



Quarterly Activities Report

June 2018



Highlights

- Completion of Alligator River Project acquisition and commencement of work programs
- Funding secured to fast-track exploration program at Alligator River
- Battery minerals provide potential upside for the Mulga Rock Project
- Macquarie Bank's sale of Vimy holding increases register's 'free float'

CEO Commentary

In our opinion, Vimy Resources is the single best leverage play to the uranium price. In the short term, the renewed interest in the uranium price gives investors in Vimy direct exposure to the groundswell of positive news flow. More importantly, this is just the start as Vimy is planning to become a multi-mine, mid-tier Australian uranium company.

The Mulga Rock Project remains our primary focus as it is one of the most advanced near-term development stories. Six months ago, we delivered our Definitive Feasibility Study which demonstrated the Project's status as one of the world's most significant near-term uranium projects.

Uranium Market

The results of the Mulga Rock DFS are worth revisiting, particularly in light of recent supply-side actions dominated by Cameco Corporation's recent announcement of the indeterminate suspension of production at their McArthur River and Key Lake operations.

Other significant supply-side disclosures include:

- Kazatomprom announces further production cuts in 2018
- Paladin's Langer Heinrich operation going into care and maintenance
- ERA announces the mine closure plan for the Ranger mine and mill with production from the processing plant to cease in 2020 and no future production likely from Jabiluka
- Yellow Cake PLC uranium fund buys, and sequesters, circa 8mlbs U_3O_8 from Kazatomprom
- Tribeca Investment Partners, Sydney, announce a closed end uranium fund
- A notable increase in the participation of hedge funds at uranium fuel forums.

These actions, as well as a lack of ongoing investment in new and existing projects, are expected to lead to a structural supply-side deficit in the very near term resulting in higher uranium prices.

Cameco put it best in their recent quarterly presentation, "**Supply is not incentivised**".



Cameco's recent quarterly also provided interesting guidance on their expected uranium price which was \$46/lb U_3O_8 . Even at this price, almost double the woolly 'spot' price, Cameco has decided to extend the closure of McArthur River/Key Lake. Given that McArthur River is one of the lowest cost operations, long term pricing in the \$50s, \$60s and higher is therefore required to sustain profitable global uranium oxide production.

The Mulga Rock Project has a pre-tax NPV₈ of A\$530m at a uranium price of US\$60/lb U_3O_8 and AUD:USD=0.70, and at \$70/lb U_3O_8 , the Project's NPV₈ approaches A\$874m. All of which goes to show why strategy sessions by the Vimy board continue to put development of the Mulga Rock Project at the top of our list of priorities.

Work on site at Mulga Rock has wound back to environmental and site monitoring, and work programs have shifted to uranium marketing and submission of the various management work plans.

Uranium Marketing Strategy

Uranium marketing is in full swing with Vimy's attendance at several uranium marketing conferences, as well as ongoing utility visits in the US and Europe by myself and Scott Hyman. While utility contracting, particularly in the US, has been slow, the actions mentioned above have catalysed enthusiastic discussions and we can't help but feel that contracting will begin in the not too distant future. Vimy also visited India to assess the opportunities in that burgeoning market. India, like many clever developing nations, is quick to grasp the advantages of clean and reliable nuclear power.

While the Mulga Rock Project remains at the top of Vimy's 'to-do' list, the Alligator River Project comes in a close second and will generate much of the near-term news flow as drilling there is about to start. This project, recently acquired from Cameco Australia in the Northern Territory, gives Vimy the best position in the Alligator River uranium province. When a uranium hunter looks around the world for real estate, there are only a few places worth looking and the Alligator River uranium province is one of the best, and this was highlighted by the calibre of the other parties who were unsuccessful in the bidding process.

The reaction to the Alligator River acquisition on the part of the utilities was much more positive than we'd expected. To an experienced West Perth CEO, a 15+ mine life at the Mulga Rock Project seems big, however it became pretty clear that the utilities think in terms of 30+ years. Having a project pipeline providing a prospect of ongoing discovery and development has had a palpable effect on the ongoing offtake discussions.

The upcoming quarter promises to be even busier as we continue work programs across the board including drilling at the Alligator River Project, continued work on the Angularli scoping study, submission of the work plans from the Mulga Rock Project, and continued dialogue with utilities in the USA and Europe.



Completion of Alligator River Project Acquisition

On 16 July Vimy announced the completion of the legal transfer of the tenements from Cameco Corporation via Cameco Australia Pty Ltd (Cameco) for the Alligator River Project in Arnhem Land, Northern Territory.

Vimy now owns the largest granted tenement package in the Alligator River Uranium Province, which is considered one of the top three uranium exploration districts in the world, alongside the Athabasca Basin in Canada, and the Chu-Sarysu and Syrdarya Basins in Kazakhstan. The Alligator River Uranium Province has a proven exploration track record with over 750Mlbs U_3O_8 in mineral resources (current and mined) and has produced a total of 312Mlbs of uranium over the past 65 years. It includes the monster deposits of Ranger, Jabiluka, and Nabarlek.

Vimy's acquisition comprises three separate tenement packages covering a total area of 3,865km²:

- King River-Wellington Range project (1,675km²)
- Algodó-Beatrice project (500km²)
- Mt Gilruth project (1,690km²)

Commencement of Work Programs at Alligator River Project

Ground work has commenced for the 2018 field season at the King River-Wellington Range project, including follow-up of high-priority parallel shear structures at the Angularli deposit, the most advanced target. Immediately after the acquisition of the Alligator River Project, on 20 March 2018, Vimy announced a maiden inferred mineral resource at the Angularli deposit of approximately 26Mlbs U_3O_8 from 0.91Mt at 1.3% U_3O_8 , at a cut-off grade of 0.15% U_3O_8 (Vimy 75%).

For the first time, drilling will be carried out at the Such Wow prospect, 15km to the south of Angularli, with targeting based on extensive airborne and surface mapping and sampling completed by Cameco.

The 2018 work program has been approved by the Northern Land Council on behalf of the Traditional Landowners. The tenements are on Aboriginal land vested in the Arnhem Land Aboriginal Land Trust and managed by the Northern Land Council.

The King River-Wellington Range project is the subject of a joint venture with Rio Tinto Exploration Pty Limited (Rio Tinto), a wholly owned subsidiary of Rio Tinto Ltd, with Vimy holding 75% and Rio Tinto holding 25%. Vimy and Rio Tinto have also held a joint venture meeting to confirm the work program.

In 2H 2018 Vimy will also undertake a scoping study on Angularli to determine the deposit's preliminary economics. During due diligence for the acquisition, a conceptual underground mine design was completed by Mining Plus, along with preliminary capital and operating costs to assist in determining likely economic cut-off grades and to assist with drill targeting. Mineralised drill core from Cameco's work will also be used for bench-scale leach testwork to test the amenability of the uranium mineralisation to conventional acid leaching, and to derive assumptions to be used in the scoping study. In addition, environmental baseline studies will be initiated at Angularli to streamline permitting timelines.

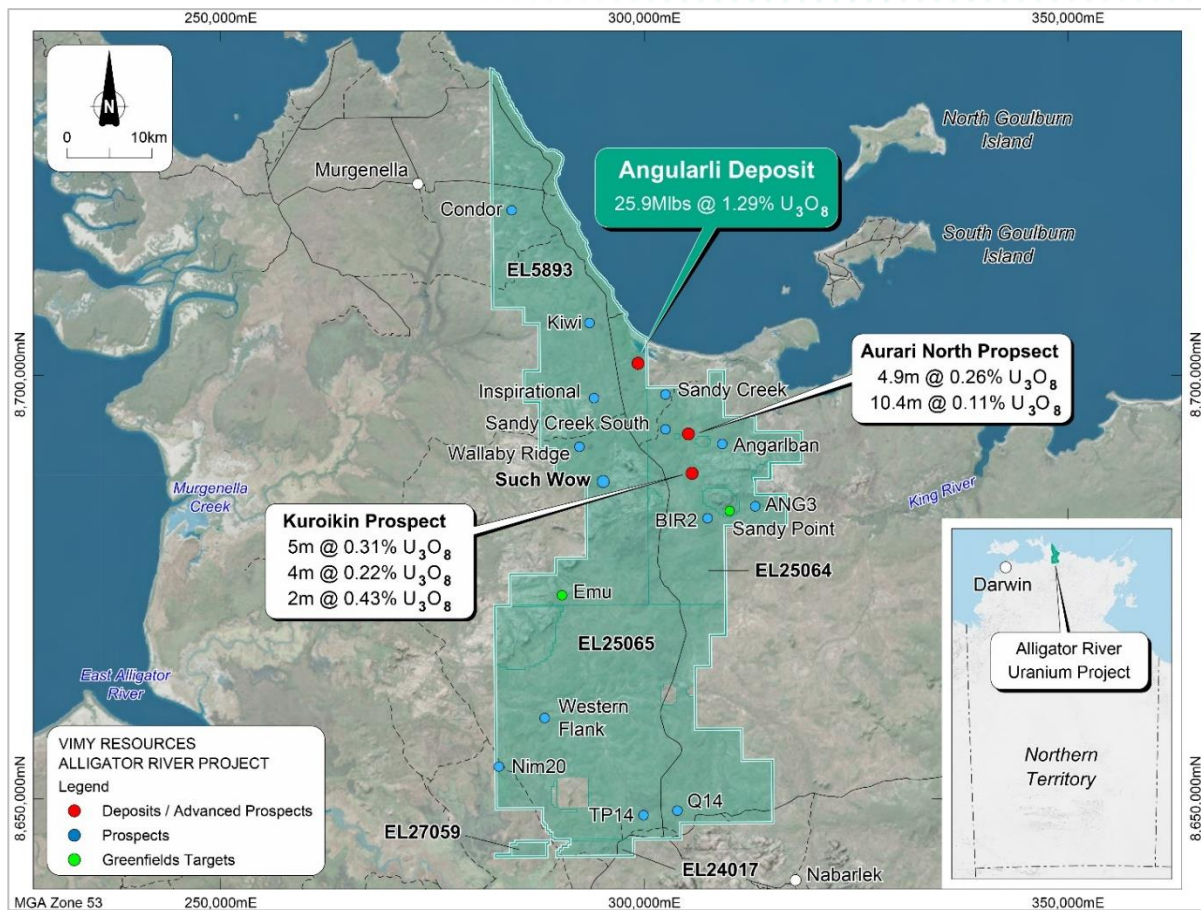


Figure 1: Location of the Angularli Deposit and Alligator River Project Main Prospects



Figure 2: Aerial view of the King River camp, Alligator River Project



Battery Minerals Provide Upside for the Mulga Rock Project





On 12 April 2018, the Company announced a potential upside to uranium value at the Mulga Rock Project through base metal by-product credits.

The DFS investigated a stand-alone base metals plant, which formed part of the Mulga Rock Project Pre-Feasibility Study released to the ASX on 17 November 2015. The base metals plant is designed to recover copper, zinc, nickel and cobalt as mixed sulphide by-products from the tailings of the uranium plant.

The DFS ultimately focused solely on uranium. However, growing demand for base metals prompted Vimy to review the viability of the base metals plant, with initial indications pointing to greatly improved economics.

At current base metal spot prices, obtained from the London Metal Exchange but otherwise using the same inputs and assumptions as used in the PFS, Vimy derives a base metals by-product credit of circa US\$4/lb U₃O₈. The key metrics and price assumptions used for the PFS are summarised in Table 1.

Table 1 Mulga Rock Project base metals plant – key physical and financial metrics from the PFS

| | Key metric | Unit | PFS | |
|---|----------------------------------|--------------------|------------------------------|------------------------------|
|  | Copper recovery | % | 35 | |
| | Zinc recovery | % | 48 | |
| | Nickel recovery | % | 43 | |
| | Cobalt recovery | % | 38 | |
|  | Copper metal recovered | LOM tonnes | 3,000 | |
| | Zinc metal recovered | LOM tonnes | 13,500 | |
| | Nickel metal recovered | LOM tonnes | 6,200 | |
| | Cobalt metal recovered | LOM tonnes | 2,550 | |
|  | Base metals plant direct | A\$ million | 37.6 | |
| | Base metals plant indirect | A\$ million | 7.6 | |
| | Growth allowance and contingency | A\$ million | 6.8 | |
| | Total base metals plant capital | A\$ million | 52.0 | |
|  | Base metal prices | Real US\$/t | Nov 2015 ¹ | Mar 2018 ² |
| | Copper | US\$/t | 5,095 | 6,556 |
| | Zinc | US\$/t | 1,821 | 3,266 |
| | Nickel | US\$/t | 9,940 | 12,903 |
| | Cobalt | US\$/t | 28,000 | 94,050 |

1. London Metal Exchange spot price quoted on 1 September 2015

2. London Metal Exchange spot price quoted on 27 March 2018

The base metal information in Table 1 above is extracted from ASX announcement entitled “*Pre-Feasibility Study Reaffirms Mulga Rock Project as one of Australia’s Leading Undeveloped Uranium Projects*” released on 17 November 2015 and is available to view on asx.com.au ASX:VMY. Other than in respect of base metal prices the Company confirms that it is not aware of any new base metal information or data that materially affects the base metal information included in the original market announcement and, in the case of estimates of base metal Mineral Resources, that all material assumptions and technical parameters underpinning the base metal estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement, other than in respect of base metal pricing.



Tenements

Tenement details for the Mulga Rock Project are shown in Table 2. Legal transfer of the tenements for the Alligator River Project was announced after the end of the Quarter and tenement details will be listed in the September 2018 quarterly report.

Table 2 Mulga Rock Project tenement details as at 30 June 2018

| Tenement | Nature of Interest | Mineral Field | Interest at Beginning of Quarter | Interest at End of Quarter |
|----------|--------------------|---------------|----------------------------------|----------------------------|
| M39/1104 | Granted | Mt Margaret | 100% | 100% |
| M39/1105 | Granted | Mt Margaret | 100% | 100% |
| E39/876 | Granted | Mt Margaret | 100% | 100% |
| E39/877 | Granted | Mt Margaret | 100% | 100% |
| E39/1148 | Granted | Mt Margaret | 100% | 100% |
| E39/1149 | Granted | Mt Margaret | 100% | 100% |
| E39/1150 | Granted | Mt Margaret | 100% | 100% |
| E39/1551 | Granted | Mt Margaret | 100% | 100% |
| E39/1683 | Granted | Mt Margaret | 100% | 100% |
| E39/1902 | Granted | Mt Margaret | 100% | 100% |
| E39/1953 | Granted | Mt Margaret | 100% | 100% |
| L39/193 | Granted | Mt Margaret | 100% | 100% |
| L39/219 | Granted | Mt Margaret | 100% | 100% |
| L39/239 | Granted | Mt Margaret | 100% | 100% |
| L39/240 | Granted | Mt Margaret | 100% | 100% |
| L39/241 | Granted | Mt Margaret | 100% | 100% |
| L39/242 | Granted | Mt Margaret | 100% | 100% |
| L39/252 | Granted | Mt Margaret | 100% | 100% |
| L39/253 | Granted | Mt Margaret | 100% | 100% |
| L39/254 | Granted | Mt Margaret | 100% | 100% |
| L39/243 | Granted | Mt Margaret | 100% | 100% |
| P39/5844 | Granted | Mt Margaret | 100% | 100% |
| P39/5853 | Granted | Mt Margaret | Nil | 100% |

Corporate

On 29 June 2018 the Company announced the following changes to board fees and executive team contracts:

Board Fees

- Non-Executive Director Board fees will be reduced by 10% from 1 July 2018.

Executive Team Contracts

Effective 1 July 2018, modifications have been made to executive contracts (for Mike Young, Managing Director and CEO; Julian Tapp, Executive Director; Tony Chamberlain, Chief Operating Officer and Ron Chamberlain, CFO and Company Secretary) to provide the Company with flexibility to respond to uranium market conditions in the next six months.



The modifications include:

- Allowing external consultancy work to be undertaken in the next six months as unpaid leave for a minimum period. This minimum period ranges from 1 to 2 days per week depending upon the executive and has the effect of reducing ongoing executive remuneration by between 20% to 40%,
- Reduction in the contract notice periods for the executives from 6 months to 2 months by either party.

Directors' Shareholdings

After the end of the Quarter, on 27 July 2018, the Company lodged Appendix 3Y notices for Vimy Directors Mike Young and Julian Tapp, reflecting a reduction in their shareholdings as a consequence of a Company share buyback. These shares were originally issued in June 2013 under the Vimy Employee Share Plan and as the shares were trading below the issue price at the end of the five-year term, the Company has now bought back the shares and cancelled them.

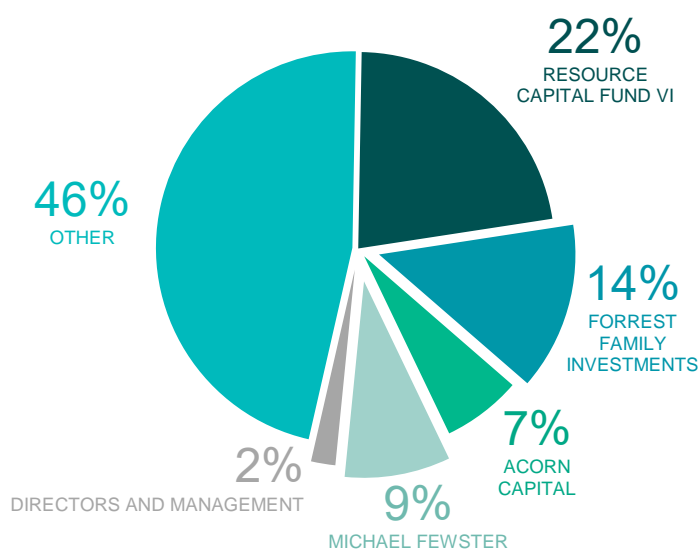
On 29 June 2018 Mike Young completed an on-market purchase of 300,000 shares and continues to be supportive of Vimy's share price.

Macquarie Bank sells down its Vimy holding

During the Quarter, Vimy noted the sell down from its substantial shareholder Macquarie Bank Limited (Macquarie). On 8 May 2018, Macquarie held an 8.74% relevant interest in Vimy which they sold down to below 0.1% by 13 June 2018. The sell-down was managed by Morgans Corporate Limited and supported by new and existing shareholders of Vimy.

Vimy Managing Director and CEO, Mike Young, thanked Macquarie for providing funding for the early drilling programs and studies that established Mulga Rock as a world class project, through subscription to convertible note packages in October 2011 and November 2012 which were later converted into equity in July 2014.

Macquarie Bank's sell down increased the free float of Vimy's register, with the current capital structure shown below:





Successful Placement to New and Existing Investors

On 30 April 2018, the Company announced it had received commitments from new and existing institutional and sophisticated investors for a well-supported A\$6 million placement. The Company issued 55 million fully paid ordinary shares (Ordinary Shares) at an issue price of \$0.11 per share, representing approximately 15.3% of the shares on issue (on a pre-Placement basis), pursuant to its existing capacity under ASX Listing Rules 7.1 (53,982,870 shares) and 7.1A (1,017,130 shares). All new shares will rank pari passu with existing Ordinary Shares. Morgans Corporate Limited acted as lead manager and bookrunner to the Placement, with Amvest Capital Inc (acting through Mann Mann Jensen Partners LP) as the US broker.

Expenditure

Cash spend on exploration, evaluation, corporate, administration and uranium marketing activities in the 30 June 2018 Quarter amounted to \$2.7 million.

This was higher than the 31 March 2018 quarter cash spend of \$1.8 million as field work commenced at the newly acquired Alligator River Project and work programs were closed out following completion of the Mulga Rock Project definitive feasibility study, which included redundancy costs.

The forecast operating spend for the 30 September 2018 quarter is \$3.0 million, with the majority related to exploration drilling and scoping study work programs at the Alligator River Project. This forecast maintains a focus on uranium marketing and includes a reduction in administration and corporate activities and lower staff costs from redundancies completed in June 2018 and changes to executive team remuneration announced on 29 June 2018.

Cash at bank

Cash at the end of the 30 June 2018 Quarter amounted to \$6.7 million.

The Company expects receipt of its 2018 financial year Research and Development Tax Incentive grant income in the September 2018 quarter.

Mike Young

Managing Director and CEO

Tel: +61 8 9389 2700

31 July 2018

The information in this announcement is extracted from ASX announcement entitled 'Maiden Mineral Resource at Angularli Deposit Alligator River Project' released on 20 March 2018 and available to download from asx.com.au ASX:VMY. The Company is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are 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 ENE of Kalgoorlie in the Great Victoria Desert of Western Australia.

Vimy also owns (75%) 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
Chairman

Mike Young
CEO and Managing Director

Julian Tapp
Executive Director

David Cornell
Non-Executive Director

Mal James
Non-Executive Director

Andy Haslam
Non-Executive Director

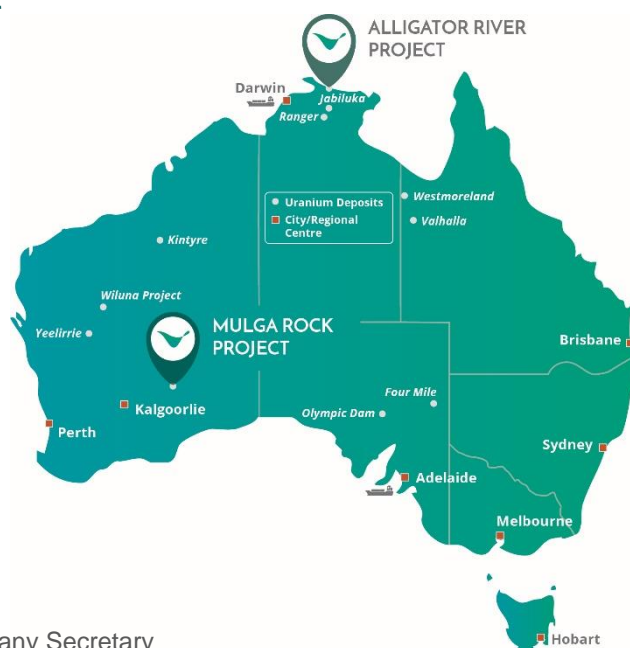
Dr Vanessa Guthrie
Non-Executive Director

Ron Chamberlain
Chief Financial Officer and Company Secretary

Tony Chamberlain
Chief Operating 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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F: +61 3 9473 2500
W: www.computershare.com
E: www.investorcentre.com/contact

THE MULGA ROCK PROJECT

RESOURCE OF



U₃O₈



The creation of approximately
350 direct site jobs
IN WESTERN AUSTRALIA

Royalty and payroll tax
payments of around

A\$17m

PER YEAR TO THE
STATE GOVERNMENT

The amount of uranium produced
when used in nuclear power plants to
displace coal fired electricity would
offset more than



70 million tonnes
of carbon dioxide equivalent
emissions which is
around 13%

of Australia's total greenhouse
gas emissions.



**STATE & FEDERAL
MINISTERIAL
APPROVALS**