



Quarterly Activities Report

September 2020



Highlights

- **Completion of Mulga Rock Project DFS refresh – significantly improved economics**
- **All seven environmental management plans (CEMP) were approved for the Mulga Rock Project**
- **Alligator River NT, fieldwork nearing completion and positive results of Ore Sorting testwork announced**
- **KPMG was mandated as a corporate advisor for a strategic partner process**

Following a successful capital raise during the June quarter, the Company expended funds on the Mulga Rock Project in Western Australia and the Alligator River Project in the Northern Territory which saw significant announcements made during the Quarter, detailing progress on activities.

Mulga Rock Project

DFS Refresh

On 26 August 2020, Vimy announced the results of the updated Definitive Feasibility Study. The refresh demonstrated that the Mulga Rock Project will generate even stronger financial returns than previously announced in the prior DFS in January 2018.

Highlights:

- Strong project economics:
 - NPV₈ pre-tax US\$393M, a 14% increase
 - IRR 31%, a 23% increase
 - Capital cost of US\$255M, a 20% reduction
 - Payback 2.4 years, reduced by 8 months
 - Free cash flow US\$61M year, a 22% increase
- Strong operating cost results:
 - Cash operating cost (C1) of US\$23.33 U₃O₈ over the first 5 years, an 8% decrease
 - C1 of US\$26.02 over LoM, a 7% decrease
 - AISC of US\$28.09 over the first 5 years and US\$31.22 over LoM, both an 8% decrease



- Vimy to generate significant socio-economic benefits, indigenous and enterprise opportunities
- Long mine life of 15 years with an annual production of 3.5Mlbs U₃O₈
- Low economic sensitivity to operating and capital costs risks
- Updated DFS forms a key part of finalising project funding and strategic partnerships

The DFS refresh reinforces the global importance of the Mulga Rock Project, which is the largest advanced uranium project in Australia, a first-world jurisdiction with low sovereign risk.

The refresh has been transformational for the project. It moves it into the middle of the uranium producer AISC cost curve and on par with the higher-cost Kazakh operations and well ahead of most other uranium juniors. As we move into the coming contracting cycle, the utilities will look very favourably on our location in Australia, our multi-mine pipeline, and our long, sustainable mine life at Mulga Rock.

Environmental Management Plans and Approvals

The announcement on 2 September 2020, of the approval of all seven of the Condition Environmental Management Plans (CEMPs) associated with the facilities that will be built and their impacts, was a significant milestone for the Mulga Rock Project. The CEMPs describe the environmental conditions which must be complied with over the life of the project and which needed to be authorised before the commencement of ground-disturbing activities at the project.

We are currently preparing the secondary applications for a Works Approval for licensed premises, as well as the Mining Proposal and associated Mine Closure Plan. These are relatively straightforward and are expected to be submitted in 4Q 2020.

Mulga Rock is one of four projects given the go-ahead by the Western Australian State government, but the only one of those with the Environmental Management Plans required to proceed to the next stage.

Alligator River Project

Exploration Work Programs

The COVID-19 pandemic delayed the commencement of the 2020/21 field season. Despite restrictions to personnel movements, Vimy managed to re-open the camp and commence exploration in August. Activities carried out included ground geophysics (passive seismic), termitaria and rock chip sampling programs, acquisition of high-resolution drone imagery as well as low-level environmental surveys.

A reverse circulation drilling (RC) drilling program planned for the 2020 field season could not proceed. Repeated attempts to hold the on-country meetings during which Traditional Owners' consent is sought for ground-disturbing activities were unsuccessful due to COVID-19. Further, the only drilling company (out of eleven companies contacted) to issue a quote withdrew it due to high levels of demand in Western Australia.

As a result, the partial co-funding of the drilling program (\$79,000 secured under the Northern Territory Geophysics and Drilling Collaborations and Territory Supplier Incentive programs), will not be called upon. The surface exploration work programs by area are detailed in Table 1.

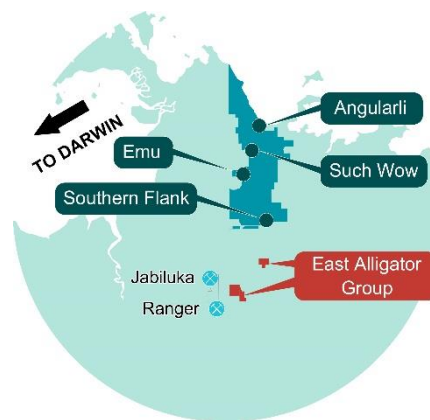




Table 1: 2020 Field season exploration programs by area

Work program	Such Wow North	Southern Flank	Emu	Angularli North
Termitaria survey	✓		✓	✓
Passive seismic survey	✓		✓	✓
Ground radiometric survey	✓	✓		
Rock chip sampling / mapping	✓	✓		
Drone imagery	✓	✓	✓	

Results for those programs are pending and will be the subject of a subsequent announcement.

Activities on the East Alligator Group granted tenements focused on historical drill core, in storage at the King River camp, and included shortwave infrared and near-infrared analyses of the drill core, high-resolution photography and selective portable XRF analyses.

Ore Sorting Proof-of-Concept Testwork

On 16 September 2020, Vimy announced the results of a successful proof-of-concept ore sorting trial on a composite of mineralised material from the Angularli deposit.

The results of the test, which were carried out by leading sorting systems supplier TOMRA, highlight the potential of ore sorting to lower project costs and improve the Project's potential economics.

Key findings of the ore sorting trials included:

- Uranium concentrate grade increased from 1.2% to 2.0% U_3O_8 (70% increase) with high U_3O_8 recovery
- Sample gold concentrate grade increased from 0.7 g/t to 1.1 g/t (47% increase). This warrants further investigation given no gold processing or recovery testwork has been undertaken to date
- Gold mineralisation spatially coincident with the uranium mineral resource
- High-grade material (13.5 kg of the 41.5 kg sample) not sorted due to high uranium grade but provides additional upside in future trials
- Other potential by-products were identified including platinum and palladium

Positive potential impacts on the development of the Angularli project include:

- A higher feed grade from ore sorting would likely result in lower operating costs
- Smaller hydrometallurgical plant circuits would likely be required for the same level of production. Ore sorting has the potential to lower reagents (and water) usage and costs on a per lb U_3O_8 produced basis, noting that expected reagent use is already low.
- A smaller plant would result in a lower overall disturbance footprint with commensurate approvals and capital cost benefits.

Given those results, Vimy considers that further ore sorting trials are warranted, including optimisation of the process flow for different ore types and grade or size fractions, to ensure a greater reliability of particle classification.

This will require the acquisition of large quantities (~1/2 tonne) of representative drill core from the Angularli deposit, to be collected during a future infill drilling program as the project moves towards a Pre-feasibility Study.

In the meantime, Vimy will further characterise the concentration of precious metals of the ore sorting trial fractions and the Angularli deposit, as well as their extraction potential via low-cost gravimetric techniques.



Vimy also plans to carry out acid leach tests on the samples generated during the ore sorting trial. These low-cost tests will be carried out according to optimal leach conditions determined for Angularli by ANSTO in 2018 and enable comparison of recoveries and reagent consumption on the sorted and unsorted mineralised material.

The Alligator River Project sits within the Alligator River Uranium Province (ARUP) in the Northern Territory. The ARUP hosts ~750Mlbs of mined and remnant resources, dominated by the Ranger, Ranger Deeps and Jabiluka deposits, owned by Energy Resources Australia.

The geological setting of the Alligator River Uranium Province is very similar to Canada's Athabasca Basin which hosts the richest uranium deposits in the world.

Uranium Market

Vimy continues to engage closely with nuclear utilities through Scott Hyman, our US-based VP Sales and Marketing. During the COVID pandemic and attendant lockdown, Scott's local presence has enabled Vimy to amass critical market intelligence and strategically positioned the Company to successfully participate in the imminent uranium contracting cycle.

KPMG Mandate

On 1 September 2020 the Company announced the appointment of the international firm KPMG as its exclusive advisor to assist with the formal strategic investment process. Under the mandate letter executed between the parties, KPMG will help Vimy to structure, manage and execute a formal process to pursue strategic investors/partners for the Mulga Rock Project in Western Australia and the Alligator River Project in the Northern Territory.

Vimy is seeking to bring in financial and strategic partners to accelerate the development of its two flagship uranium projects.



Tenements

Tenement details for Mulga Rock (Narnoo Mining Pty Ltd) and Alligator River Projects (Viva Resources Pty Ltd) and the tenements held by Vélo Resources Pty Ltd are shown in Table 2.

Table 2: Tenement details at 30 September 2020

Tenement	Nature of Interest	Interest at Beginning of Quarter	Interest at End of Quarter
Mulga Rock Project (Mt Margaret Mineral Field, Western Australia)			
M39/1104	Granted	100%	100%
M39/1105	Granted	100%	100%
E39/2049	Granted	100%	100%
L39/193	Granted	100%	100%
E39/2207	Application	-	100%
L39/219	Granted	100%	100%
L39/239	Granted	100%	100%
L39/240	Granted	100%	100%
L39/241	Granted	100%	100%
L39/242	Granted	100%	100%
L39/243	Granted	100%	100%
L39/251	Granted	100%	100%
L39/252	Granted	100%	100%
L39/253	Granted	100%	100%
L39/254	Granted	100%	100%
L39/279	Granted	100%	100%
L39/280	Granted	100%	100%
L39/285	Granted	100%	100%
L39/287	Granted	100%	100%
P39/5844	Granted	100%	100%
P39/5853	Granted	100%	100%
R39/0002	Granted	100%	100%
Alligator River Project (Northern Territory)			
EL22430	Granted	100%	100%
EL24920	Granted	100%	100%
EL26089	Granted	100%	100%
EL24017	Granted	79%	79%
EL25064	Granted	79%	79%
EL25065	Granted	79%	79%
EL27059	Granted	79%	79%
EL5893	Granted	79%	79%
Vélo Resources Pty Ltd (Mt Margaret Mineral Field, Western Australia)			
E38/3203	Granted	100%	100%
E39/2012	Granted	100%	100%
E39/2013	Granted	100%	100%
E39/2115	Granted	100%	100%



Corporate

Expenditure

Cash spend on operating activities including exploration and evaluation, staff costs, administration and corporate costs and uranium marketing activities in the September 2020 Quarter amounted to \$1.6 million. This was more than the \$0.6 million spent in the previous quarter, due to the Mulga Rock DFS, tenure costs and exploration program at Alligator River.

Cash at Bank

Cash at 30 September 2020 amounted to \$5.5 million.

Mike Young
Managing Director and CEO

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Released for and on behalf of the Board of Vimy Resources Limited

20 October 2020

Compliance Statement

The information relating to the exploration results at the Alligator River Project was compiled by Xavier Moreau, who is a Member of the Australian Institute of Geoscientists. Mr Moreau is a full-time employee and shareholder of Vimy Resources. Mr Moreau has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the JORC code. Mr Moreau consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The DFS Study referred to in this quarterly report was presented in the ASX announcement entitled “Mulga Rock Project Definitive Feasibility Study Confirms World-Class Uranium Project” released on 30 January 2018. Vimy is not aware of any new information, or data, that affects the accuracy of the information in that announcement and confirms that all technical assumptions underpinning the findings of the DFS continue to apply and have not significantly changed. The Company confirms that the form and context in which the Competent Person’s findings were presented have not been materially modified from the original market announcement.



About Vimy Resources

Vimy Resources Limited (ASX: VMY) is a Perth-based resource development company. Vimy's flagship project is the Mulga Rock Project, one of Australia's largest undeveloped uranium resources, which is located 290km by road ENE of Kalgoorlie in the Great Victoria Desert of Western Australia.

Vimy also owns (79%) and operates the largest granted uranium exploration package in the world-class Alligator River uranium district, located in the Northern Territory. Vimy is exploring for large high-grade uranium unconformity deposits identical to those found in the Athabasca Basin in Canada.

Directors and Management

The Hon. Cheryl Edwardes AM
Non-Executive Chairman

Mike Young
CEO and Managing Director

David Cornell
Non-Executive Director

Dr Tony Chamberlain
Non-Executive Director

Luca Giacobazzi
Non-Executive Director

Marcel Hilmer
Chief Financial Officer
and Company Secretary

Julian Tapp
Chief Nuclear Officer

Scott Hyman
Vice President Sales and Marketing

Xavier Moreau
General Manager, Geology and Exploration



For a comprehensive view of information that has been lodged on the ASX online lodgement system and the Company website please visit asx.com.au and vimyresources.com.au respectively.

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