	451,460	-
Rehabilitation provided for	-	451,460
Reclassification to non-current	(451,460)	-
Closing balance	-	451,460
The Group recognised a liability for rehabilitation during 2016 relating to completion of geotechnical test pits designed to provide information inputs into the Definitive Feasibility Study for the Mulga Rock Project. During 2017 the Company received approval for a two year extension to complete the rehabilitation work on the geotechnical test pits from 31 March 2017 to 31 March 2019.		
Total current provision	377,390	697,488
NON-CURRENT		
Employee entitlement: Long Service Leave		
Opening balance	79,870	99,913
Employee entitlements provided for / foregone	13,799	(20,043)
Reclassification to current	(37,061)	-
Closing balance	56,608	79,870
Rehabilitation		
Opening balance	-	-
Reclassification from current	451,460	-
Rehabilitation provided for	78,969	-
Closing balance	530,429	-
The Group recognised a liability for rehabilitation during 2016 relating to completion of geotechnical test pits designed to provide information inputs into the Definitive Feasibility Study for the Mulga Rock Project. During 2017 the Company received approval for a two year extension to complete the rehabilitation work on the geotechnical test pits from 31 March 2017 to 31 March 2019.		
Total non-current provision	587,037	79,870

15. LOANS AND BORROWINGS

	Consolidated	
	2017 $	2016 $
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 was 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 had drawdown $7.5 million of the facility as at 30 June 2016. The Company completed drawdown of the remaining facility of $7.5 million on 15 August 2016. On 23 November 2016, the Company issued 19,230,769 fully paid ordinary shares for an agreed value of $0.26/share to repay $5 million of the facility. On 24 January 2017, the Company announced shareholders had approved the conversion of the remaining $10 million of the facility into 38,461,539 fully paid ordinary shares for an agreed value of $0.26/share to repay the facility before its maturity on 31 March 2017.

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 2017, the fair value of this embedded derivative was $22,237 (2016: $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	
	2017 $	2016 $
Current		
Embedded derivatives (i)	22,237	-
Total	22,237	**-**
Non-Current		
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

316,885,800 (2016: 229,761,367) fully paid ordinary shares

	Consolidated	
	Number	$
Ordinary shares		
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
At 1 July 2016	229,761,367	67,727,303
5 July 2016 Share placement @ 30 cents per share(iv)	213,937	64,181
29 August 2016 Share placement @ 31 cents per share(iii)	281,776	87,350
31 August 2016 Share buy back	(100,000)	-
30 September 2016 Share placement @ 26 cents per share	24,093,844	6,264,400
3 October 2016 Share placement @ 24.50 cents per share(iii)	284,315	69,657
4 October 2016 Share placement @ 25 cents per share(iv)	417,253	104,313
1 November 2016 Share placement @ 24 cents per share(iii)	383,398	92,015
4 November 2016 Share purchase plan @ 26 cents per share	398,066	103,497
22 November 2016 Employee share plan grant	1,666,667	-
23 November 2016 Debt conversion share issue @ 24 cents/share (i)	19,230,769	4,615,385
1 December 2016 Share placement @ 26 cents per share(iii)	955,464	248,421
3 January 2017 Share placement @ 24 cents per share(iv)	532,072	127,697
24 January 2017 Debt conversion share issue @ 23.50 cents/share (ii)	38,461,539	9,038,462
30 January 2017 Share placement @ 23.50 cents per share(iv)	105,333	24,753
2 February 2017 Share placement @ 26 cents per share	200,000	52,000
Share issue costs	-	(370,756)
Balance at 30 June 2017	316,885,800	88,248,678

(i) In accordance with a Subscription Agreement with RCF VI, the Company issued 19,230,769 shares for an agreed value of $0.26 per share to repay $5 million of the RCF VI Bridge Facility on 23 November 2016. As the Company share price on this day was $0.24 per share, the shares issued have been valued using the lower number, and as a consequence a gain on share issue of $384,615 has been recognised in other income (refer to Note 6).

(ii) In accordance with a Subscription Agreement with RCF VI, the Company issued 38,461,539 shares for an agreed value of $0.26 per share to repay $10 million of the RCF VI Bridge Facility on 24 January 2017 after obtaining shareholder approval. As the Company share price on this day was $0.235 per share, the shares issued have been valued using the lower number, and as a consequence a gain on share issue of $961,538 has been recognised in other income (refer to Note 6).

(iii) Exploration and evaluation expenses settled in shares.

(iv) Financing expenses settled in shares.

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 2017 $	Consolidated 2016 $
Reserves	1,419,026	1,316,153
Reserves comprise the following:		
Employee Share Option Reserve		
Balance as at start of financial year	1,316,153	1,093,362
1,428,570 options vesting [(a)]	102,873	222,791
Balance as at end of the financial year	1,419,026	1,316,153

(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 2017 $	Consolidated 2016 $
Reserves	2,729,089	1,927,281
Reserves comprise the following:		
Employee Share Plan Reserve		
Balance as at start of financial year	1,927,281	1,235,417
2,285,712 shares issued and vested [(a)]	180,284	390,434
13,500,000 shares issued and vested [(b)]	-	139,427
1,000,000 shares issued and vesting [(c)]	113,019	136,975
1,300,000 shares issued and vesting [(d)]	313,319	25,028
1,666,667 shares issues and vesting [(e)]	195,186	
Balance as at end of the financial year	2,729,089	1,927,281

(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.

(e) On 22 November 2016, a total of 1,666,667 shares were issued to Mr M. Young after shareholder approval was received and have been funded by a non-interest bearing, limited recourse loan from the Company. The shares are subject to a variety of vesting conditions over a three year period, and expire on 22 November 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 Forfeited during year	Number Balance at end of year	Number Exercisable at end of year
Various	Various	4,421,429	-	-	(135,717)	4,285,712	4,285,712
Weighted average exercise price						$0.50	$0.50
Weighted average remaining contractual life						1.46 years	1.46 years

(b) Employee share plans

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 2013 Vimy Employee Share Plan.

On 18 November 2016, 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 2016 Vimy Employee Share Plan.

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

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

Issue date	Number Balance at start of year	Number Issued during year	Number Forfeited during year	Number Balance at end of year
14 June 2013	2,857,142	-	-	2,857,142
5 September 2014	1,657,138	-	(100,000)	1,557,138
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
22 November 2016	-	1,666,667	-	1,666,667

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
Share price at the date of grant:	$0.31
Exercise price:	$0.341
Expected volatility:	115%
Latest loan repayment date:	5 years
Risk free interest rate (based on government bonds):	2.85%
Fair value of the equity instruments granted:	$0.25
Total amount to be recognised as share based payments over a one year escrow period	$249,994

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
Share price at the date of grant:	$0.32
Exercise price:	$0.317
Expected volatility:	115%
Latest loan repayment date:	5 years
Risk free interest rate (based on government bonds):	2.22%
Fair value of the equity instruments granted:	$0.26
Total amount to be recognised as share based payments over a one year escrow period	$338,348

On 22 November 2016, the Company issued 1,666,667 shares to Mr M. Young under its employee share plan. The input variables used in the Black Scholes option pricing model are as follows:

Issue date:	22 November 2016
Share price at the date of grant:	$0.24
Exercise price:	$0.245
Expected volatility:	115%
Latest loan repayment date:	5 years
Risk free interest rate (based on government bonds):	2.11%
Fair value of the equity instruments granted:	$0.24
Total amount to be recognised as share based payments over the three year escrow period	$323,978

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	
	2017 $	2016 $
Share based payments expense	904,681	914,655

20. ACCUMULATED LOSSES

	Consolidated	
	2017 $	2016 $
Accumulated losses at the beginning of the financial year	(76,268,788)	(64,310,963)
Net loss attributable to members of the Company	(11,500,157)	(11,957,825)
Accumulated losses at the end of the financial year	(87,768,945)	(76,268,788)

21. EXPENDITURE COMMITMENTS

	Consolidated 2017 $	Consolidated 2016 $
(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	248,757	241,512
- between 12 months and 5 years	83,732	332,489
	332,489	574,001

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, refer to Note 10.

	2017 $	2016 $
(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	1,723,700	1,984,017
- between 12 months and 5 years	6,840,800	5,214,000
	8,564,500	7,198,017

22. CONTROLLED ENTITIES

	Country of incorporation	Percentage owned 2017	Percentage owned 2016
Parent entity:			
Vimy Resources Limited	Australia		
Subsidiaries of Vimy Resources Limited:			
Narnoo Mining Pty Ltd	Australia	100%	100%
Vélo 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 2017 $	Consolidated 2016 $
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*	34,871	35,665
Non audit services		
- Advisory fees	-	-
Total remuneration	34,871	35,665

24. CASH FLOW INFORMATION

	Consolidated 2017 $	Consolidated 2016 $
(a) Reconciliation of Loss after tax to net cash outflow from Operating Activities		
Loss after income tax	(11,500,157)	(11,957,825)
Adjustments for:		
Depreciation expense	222,927	184,589
Share based payments expense	904,681	914,655
Fair value adjustment to embedded derivative	1,891	20,416
Gain on issue of shares	(1,346,154)	-
Exploration and evaluation expenses settled in shares	474,735	
Financing expenses settled in shares	320,945	
Proceeds from sale of royalty	-	(10,000,000)
	(10,921,132)	(20,838,165)
Changes in operating assets and liabilities:		
(Increase) / Decrease in trade and other receivables	(1,977,177)	(182,694)
(Increase) / Decrease in prepayments	184,817	(191,963)
Increase / (Decrease) in trade and other payables	(444,557)	1,876,573
Increase / (Decrease) in provisions	187,069	525,998
Net cash outflow from operating activities	(12,970,980)	(18,810,251)
(b) Non-cash financing and investing activities		
Conversion of debt into equity	15,000,000	-

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.

26. PARENT ENTITY INFORMATION

	Parent Entity	
	2017 $	**2016 $**
Information relating to Vimy Resources Limited:		
Current assets	7,313,288	5,226,728
Total assets	7,536,173	5,847,989
Current liabilities	1,752,737	10,004,486
Total liabilities	1,831,582	10,216,956
Total net (liabilities) / assets	5,704,591	(4,368,967)
Issued capital	88,248,678	67,727,303
Accumulated losses	(86,692,202)	(75,339,704)
Employee share plan reserve	2,729,088	1,927,281
Employee options plan reserve	1,419,026	1,316,153
Total (deficit) / equity	5,704,591	(4,368,967)
Loss of the parent entity	(11,352,499)	(11,426,530)
Total comprehensive loss of the parent entity	(11,352,499)	(11,426,530)

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	
	2017 $	**2016 $**
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	248,757	241,512
- between 12 months and 5 years	83,732	332,489
	332,489	574,001

27. EVENTS OCCURRING AFTER REPORTING DATE

Since 30 June 2017 the following significant subsequent events have occurred:

On 12 July 2017, the Company announced the results from a Mineral Resource update at its Mulga Rock Project. The new global Mineral Resource has increased by 17% to 71.2Mt at 570ppm U_3O_8 for 90.1Mlbs U_3O_8 compared to the November 2016 estimate of 76.8Mlb U_3O_8.

On 31 July 2017, the Company announced the completion of a heavily oversubscribed placement from new institutional and sophisticated investors which raised $6 million at $0.14 per share before costs. The funds raised were primarily to enable completion of the DFS work programs for the Mulga Rock Project.

On 4 September 2017, the Company announced a major ore reserve update to 42.3Mlbs U_3O_8 from 22.7Mt at 845ppm U_3O_8, a 36% increase in ore reserve metal since the last reserve update in November 2016, including a maiden proved ore reserve of 12.3Mlbs from 5.3Mt at 1,055ppm U_3O_8.

On 6 September 2017, the Company announced that it had received all results from testing of the Uranium Ore Concentrate product samples dispatched to the three international commercial converters, confirming the high quality product from the Mulga Rock Project.

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.

New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2016:

- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle. AASB 2015-1 introduced annual improvements that resulted in changes to various standards.
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101. AASB 2015-2 clarifies existing presentation and disclosure requirements.

The adoption of the above new standards and amendments to standards had no impact on the amounts recognised and disclosures in Vimy's financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. These standards and interpretations have not been early adopted. The Group's assessment of the impact of these new standards and interpretations is set out below.

- 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. As Vimy is a project development company focussed on exploration and evaluation and has no complex financial assets or financial liabilities, Vimy has determined that AASB 9 will have no material impact on the way the Group accounts for or discloses 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. As Vimy is a project development company focussed on exploration and evaluation, 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. Vimy expects that AASB 16 will result in an increase in assets and liabilities as fewer leases will be expensed as payments are made. It is also expected that depreciation expense will increase as well as cash flow from operating activities as these lease payments will be recorded as financing outflows in the cash flow statement. As the main lease Vimy has relates to rental of a small amount of office space for a period of three years, it is not expected that AASB 16 will have a material impact on the Group's financial statements.

(b) Going Concern

The Group incurred a net loss of $11,500,157 during the year ended 30 June 2017. The Group's net cash used in operating activities was $12,970,980 for the year ended 30 June 2017.

At 30 June 2017, a low value of net assets is reflected in the Statement of Financial Position of $4,627,848, as a consequence of the Group's accounting policy to expense exploration and evaluation expenditure as incurred. Current assets exceed current liabilities by $4,725,114.

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. 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 $6 million placement to new institutions and sophisticated investors on 31 July 2017, R&D Tax Incentive receipts expected from lodging the 2017 Group income tax return, the Group's demonstrated track record in raising equity, and the previous funding support provided by existing shareholders and indication that they would continue to support the Group.

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 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 2017. 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) 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.

(e) 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.

Sale of Royalty

The sale of a royalty right 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 recognised 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.

(f) 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 and 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 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.

(g) Leases

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

(h) Impairment of 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.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with financial institutions, 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.

(j) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for impairment.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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 not recognised for future operating losses.

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.

(p) 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. 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.

(q) 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 Employee Share Plans, 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 both the 2013 and 2016 Vimy Employee Share Plans.

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.

(r) 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.

(s) Exploration, evaluation and development expenditure

Exploration and evaluation expenditure is expensed in the year it is incurred.

Exploration and evaluation expenditure is allocated separately to specific areas of interest. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation. Such expenditure comprises direct exploration and evaluation costs incurred, together with an appropriate portion of directly related overhead expenditure.

When a decision to proceed to development is made for an area of interest, all costs subsequently incurred to develop a mine prior to the start of mining operations are capitalised and carried at cost. These costs include expenditure incurred to develop new ore bodies within the area of interest, to define further mineralisation in the area of interest, to expand the capacity of a mine and to maintain production.

DIRECTORS' DECLARATION

30 JUNE 2017

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 the consolidated entity's financial position as at 30 June 2017 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 21 September 2017

Grant Thornton

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report to the Members of Vimy Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Vimy Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recognition of R&D tax incentive (Note 4)	
Under the research and development (R&D) tax incentive scheme, the Company receives a 43.5% refundable tax offset (2016: 45%) of eligible expenditure if its turnover is less than $20 million per annum, provided it is not controlled by income tax exempt entities. An R&D plan is filed with AusIndustry in the following financial year and, based on this filing, the Group receives the incentive in cash. Management performed a detailed review of the Group's total R&D expenditure to estimate the refundable tax offset receivable under the R&D tax incentive legislation. This area is a key audit matter due to the size of the accrual and because there is a degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme.	Our procedures included, amongst others: • comparing the nature of the R&D expenditure included in the current year estimate to the prior year claim; • utilising an internal R&D tax specialist to review the expenditure methodology employed by management for consistency with the R&D tax offset rules; • considering the nature of the expenditure against the eligibility criteria of the R&D tax incentive scheme to form a view about whether the expenses included in the estimate were likely to meet the eligibility criteria; • comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger; • inspecting copies of relevant correspondence with AusIndustry and the ATO related to historic claims; and • assessing the adequacy of the Group's related disclosures within the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' 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* and for 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.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Grant Thornton

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 27-34 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Vimy Resources Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Grant Thornton Audit Pty Ltd

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 21 September 2017

ADDITIONAL INFORMATION
AS AT 30 SEPTEMBER 2017

Capital structure

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

Ordinary shares	Unlisted options
359,885,800	21,714,276

Distribution of listed ordinary fully paid shares

Size of holding			Number of shareholders	Number of ordinary shares
1	-	1,000	441	166,274
1,001	-	5,000	517	1,347,318
5,001	-	10,000	170	1,317,640
10,001	-	100,000	559	25,240,470
100,001	-	and over	176	331,814,098
			1,863	**359,885,800**

The number of shareholders holding less than a marketable parcel of ordinary shares was 935.

Twenty largest shareholders of listed ordinary shares

	Name	Ordinary shares held	% of total
1	Merrill Lynch (Australia) Nominees Pty Limited	92,909,256	25.82%
2	Forrest Family Investments Pty Ltd	57,142,857	15.88%
3	Macquarie Bank Limited	43,156,026	11.99%
4	BNP Paribas Nominees Pty Ltd	32,608,553	9.06%
5	Sumico (WA) Pty Ltd	27,284,508	7.58%
6	FF Okram Pty Ltd	7,692,307	2.14%
7	Mr Michael E. Fewster and Mrs Suzanne T. Fewster	5,138,571	1.43%
8	Eaglefield Holdings Pty Ltd	3,745,714	1.04%
9	JH Nominees Australia Pty Ltd	3,500,000	0.97%
10	Citicorp Nominees Pty Limited	3,332,532	0.93%
11	Mr Julian R. P. Tapp	2,142,856	0.60%
12	Mr Michael C. Young and Mrs Jocelyn T. Young	2,142,856	0.60%
13	HSBC Custody Nominees (Australia) Limited	2,137,601	0.59%
14	Mr Michael C. Young and Mrs Jocelyn T. Young	1,666,667	0.46%
15	Greensilk Nominee Pty Ltd	1,428,571	0.40%
16	Mr Michael C. Young and Mrs Jocelyn T. Young	1,428,571	0.40%
17	DHJPM Pty Limited	1,315,000	0.37%
18	GR Engineering Services Limited	1,239,779	0.34%
19	Dr Anthony C. Chamberlain	1,000,000	0.28%
20	Rigi Investments Pty Limited	892,857	0.25%
		291,905,082	**81.11%**

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.

ADDITIONAL INFORMATION

AS AT 30 SEPTEMBER 2017

Distribution of all unlisted employee option plan holders:

Size of holding	Number of option holders	Number of options
100,001 - and over	2	4,285,712
	2	**4,285,712**

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.

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

	Name	Ordinary shares held	% of total
1	Resource Capital Fund VI LP	92,512,184	25.71%
2	Forrest Family Investments Pty Ltd	57,142,857	15.88%
3	Macquarie Bank Limited	43,159,068	11.99%
4	Michael Edward Fewster	36,168,793	10.05%
5	Acorn Capital Limited	35,941,085	9.99%

On-market buy back

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

ADDITIONAL INFORMATION

AS AT 30 SEPTEMBER 2017

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, 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
Website:	www.vimyresources.com.au

Shareholder enquiries

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

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace

Perth WA 6000

Australia

Telephone:	1300 850 505 (within Australia)
	+61 3 9415 4000 (outside Australia)
Facsimile:	+61 3 9473 2500
Email:	www.investorcentre.com/contact
Website:	www.computershare.com

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 6 October 2017.

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 2017 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 Chairman of the Board.

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 chairman, 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 Chairman 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 formal diversity policy at this point in time due to the relatively small size of the Company and the limited scope of work activities. 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 2017, the Board was comprised of six members with one woman; being the Chairman, The Hon. Cheryl Edwardes AM. The Company had twenty employees at 30 June 2017, with nine women which represented 45% of the total employees. There are no women in senior executive roles, which have been defined as the Executive Directors and key management personnel of the Company, as disclosed in the Remuneration Report which forms part of the Directors' Report.

On 6 October 2017 Dr Vanessa Guthrie was appointed to the Board as a Non-Executive Director, and as the nominated representative of Resource Capital Funds VI L.P., the Company's largest shareholder. As a consequence of this appointment, the Board now has seven members with two of those being women.

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 Chairman of the Board.

During the Reporting Period, a formal evaluation of the Board did not take place. The composition of the Board was last reviewed at the time of appointing Mr Andrew Haslam as 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 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 assumes the role of the 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.

Notification of departure:

The Board has not completed and disclosed a board skills matrix.

Disclosure:

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.
The Company will prepare a board skills matrix in the coming financial year to more formally disclose the mix of skills and diversity of the current Board.

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.

For the reporting period 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.

On 6 October 2017 Dr Vanessa Guthrie was appointed to the Board as a Non-Executive Director, and as the nominated representative of Resource Capital Funds VI L.P. As a consequence of this nominated representation, Dr Vanessa Guthrie is not considered to be an independent director of the Company and the Board now consists of seven members, with three independent directors.

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, with only three on a Board consisting of six members. On 6 October 2017 the Board consisted of seven members, with three independent directors.

Explanation for departure:

The Board considers that the composition of the Board is 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 senior executives; 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 senior executives; and
- visits to the Company's projects.

The Company actively encourages directors to participate in continuing professional education opportunities to update and enhance their relevant skills and knowledge.

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 chairman 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 reporting period, Mr David Cornell was the independent chairman of the Audit Committee.

During the reporting period 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 made available 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.

On 6 October 2017 Dr Vanessa Guthrie was appointed as a member of the Audit Committee, as a consequence the Committee now has five members with three members considered to be independent, which represents a majority of the committee.

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 this 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 2017 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 2017 comply with the accounting standards; and
- the financial statements and notes for the financial year ended 30 June 2017 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 2017 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 executives.

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 Computershare Investor Services Pty Limited. 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 Computershare Investor Services investor centre www.computershare.com or by emailing www.investorcentre.com/contact.

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 did not establish a Risk Committee during the year ended 30 June 2017. On 6 October 2017 the Board resolved to establish a Risk Committee.

Explanation for departure:

During the year ended 30 June 2017 the full Board assumed the role of the Risk Committee.

A separate Risk Committee was not formed due to the relatively small size and structure of the Board. The Board considered at the time that no efficiencies or other benefits would be gained by establishing a separate 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 within established authority limits, or 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 the 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

Notification of departure:

The Company has not established an internal audit function.

Explanation for departure:

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:

- global uranium market, including commodity price and sales contracts
- the ability to raise additional funding, both equity and debt finance
- anti-nuclear energy industry activism
- world economy, along with foreign exchange and interest rate markets
- inherent risks associated with project construction, commissioning and ongoing production
- recruiting and retaining qualified personnel

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.

For the reporting period Mr Andrew Haslam was the independent chairman of the Remuneration Committee.

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

The Remuneration Committee Charter is made available 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.

On 6 October 2017 Dr Vanessa Guthrie was appointed as a member of the Remuneration Committee; as a consequence the Committee now has five members with three members considered to be independent, which represents a majority of the committee.

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. Short term performance incentives in the form on an annual bonus are dependent upon the Company's performance in safety, Company share price performance compared to a peer group, and specific individual project achievements. Long term performance incentives may include securities granted at the discretion of the Board and subject to obtaining the relevant approvals. Senior executives are offered a competitive level of base pay at market rates which 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 first obtain clearance prior to undertaking any share trading.

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

PHOTOGRAPHS COURTESY OF:

Penelope Hale
Timothy Nicoll
Morris Wu
Mike Young
Altitude Imaging
Russell Brown, Mintox Media

VIMY
RESOURCES

REGISTERED & PRINCIPAL OFFICE
Ground Floor
10 Richardson Street
West Perth WA 6005

POSTAL ADDRESS
PO Box 23,
West Perth WA 6872

Telephone: +61 8 9389 2700
Email: info@vimyresources.com.au
Website: vimyresources.com.au