# VIMY

RESOURCES LIMITED

# Annual Financial Report

For the year ended 30 June 2018

# Vimy Resources Limited – Consolidated Entity

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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 2018 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 18 September 2018. 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 http://www.vimyresources.com.au.

# Directors' Report
## for the Year ended 30 June 2018

Your Directors present their report on Vimy Resources Limited consolidated entity ('Group') for the financial year ended 30 June 2018.

**DIRECTORS**

The names and details of Directors who held office during the year ended 30 June 2018 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 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, AusCann Group Holdings Limited May 2016 to present, and CropLogic Limited March 2018 to present.*

**Michael (Mike) Young** BSc (Hon), MAIG
**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.

Mr Young is a Director of the Minerals Council of Australia and Chairman of its Uranium Forum.

*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 and worked as an economist, lecturing at a number of universities, before holding high-level roles in companies around the globe, including Ford of Europe, BP and BAeSystems.

Mr Tapp is on the Demand and Uranium Sub-Groups of the World Nuclear Association's Fuel Report Working Group.

*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 mining professional with over 30 years of operational and senior executive experience in the Australian mining industry. He was previously Managing Director of ASX listed Vital Metals, Managing Director of ASX listed Territory Resources Ltd and Executive General Manager - Iron ore, with ASX listed Mineral Resources Limited. Prior to these roles, he held a number of key operational roles in the mining contracting industry in Australia.

Mr Haslam currently serves as a Non-executive Director of BC Iron Limited, industry representative on the WA Quarry Managers' Board of Examiners and a consultant to a number of companies in the mining industry.

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 over 30 years' experience in merchant banking, engineering, manufacturing, mining, energy, financing, philanthropic and social ventures. Over the past 25 years he has had active roles in identifying, exploring, financing and developing a number of significant natural resource and energy projects in Australia, the former Soviet Union, the Middle East, Africa, Asia, South America and the USA.

Mr James has held executive and Non-executive Board positions on several Australian and London listed companies, business associations, sporting and not-for profit organisations. He has been directly involved in over A$2.5 billion of equity and debt financing and was a founding Director of MRJ Advisors – a boutique resource and capital management firm that was responsible for the identification, financing and listing of several projects/companies on the Australian and London Securities Exchanges.

Mr James is currently Executive Chairman/Managing Director of Algae.Tec Limited, a specialist algae producer focused on the key algae-based nutraceutical, animal and aquaculture markets, and the Non-executive Chairman of Anova Minerals Limited.

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.*

# Directors’ Report
## for the Year ended 30 June 2018

**Dr Vanessa Guthrie** BSc (Hons), PhD (geology), Dip. Nat. Res., Dip. Bus. Mgt, Dip. Comm. Res. Law, MAICD, FTSE
**Non-executive Director**

*Appointed 6 October 2017*

Dr Guthrie has more than 30 years’ experience in the resources sector in diverse roles such as operations, environment, community and indigenous affairs, corporate development and sustainability.

Dr Guthrie has qualifications in geology, environment, law and business management including a PhD in Geology. She was awarded an Honorary Doctor of Science from Curtin University in 2017 for her contribution to sustainability, innovation and policy leadership in the resources industry.

Dr Guthrie is the former Managing Director and CEO of Toro Energy Limited and VP Sustainable Development at Woodside Energy, and is currently Chair of the Minerals Council of Australia, Deputy Chair of the WACA, a Non-executive Director of the Australian Broadcasting Corporation, Santos Limited, Adelaide Brighton Limited and a Council member of Curtin University.

Dr Guthrie is an active member of the Australian Institute of Company Directors and Chief Executive Women, and a Fellow of the Australian Academy of Technological Sciences and Engineering.

*Dr Guthrie is a representative of the shareholder, Resource Capital Fund VI L.P..*

*Listed company directorships in the last three years: Toro Energy Limited up to December 2016, Santos Limited July 2017 to present, and Adelaide Brighton Limited February 2018 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 2018 was exploration and evaluation on the Mulga Rock Project with the Definitive Feasibility Study completed during the year. The acquisition of the Alligator River Uranium Project was finalised after 30 June 2018.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year the following significant events occurred:

- On 31 July 2017, the Company announced the completion of a heavily oversubscribed placement to 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 Definitive Feasibility Study work programs for the Mulga Rock Project.
- On 6 October 2017, Dr Vanessa Guthrie was appointed as a Non-Executive Director, representing the substantial shareholder Resource Capital Fund VI L.P.
- On January 30 2018, the Company released its Definitive Feasibility Study on the Mulga Rock Project.
- On 12 February 2018, the Company announced the expansion of the Vimy team with the appointment of a US-based Vice President Sales and Marketing.
- On 1 March 2018, the Company announced the acquisition of Cameco’s Alligator River Project in the Northern Territory, the largest granted and permitted tenement package in a world-class uranium province. This acquisition was subject to customary conditions, including third party and regulatory approvals, and was finalised on 17 July 2018 following completion of tenement transfers (refer to Matters Subsequent to the End of the Year).

- On 8 May 2018, the Company announced the completion a placement from new and existing institutional and sophisticated investors which raised $6 million at $0.11 per share before costs. The funds were raised to carry out an exploration program at the Alligator River Project as well as to progress the battery minerals options at the Mulga Rock Project.
- On 13 June 2018, the Company noted the sell down from its substantial shareholder Macquarie Bank Limited from a relevant interest of 8.74% to below 0.1%.

**OPERATING AND FINANCIAL REVIEW**

**OPERATING RESULT**

The consolidated operating loss after tax for the year ended 30 June 2018 attributable to members of the Group was $9,545,741 (2017: operating loss after tax $11,500,157). 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 $707,819 (2017: $7,724,364) as a consequence of lower research and development tax incentive grant income in 2018 related to a reduction in activities during the year. The research and development tax incentive grant income for the 2017 financial year related to both the 2017 and 2016 income tax years.
- Lower exploration and evaluation expenditure of $5,951,592 (2017: $13,597,184) as a result of completing the Mulga Rock Project Definitive Feasibility Study during the year.

**DIVIDENDS**

No dividends were paid in the current year (2017: $nil).

**REVIEW OF OPERATIONS**

The Group's flagship project is the Mulga Rock Project, one of Australia's largest undeveloped uranium resources, located 290 kilometres east-northeast of Kalgoorlie in the Great Victoria Desert of Western Australia.

After 30 June 2018 the Group completed the acquisition of the largest granted uranium exploration package in the world-class Alligator River uranium district, located in the Northern Territory.

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 12 July 2017, the Company announced the results from a significant mineral resource update at its Mulga Rock Project. The new mineral resource has increased by 17% to 71.2Mt at 570ppm U3O8 for 90.1Mlbs U3O8 compared to the November 2016 estimate of 76.8Mlb U3O8.
- On 4 September 2017, the Company announced a major ore reserve update at the Mulga Rock Project to 42.3Mlbs U3O8 from 22.7Mt at 845ppm U3O8, including a maiden proved ore reserve of 12.3Mlbs from 5.3Mt at 1,055ppm U3O8, and a 36% increase in ore reserve metal since the last reserve update in November 2016.
- On 6 September 2017, the Company announced that it had received all results from testing of the uranium oxide concentrate (UOC) product samples dispatched to three overseas commercial converters, confirming the high quality of the UOC from the Mulga Rock Project.
- On 30 January 2018, the Company released the Mulga Rock project definitive feasibility study, which confirmed the project as a world class uranium project, with robust financials and simple, low cost mining and metallurgical processes.
- On 20 March 2018, the Company announced the maiden mineral resource for Angularli deposit at the Alligator River Project, containing approximately 26Mlbs U3O8 from 0.91Mt at 1.3% U3O8 (75% Vimy:25% Rio Tinto Exploration Pty Limited). This is the most advanced of many exciting prospects in this under-explored province known to host large uranium deposits with exceptional grade. This acquisition was finalised on 17 July 2018 following completion of tenement transfers (refer to Matters Subsequent to the End of the Year).
- On 12 April 2018, the Company announced the potential upside to uranium value at Mulga Rock Project through base metal by-product credits from copper-zinc and nickel-cobalt mixed sulphide products. These base metals would be separate products and NOT part of the UOC product.

The Company currently has two mining leases that cover the entire area required for the successful development and exploitation of the Mulga Rock Project.

### Financial Position

Net assets at 30 June 2018 were $6,483,983 (2017: Net assets of $4,627,848) and are low as a consequence of the Group being in the exploration and evaluation phase and expensing related expenditure on granted tenements as incurred.

Cash and cash equivalents at 30 June 2018 totalled $6,734,623 (2017: $5,081,972).

### Going Concern

The Directors have reviewed a cash flow forecast for the next 12 months from the date of signing the financial report which demonstrates that the Group will have sufficient cash resources to continue as a going concern, subject to successful fund raising activities during the period.

The Group's ability to continue as a going concern and to advance the Mulga Rock project and its exploration and evaluation activities, including the Alligator River Project acquired subsequent to year end, depends on its ability to obtain additional funding through equity, debt or hybrid financing, joint ventures, production off-take arrangements or other means. This creates a material uncertainty as to the ability of the Group to continue as a going concern.

In considering these circumstances, the Directors have taken into account the Group's demonstrated past successes in raising equity and debt, and in the event that additional funding is not able to be obtained at the amounts and timeframes anticipated, the Directors would actively curtail both project and corporate expenditure to conserve cash resources.

For these reasons the Directors continue to adopt the going concern basis in preparing these financial reports.

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.

### LIKELY DEVELOPMENTS AND BUSINESS STRATEGY

The Group's strategy is to develop its assets and to ultimately become a uranium producer. At the same time, the Group is continually looking for other uranium exploration and development opportunities to add to its project pipeline. New assets will be evaluated on a case-by-case basis.

The Group's objectives are to develop the Mulga Rock Project by negotiation of offtake contracts with electrical power utilities, and funding facilities, and to undertake exploration and evaluation activities at the recently acquired Alligator River Project.

### MATTERS SUBSEQUENT TO THE END OF THE YEAR

Since 30 June 2018 the following significant subsequent events have occurred:

- From 1 July 2018 the Company has reduced Non-executive Director Board fees by 10% and modified Executive Team contracts to provide the Company with flexibility to respond to uranium market conditions in the next six months while maintaining core intellectual property (refer to Remuneration Report).
- On 17 July 2018, the Company announced the completion of the transfer of tenements relating to the Alligator River Uranium Project in Arnhem Land, Northern Territory. The Company has made an assessment whether it had been transferred significant risk and rewards, had legal rights and control to tenure at 30 June 2018, and as such whether the acquisition should be recognised at 30 June 2018. The Company concluded that the acquisition from Cameco Australia Pty Ltd was not completed until 17 July 2018 following transfer of tenements, and therefore the acquisition has been disclosed as a subsequent event. The Company has acquired the project for a cash consideration of $6.5 million staged over 30 months and granted Cameco a conditional buy-back option. The first instalment of $1.5 million was paid in July 2018.
- On 20 July 2018, the Company issued 4,030,000 ordinary shares under the terms and conditions of the 2016 Vimy Employee Share Plan as approved by shareholders on 18 November 2016. The shares are subject to vesting conditions as well as repayment of a limited recourse loan provided by the Company (refer to the Remuneration Report for details of the plan).
- On 27 July 2018, the Company noted a reduction in the shareholdings of the Managing Director Mike Young and Executive Director Julian Tapp. Their 2013 employee share plan shares were trading below the June 2013 issue price at the end of their five-year term, and as a consequence the Company bought back the shares in repayment of the non-recourse loan under the terms of the employee share plan, and then cancelled the shares.

# Directors' Report
## for the Year ended 30 June 2018

- On 13 August 2018, the Company announced commencement of exploration drilling at the Alligator River Project to extend known mineralisation at the Angularli deposit and confirm prospectivity at the Such Wow prospect.

### MEETINGS OF DIRECTORS

The meetings of the Company's Board of Directors held during the year ended 30 June 2018, 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 2018** | **A** | **B** | **A** | **B** | **A** | **B** |
| C. Edwardes | 14 | 14 | 4 | 4 | 2 | 2 |
| M. Young | 14 | 14 | * | * | * | * |
| J. Tapp | 12 | 14 | * | * | * | * |
| D. Cornell | 14 | 14 | 4 | 4 | 2 | 2 |
| A. Haslam | 14 | 14 | 4 | 4 | 2 | 2 |
| M. James | 11 | 14 | 4 | 4 | 1 | 2 |
| V. Guthrie (appointed 7 October 2017) | 11 | 12 | 2 | 3 | 2 | 2 |

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

### DIRECTORS' INTERESTS IN SHARES AND OPTIONS

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

| Director | Number of shares | Number of options |
|---|---|---|
| C. Edwardes | 857,142 | - |
| M. Young | 5,538,094 | 714,285 |
| J. Tapp | 3,571,427 | 714,285 |
| D. Cornell | - | - |
| A. Haslam | - | - |
| M. James [a] | - | - |
| V. Guthrie (appointed 7 October 2017) [b] | - | - |

(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. Mr James has no direct interest in this shareholding of Forrest Family Investments Pty Ltd.

(b) Dr Guthrie is the nominated representative of Resource Capital Fund VI L.P. which currently holds 92,512,184 ordinary shares. Dr Guthrie has no direct interest in this shareholding of Resource Capital Fund VI L.P..

### 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 | 1,428,570 |
| 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 |

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 2018.

**CONTINGENTLY ISSUABLE SHARES**

On 31 August 2018 the Remuneration Committee and Board approved a 2018 short-term benefit of $149,400 future issue of shares to key management personnel based on their individual performance during the year. The issue of shares in the future is subject to an additional service condition through to 30 June 2019, unless the employee is terminated by the Company without cause. The future issue of a portion of the shares is to Directors and as a consequence is also subject to shareholder approval.

**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. 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 internal database benchmarking or use of external consultants. During the 2017 year no external consultants were engaged by the company. In the 2018 year, advice was sought from external consultants on the short term incentive performance plan for a cost of $7,650.

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 the Company's future performance will be dependent on the quality of its people. To achieve its financial and operating objectives, the Group 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*

From 1 July 2018 the Company has reduced Non-executive Director Board fees by 10%.

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*

From 1 July 2017 the Company has modified Executive Team contracts to provide the Company with flexibility to respond to uranium market conditions in the next six months. Refer to section C. Service agreements for the specific details on the modifications.

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 initial 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 executive contract.

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

*(ii)* *Short-term incentives*

The Board, through the Remuneration Committee, is responsible for assessing short-term incentives for key management personnel. Short-term incentives are established against key performance indicators which are assessed by the Board through the Remuneration Committee. The key performance indicators used during the year included Group performance in safety, Company share price performance compared to a peer group, and specific individual and Group work program achievements.

During the 2018 year advice was sought from external consultants on the short-term incentive performance plan for a cost of $7,650. This has resulted in the Company revising the short-term incentive performance plan from 1 July 2018 to better align executive reward outcomes with shareholder wealth creation.

*(iii)* *Long-term incentives*

Long-term incentives are provided to employees through the 2016 Vimy Employee Share Plan.

When shares are issued under the plan they are subject to vesting conditions as well as repayment of a limited recourse loan provided by the Company. The vesting conditions assessed during the year related to specific Group work program achievements for the Chief Executive Officer and Managing Director as approved by shareholders on 18 November 2016.

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 such as commodity price.

*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** | **2018** | **2017** | **2016** | **2015** | **2014 *** |
|---|---|---|---|---|---|
| Loss per share (cents) | (2.62) | (4.11) | (5.24) | (5.26) | (13.72) |
| Dividend (cents per share) | - | - | - | - | - |
| Net loss | (9,545,741) | (11,500,157) | (11,957,825) | (10,725,302) | (8,298,813) |
| Share price ($) | 0.10 | 0.18 | 0.34 | 0.26 | 0.35 |

* The figures for this year 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 2018 and 2017 are set out in the following tables.

| | | *Short-term benefits* | | | *Post-employment benefits* | *Share-based payments* | |
|---|---|---|---|---|---|---|---|
| | | **Cash salary and fees** | **Cash bonus [(a)]** | **Share-based payments [(b)]** | **Superannuation** | **Value of shares / options** | **Total** |
| **Directors** | | | | | | | |
| ***Non-executive*** | | | | | | | |
| C. Edwardes | 2018 | 90,000 | - | - | 8,550 | - | 98,550 |
| *Chairman* | 2017 | 90,000 | - | - | 8,550 | 67,513 | 166,063 |
| D. Cornell | 2018 | 40,000 | - | - | 3,800 | - | 43,800 |
| | 2017 | 40,000 | - | - | 3,800 | - | 43,800 |
| A. Haslam | 2018 | 43,800 | - | - | - | - | 43,800 |
| | 2017 | 43,800 | - | - | - | - | 43,800 |
| M. James | 2018 | 43,800 | - | - | - | - | 43,800 |
| | 2017 | 43,800 | - | - | - | - | 43,800 |
| V. Guthrie | 2018 | 29,462 | - | - | 2,799 | - | 32,261 |
| *Appointed 7 October 2017* | 2017 | - | - | - | - | - | - |
| ***Executive*** | | | | | | | |
| M. Young | 2018 | 425,000 | - | 25,500 [(b)] | 25,000 | 100,294 | 575,794 |
| *CEO and MD* | 2017 | 425,000 | 179,775 [(a)] | - | 25,000 | 302,953 | 932,728 |
| J. Tapp | 2018 | 325,000 | - | 13,000 [(b)] | 25,000 | - | 363,000 |
| | 2017 | 325,000 | 103,100 [(a)] | - | 25,000 | 107,768 | 560,868 |
| Total Directors | 2018 | 997,062 | - | 38,500 [(b)] | 65,149 | 100,294 | 1,201,005 |
| | 2017 | 967,600 | 282,875 [(a)] | - | 62,350 | 478,234 | 1,791,059 |

(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) The short-term benefit share-based payments in 2018 relate to an award of a fixed value of future issue of shares to key management personnel based on their individual performance during the year. The issue of shares in the future is subject to an additional service condition through to 30 June 2019, unless the employee is terminated by the Company without cause. The share-based payments have been provisionally expensed in accordance with accounting standards over a two year vesting period, from commencement of the performance period on 1 July 2017 to end of the service condition on 30 June 2019. The Remuneration Committee and Board approved the award and future issue of shares on 31 August 2018, subject to the service condition. The future issue of shares to M. Young and J. Tapp is also subject to shareholder approval.

| | | Short-term benefits | | | Post-employment benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| | | Cash salary and fees | Cash bonus | Share-based payments [a] | Superannuation | Value of shares | Total |
| ***Key management personnel*** | | | | | | | |
| T. Chamberlain | 2018 | 380,000 | - | 15,200 [a] | 20,049 | - | 415,249 |
| *Chief Operating Officer* | 2017 | 380,000 | 58,900 | - | 19,616 | 113,019 | 571,535 |
| R. Chamberlain | 2018 | 300,000 | - | 12,000 [a] | 28,500 | - | 340,500 |
| *CFO and Company Secretary* | 2017 | 300,000 | 45,000 | - | 28,500 | 120,508 | 494,008 |
| Total key management personnel | 2018 | 680,000 | - | 27,200 [a] | 48,549 | - | 755,749 |
| | 2017 | 680,000 | 103,900 | - | 48,116 | 233,527 | 1,065,543 |

(a) The short-term benefit share-based payments in 2018 relate to an award of a fixed value of future issue of shares to key management personnel based on their individual performance during the year. The issue of shares in the future is subject to an additional service condition through to 30 June 2019, unless the employee is terminated by the Company without cause. The share-based payments have been provisionally expensed in accordance with accounting standards over a two year vesting period, from commencement of the performance period on 1 July 2017 to end of the service condition on 30 June 2019. The Remuneration Committee and Board approved the award and future issue of shares on 31 August 2018, subject to the service condition.

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 2018 year short-term benefit, M. Young received 40% of the maximum annual short-term incentive bonus (60% forfeited), J. Tapp received 40% of the maximum annual short-term incentive bonus (60% forfeited), T. Chamberlain received 40% of the maximum annual short-term incentive bonus (60% forfeited), and R. Chamberlain received 40% of the maximum annual short-term incentive bonus (60% forfeited). The short-term benefit share-based payments in 2018 relate to an award of a fixed value of shares to be issued in the future to key management personnel based on their individual performance during the year. The issue of shares in the future is subject to an additional service condition through to 30 June 2019, unless the employee is terminated by the Company without cause.

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).

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* | |
|---|---|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** |
| **Directors** | | | | | | |
| ***Non-executive*** | | | | | | |
| C. Edwardes | 100% | 59% | - | - | - | 41% |
| D. Cornell | 100% | 100% | - | - | - | - |
| A. Haslam | 100% | 100% | - | - | - | - |
| M. James | 100% | 100% | - | - | - | - |
| V. Guthrie *Appointed 7 October 2017* | 100% | - | - | - | - | - |
| ***Executive*** | | | | | | |
| M. Young | 78% | 48% | 5% | 19% | 17% | 33% |
| J. Tapp | 96% | 63% | 4% | 18% | - | 19% |
| ***Key management personnel*** | | | | | | |
| T. Chamberlain | 96% | 70% | 4% | 10% | - | 20% |
| R. Chamberlain | 96% | 67% | 4% | 9% | - | 24% |

### *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 2016 Vimy Employee Share Plan.

From 1 July 2018 the Company has modified the Executive Team contracts to provide the Company with flexibility to respond to uranium market conditions in the next six months. These modifications relate to the key management personnel service agreements noted below and include:

- Allowing external consultancy work to be undertaken in the six months from 1 July 2018 as unpaid leave for a minimum period. This minimum period ranges from 1 to 2 days per week depending upon the key management personnel and has been arrived at by a mutual understanding and has the effect of reducing ongoing remuneration by between 20% to 40%.
- Reduction in the contract notice periods for the key management personnel from 6 months to 2 months by either party.

The service agreements in effect for the year ended 30 June 2018 were:

*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 capped at the maximum super contribution base.
- 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 six months' written notice or the payment of six months' remuneration in lieu of notice. Mr T. 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 officer.
- 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 officer.
- 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 no shares were issued under the 2016 Vimy Employee Share Plan.

Subsequent to 30 June 2018 the Remuneration Committee and Board on 31 August 2018 approved the award and future issue of shares to key management personnel which is considered a grant of equity instruments relating to remuneration. This grant related to 2018 short-term benefits in the form of a fixed value of future issue of shares based on individual performance during the year, but also subject to an additional service condition through to 30 June 2019, unless the employee is terminated by the Company without cause.

| Key management personnel | Incentive plan | Number granted | Grant date | Fair value at grant date | Vesting date | Service condition end date |
|---|---|---|---|---|---|---|
| T. Chamberlain | Short-term incentive | Fixed value of $30,400 converted to shares based on the closing share price on 28 June 2019 | 31 Aug 2018 | $30,400 | 30 Jun 2019 | 30 Jun 2019 |
| R. Chamberlain | Short-term incentive | Fixed value of $24,000 converted to shares based on the closing share price on 28 June 2019 | 31 Aug 2018 | $24,000 | 30 Jun 2019 | 30 Jun 2019 |

In relation to 2018 short-term benefits to M. Young and J. Tapp, as the future issue of these shares are also subject to shareholder approval, these are not as yet considered a grant of equity instruments relating to remuneration.

The 2018 short-term benefits are considered to be share-based payments and as a result they have been provisionally expensed in accordance with accounting standards over a two year vesting period, from commencement of the performance period on 1 July 2017 to end of the service condition on 30 June 2019.

### *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 | Purchased on market | Balance at the end of the period |
|---|---|---|---|---|
| **30 June 2018** | | | | |
| **Directors** | | | | |
| C. Edwardes | 857,142 | - | - | 857,142 |
| M. Young | 5,238,094 | - | 300,000 | 5,538,094 |
| J. Tapp | 3,571,427 | - | - | 3,571,427 |
| D. Cornell | - | - | - | - |
| A. Haslam | - | - | - | - |
| M. James [(a)] | - | - | - | - |
| V. Guthrie [(b)] | - | - | - | - |
| | 9,666,663 | - | - | 9,966,663 |
| **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 2018. Mr James has no direct interest in the shareholding of Forrest Family Investments Pty Ltd.

(b) Dr Guthrie is the nominated representative of Resource Capital Fund VI L.P. which held 92,512,184 ordinary shares in the Company during the year ended 30 June 2018. Dr Guthrie has no direct interest in this shareholding of Resource Capital Fund VI L.P..

***Option holdings***

The movement during the reporting period, by number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each key management person is set out below.

| | Balance at the start of the period | Granted as remuneration | Exercised | Expired | Balance at the end of the period | Vested and exercisable at 30 June 2018 |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| C. Edwardes | - | - | - | - | - | |
| M. Young | 2,142,856 | - | - | 1,428,571 | 714,285 | 714,285 |
| J. Tapp | 2,142,856 | - | - | 1,428,571 | 714,285 | 714,285 |
| D. Cornell | - | - | - | - | - | |
| A. Haslam | - | - | - | - | - | |
| M. James | - | - | - | - | - | |
| V. Guthrie | - | - | - | - | - | |
| | 4,285,712 | - | - | 2,857,142 | 1,428,570 | 1,428,570 |
| **Key management personnel** | | | | | | |
| T. Chamberlain | - | - | - | - | - | - |
| R. Chamberlain | - | - | - | - | - | - |
| | - | - | - | - | - | - |

***Vesting Profiles***

Details of the vesting profiles of employee share plans held at 30 June 2018 by each key management personal of the Company are detailed below.

| | Number of Shares | Grant Date | % vested in year | % forfeited in year | % expired during the year | Financial year in which grant vests |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| C. Edwardes | 857,142 | 17 Dec 2014 | -% | -% | -% | 2017 |
| M. Young | 1,666,667 | 22 Nov 2016 | 13% | -% | -% | 2017, 2018, 2019 |
| M. Young [(a)] | 714,285 | 17 Dec 2014 | -% | -% | -% | 2017 |
| M. Young | 1,428,571 | 14 Jun 2013 | -% | -% | -% | 2013 |
| J. Tapp | 714,285 | 17 Dec 2014 | -% | -% | -% | 2017 |
| J. Tapp [(a)] | 1,428,571 | 14 Jun 2013 | -% | -% | -% | 2013 |
| | 6,809,521 | | | | | |
| **Key Management Personnel** | | | | | | |
| T. Chamberlain | 1,000,000 | 20 Nov 2015 | 100% | -% | -% | 2018 |
| T. Chamberlain | 142,857 | 5 Sep 2014 | -% | -% | -% | 2016 |
| R. Chamberlain | 500,000 | 3 Jun 2016 | -% | -% | -% | 2017 |
| | 1,642,857 | | | | | |

(a) The 2013 share grants to Mr Young and Mr Tapp were bought back by the Company after 30 June 2018 as these shares were trading below their June 2013 issue price at the end of their five year term. This buy back is in repayment of the non-recourse loan under the terms of the employee share plan, and the Company subsequently cancelled the shares.

Details of the vesting profiles of employee share options held at 30 June 2018 by each key management personal of the Company are detailed below.

| | Number of Options | Grant date | % vested in year | % forfeited in year | % expired during the year | Financial year in which grant vests |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| M. Young | 714,285 | 16 Dec 2014 | -% | -% | -% | 2017 |
| M. Young | 1,428,571 | 14 Jun 2013 | -% | -% | 100% | 2013 |
| J. Tapp | 714,285 | 16 Dec 2014 | -% | -% | -% | 2017 |
| J. Tapp | 1,428,571 | 14 Jun 2013 | -% | -% | 100% | 2013 |
| | 4,285,712 | | | | | |

***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 [(a)] | 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 [(a)] | 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 |

(a) The 2013 share grants to Mr Young and Mr Tapp were bought back by the Company after 30 June 2018 as these shares were trading below their June 2013 issue price at the end of their five year term. This buy back is in repayment of the non-recourse loan under the terms of the employee share plan, and the Company subsequently cancelled the shares.

*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** | |
|---|---|---|
| | **2018**<br>**$** | **2017**<br>**$** |
| Dr Vanessa Guthrie provided corporate consulting services to Vimy Resources Limited at commercial rates. The amount unpaid at 30 June 2018 was $nil (2017: N/A). | | |
| Corporate Consulting Services | 50,000 | - |

**End of audited remuneration report.**

# Directors' Report
## for the Year ended 30 June 2018

**Auditor**

KPMG was appointed as the Group's auditor on the 17 November 2017 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 2018 $** | **Year ended 30 June 2017 $** |
| **1. Audit services** | | |
| Audit of financial reports and other audit work under the *Corporations Act 2001:* | | |
| Grant Thornton Audit Pty Ltd in 2017 (resigned 17 November 2017) | - | 41,417 |
| KPMG in 2018 (appointed 17 November 2017) | 40,300 | - |
| **2. Non-audit services** | | |
| KPMG research and development tax incentive compliance and advisory | 77,100 | - |
| KPMG accounting advisory fees | 14,350 | - |
| KPMG taxation return preparation and advisory | 17,850 | - |
| KPMG general taxation advisory fees | 21,781 | - |
| **Total auditor's remuneration** | 171,381 | 41,417 |

**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.

# Directors' Report
## for the Year ended 30 June 2018

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**
**Managing Director and Chief Executive Officer**

Dated 18 September 2018

# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

## To the Directors of Vimy Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Vimy Resources Limited for the financial year ended 30 June 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

KPMG

KPMG

Derek Meates
*Partner*
Perth
18 September 2018

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## for the year ended 30 June 2018

| | Note | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|---|
| Other Income | 6 | 707,819 | 7,724,364 |
| Exploration and evaluation expenditure | | (5,951,592) | (13,597,184) |
| Corporate and administration expense | | (3,801,829) | (3,809,237) |
| Financing expense | | (325,145) | (913,419) |
| Share based payments expense | 7(b) | (174,994) | (904,681) |
| **Loss before income tax** | | (9,545,741) | (11,500,157) |
| Income tax expense | | - | - |
| **Loss attributable to members of the Company** | | (9,545,741) | (11,500,157) |
| Other comprehensive income, net of tax | | - | - |
| **Total comprehensive loss attributable to members of the Company** | | (9,545,741) | (11,500,157) |

| | | | |
|---|---|---|---|
| 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 | (2.62) | (4.11) |

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

# Consolidated Statement of Financial Position

## as at 30 June 2018

| | Note | Consolidated 2018 $ | 2017 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 9 | 6,734,623 | 5,081,972 |
| Trade and other receivables | 10 | 811,820 | 2,363,665 |
| Prepayments | 11 | 98,274 | 82,813 |
| **Total Current Assets** | | 7,644,717 | 7,528,450 |
| **NON-CURRENT ASSETS** | | | |
| Trade and other receivables | 10 | 229,015 | 190,506 |
| Prepayments | 11 | 466,540 | - |
| Plant and equipment | 12 | 211,119 | 299,265 |
| **Total Non-Current Assets** | | 906,674 | 489,771 |
| **TOTAL ASSETS** | | **8,551,391** | **8,018,221** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 13 | 889,289 | 2,403,709 |
| Provisions | 14 | 965,960 | 377,390 |
| Other financial liabilities | 15 | - | 22,237 |
| **Total Current Liabilities** | | 1,855,249 | 2,803,336 |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions | 14 | 212,159 | 587,037 |
| **Total Non-Current Liabilities** | | 212,159 | 587,037 |
| **TOTAL LIABILITIES** | | **2,067,408** | **3,390,373** |
| **NET ASSETS** | | **6,483,983** | **4,627,848** |
| **EQUITY** | | | |
| Contributed equity | 16 | 99,475,560 | 88,248,678 |
| Reserves | 17 | 4,323,109 | 4,148,115 |
| Accumulated losses | 19 | (97,314,686) | (87,768,945) |
| **TOTAL EQUITY** | | **6,483,983** | **4,627,848** |

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

# Consolidated Statement of Changes in Equity
## for the year ended 30 June 2018

| | Contributed equity $ | Accumulated losses $ | Reserves $ | Total $ |
|---|---|---|---|---|
| **CONSOLIDATED** | | | | |
| **Balance at 1 July 2016** | 67,727,303 | (76,268,788) | 3,243,434 | (5,298,051) |
| Loss attributable to members of the Company | - | (11,500,157) | - | (11,500,157) |
| **Total comprehensive loss attributable to members of the Company** | **-** | **(11,500,157)** | **-** | **(11,500,157)** |
| **Transactions with owners in their capacity as owners:** | | | | |
| Issue of ordinary shares net of issue costs | 20,521,375 | - | - | 20,521,375 |
| Share based payments expense | - | - | 904,681 | 904,681 |
| | 20,521,375 | - | 904,681 | 21,426,056 |
| **Balance at 30 June 2017** | **88,248,678** | **(87,768,945)** | **4,418,115** | **4,627,848** |
| **Balance at 1 July 2017** | 88,248,678 | (87,768,945) | 4,148,115 | 4,627,848 |
| Loss attributable to members of the Company | - | (9,545,741) | - | (9,545,741) |
| **Total comprehensive loss attributable to members of the Company** | **-** | **(9,545,741)** | **-** | **(9,545,741)** |
| **Transactions with owners in their capacity as owners:** | | | | |
| Issue of ordinary shares net of issue costs | 11,226,882 | - | - | 11,226,882 |
| Share based payments expense | - | - | 174,994 | 174,994 |
| | 11,226,882 | - | 174,994 | 11,401,876 |
| **Balance at 30 June 2018** | **99,475,560** | **(97,314,686)** | **4,323,109** | **6,483,983** |

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

# Consolidated Statement of Cash Flows

## For the year ended 30 June 2018

| | Note | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Interest received | | 145,173 | 197,958 |
| Payments to other suppliers and employees | | (10,202,366) | (17,107,671) |
| Research and development tax incentive grant income | | 2,250,621 | 3,973,698 |
| Interest paid | | (947,319) | (34,965) |
| **Net cash used in Operating Activities** | 23 | (8,753,891) | (12,970,980) |
| **Cash Flows from Investing Activities** | | | |
| Purchase of plant and equipment | | (124,785) | (81,536) |
| Proceeds from sale of assets | | - | 12,737 |
| Security deposits | | (229,015) | - |
| Prepaid tenement acquisition costs | | (466,540) | - |
| **Net cash used in Investing Activities** | | (820,340) | (68,799) |
| **Cash Flows from Financing Activities** | | | |
| Proceeds from issue of ordinary shares | | 12,070,000 | 6,419,898 |
| Share issue costs | | (843,118) | (370,756) |
| Proceeds from drawdown of loan | | - | 7,500,000 |
| **Net cash provided by Financing Activities** | | 11,226,882 | 13,549,142 |
| **Net increase in cash and cash equivalents held** | | 1,652,652 | 509,363 |
| Cash and cash equivalents at the beginning of the financial year | | 5,081,972 | 4,572,609 |
| Cash and cash equivalents at the end of the financial year | 9 | 6,734,623 | 5,081,972 |

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

# Notes to the Financial Statements
## 30 June 2018

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# Notes to the Financial Statements
30 June 2018

**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 2018 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**

**(a) Carrying amounts of assets and liabilities**

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 project area 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) 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.

(iv) Impairment

At each reporting date, the Group reviews the carrying amounts of its assets, excluding deferred tax 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 determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocated basis can be identified. Intangible assets with indefinite useful lives and intangible assets not available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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 the money and the risks specific to the asset for which the estimated of the future cash flows have not been adjusted.

If recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# Notes to the Financial Statements
## 30 June 2018

**(b) Going concern**

The Group incurred a net loss of $9,545,741 during the year ended 30 June 2018. The cash and cash equivalents held as at 30 June 2018 was $6,734,623. Current assets exceed current liabilities by $5,789,467 as at 30 June 2018. The Group's net cash used in operating activities for the year ended 30 June 2018 was $8,753,891.

Accordingly, the Directors have reviewed a cash flow forecast for the next 12 months from the date of signing the financial report which demonstrates that the Group will have sufficient cash resources to continue as a going concern, subject to successful fund raising activities during the period.

The Group's ability to continue as a going concern and to advance the Mulga Rock project and its exploration and evaluation activities, including the Alligator River Project acquired subsequent to year end (refer Note 26), depends on its ability to obtain additional funding through equity, debt or hybrid financing, joint ventures, production off-take arrangements or other means. This creates a material uncertainty as to the ability of the Group to continue as a going concern.

In considering these circumstances, the Directors have taken into account the Group's demonstrated past successes in raising equity and debt, and in the event that additional funding is not able to be obtained at the amounts and timeframes anticipated, the Directors would actively curtail both project and corporate expenditure to conserve cash resources.

For these reasons the Directors continue to adopt the going concern basis in preparing these financial reports.

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.

**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 the Exploration and Evaluation segment including exploration on granted tenements in Western Australia. These activities do not generate any sales revenue.

| | Exploration | |
|---|---|---|
| | **2018 $** | **2017 $** |
| **Result** | | |
| Segment loss for the year | (5,951,592) | (13,597,184) |
| **Reconciliation to Consolidated Loss** | | |
| Segment contribution | (5,951,592) | (13,597,184) |
| Corporate and administration expense | (3,801,829) | (3,809,237) |
| Finance expense | (325,145) | (913,419) |
| Share based payments expense | (174,994) | (904,681) |
| Research and development tax incentive grant income | 558,132 | 6,150,723 |
| Gain on share issue | - | 1,346,153 |
| Interest revenue and other income | 149,687 | 227,488 |
| Loss from continuing operations | (9,545,741) | (11,500,157) |

| | Exploration 2018 $ | Exploration 2017 $ |
|---|---|---|
| **Total assets** | | |
| Segment assets | 1,082,464 | 357,411 |
| **Reconciliation to Consolidated Total Assets** | | |
| Segment assets | 1,082,464 | 357,411 |
| Corporate and administration assets | 7,468,927 | 7,660,810 |
| Total assets | 8,551,391 | 8,018,221 |
| **Total liabilities** | | |
| Segment liabilities | 1,168,733 | 1,557,655 |
| **Reconciliation to Consolidated Total Liabilities** | | |
| Segment liabilities | 1,168,733 | 1,557,655 |
| Corporate and administration liabilities | 898,675 | 1,832,718 |
| Total liabilities | 2,067,408 | 3,390,373 |

## 3. FINANCIAL RISK MANAGEMENT

The Group's 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 2018 $ | Consolidated 2017 $ |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 6,734,623 | 5,081,972 |
| Trade and other receivables – current | 209,225 | 21,904 |
| Trade and other receivables – non-current | 229,015 | 190,506 |
| | 7,172,863 | 5,294,382 |
| **Financial liabilities** | | |
| Trade and other payables – current | 841,510 | 2,282,159 |
| Other financial liabilities – current | - | 22,237 |
| | 841,510 | 2,304,396 |

### (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 2018 and 2017, the Group's deposits at variable rates were denominated in Australian dollars.

As at the reporting date, the Group had the following variable rate cash at bank and fixed rate short-term deposits:

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | **Weighted average interest rate** | **Balance $** | **Weighted average interest rate** | **Balance $** |
| Short-term deposits | | 4,500,000 | | 4,500,000 |
| Cash at bank | | 2,234,623 | | 581,972 |
| Net exposure to cash flow interest rate risk | 2.02% | 6,734,623 | 1.96% | 5,081,972 |

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 2018 and 2017 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 materially 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 2018 are expected to be received within three 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 2018, 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 2018** | | | | |
| Trade and other payables | 841,510 | - | - | - |
| **Total** | 841,510 | - | - | - |

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

| | *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 | - | - |

**(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 in the past 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

There were no financial assets measured at fair value which required allocation into the Levels of fair value hierarchy at 30 June 2018 or 30 June 2017.

There were no financial liabilities measured at fair value which required allocation into the Levels of fair value hierarchy at 30 June 2018. At the 30 June 2017 $22,237 of financial liabilities were classified at Level 2 in the fair value hierarchy.

**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 bridge finance facility embedded derivatives as at 30 June 2017:

| | |
|---|---|
| Dividend yield | 0% |
| Expected volatility of Company's shares | 101% |
| Risk-free rate | 1.75% |
| Term remaining (years) | 0.75 |
| Conversion price (cents) | 30 |
| Underlying security spot price at valuation date (cents) | 18 |
| Valuation date | 30 June 2017 |
| Black-Scholes valuation per share | $0.0342 |

# Notes to the Financial Statements
## 30 June 2018

### 4. EARNINGS PER SHARE

| | Consolidated | |
|---|---|---|
| | **2018** | **2017** |
| Basic and diluted loss per share (cents per share) | (2.62) cents | (4.11) cents |
| Loss after tax used in the calculation of basic and diluted EPS | $(9,545,741) | $(11,500,157) |
| Weighted average number of shares outstanding during the year used in calculations of loss per share | #364,167,577 | #279,447,019 |

There are 18,857,136 (2017: 21,714,274) potential ordinary shares in the form of unlisted options 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 | |
|---|---|---|
| | **2018 $** | **2017 $** |
| Short-term benefits – cash salary and fees | 1,677,062 | 1,647,600 |
| Short-term benefits – cash bonus | - | 386,775 |
| Short-term benefits – share-based payments | 65,700 | - |
| Post-employment benefits | 113,698 | 110,466 |
| Long-term incentives - share-based payments | 100,294 | 711,761 |
| | 1,956,754 | 2,856,602 |

#### (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 |
|---|---|---|---|---|
| **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 [(a)] | 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 [(a)] | 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 |

(a) The 2013 share grants to Mr Young and Mr Tapp were bought back by the Company after 30 June 2018 as these shares were trading below their June 2013 issue price at the end of the five year term. This buy back is in repayment of the non-recourse loan under the terms of the employee share plan and the Company has subsequently cancelled the shares.

*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 | |
|---|---|---|
| | **2018 $** | **2017 $** |
| Dr Vanessa Guthrie provided corporate consulting services to Vimy Resources Limited at commercial rates. The amount unpaid at 30 June 2018 was $nil (2017: N/A). | | |
| Corporate Consulting Services | 50,000 | - |

### (e) Vesting profiles of share based payments to key management personnel

Details of the vesting profiles of employee share options held by each key management personal of the Company are detailed below.

| | Number of Options | Grant date | % vested in year | % forfeited in year | % expired during the year | Financial year in which grant vests |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| M. Young | 714,285 | 16 Dec 2014 | -% | -% | -% | 2017 |
| M. Young | 1,428,571 | 14 Jun 2013 | -% | -% | 100% | 2013 |
| J. Tapp | 714,285 | 16 Dec 2014 | -% | -% | -% | 2017 |
| J. Tapp | 1,428,571 | 14 Jun 2013 | -% | -% | 100% | 2013 |
| | 4,285,712 | | | | | |

Details of the vesting profiles of employee share plans held by each key management personal of the Company are detailed below.

| | Number of Shares | Grant date | % vested in year | % forfeited in year | % expired during the year | Financial year in which grant vests |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| C. Edwardes | 857,142 | 17 Dec 2014 | -% | -% | -% | 2017 |
| M. Young | 1,666,667 | 22 Nov 2016 | 13% | -% | -% | 2017, 2018, 2019 |
| M. Young [(a)] | 714,285 | 17 Dec 2014 | -% | -% | -% | 2017 |
| M. Young | 1,428,571 | 14 Jun 2013 | -% | -% | -% | 2013 |
| J. Tapp | 714,285 | 17 Dec 2014 | -% | -% | -% | 2017 |
| J. Tapp [(a)] | 1,428,571 | 14 Jun 2013 | -% | -% | -% | 2013 |
| | 6,809,521 | | | | | |
| **Key Management Personnel** | | | | | | |
| T. Chamberlain | 1,000,000 | 20 Nov 2015 | 100% | -% | -% | 2018 |
| T. Chamberlain | 142,857 | 5 Sep 2014 | -% | -% | -% | 2016 |
| R. Chamberlain | 500,000 | 3 Jun 2016 | -% | -% | -% | 2017 |
| | 1,642,857 | | | | | |

(a) The 2013 share grants to Mr Young and Mr Tapp were bought back by the Company after 30 June 2018 as these shares were trading below their June 2013 issue price at the end of their five year term. This buy back is in repayment of the non-recourse loan under the terms of the employee share plan, and the Company subsequently cancelled the shares.

## 6. OTHER INCOME

| | Consolidated | |
|---|---|---|
| | 2018 $ | 2017 $ |
| Interest revenue | 149,462 | 195,761 |
| R&D tax incentive grant income [(a)] | 558,132 | 6,150,723 |
| Gain on share issue | - | 1,346,153 |
| Other income | 225 | 31,727 |
| | 707,819 | 7,724,364 |

(a) The research and development tax incentive grant income for the 2018 financial year relates to the 2018 income tax year. The research and development tax incentive grant income for the 2017 financial year relates to both the 2017 and 2016 income tax years.

## 7. LOSS FOR THE YEAR

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

| | Consolidated | |
|---|---|---|
| | 2018 $ | 2017 $ |
| **(a) Expenses** | | |
| Depreciation expense | 214,335 | 222,927 |
| Operating leases costs | 337,958 | 334,279 |
| Audit and review fees | 40,300 | 41,417 |
| | 592,593 | 598,623 |

| | Consolidated | |
|---|---|---|
| | 2018 $ | 2017 $ |
| **(b) Employee benefits expense** | | |
| Wages, salaries and Directors' fees | 4,127,420 | 4,428,272 |
| Defined contribution superannuation expense | 279,941 | 288,608 |
| Share based payments expense (refer Note 18(d)) | 174,994 | 904,681 |
| Other employee benefits | 33,423 | 31,231 |
| | 4,615,778 | 5,652,792 |
| **(c) Embedded derivative** | | |
| Fair value movement on embedded derivative (refer Note 15) | (22,237) | 1,821 |

## 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 | |
|---|---|---|
| | 2018 $ | 2017 $ |
| Loss after income tax | (9,545,741) | (11,500,157) |
| Income tax expense | - | - |
| Loss before income tax | (9,545,741) | (11,500,157) |
| Income tax using the Company's domestic tax rate of 30 percent (2017: 30 percent) | (2,863,722) | (3,450,047) |
| Non-deductible expenses and non-assessable income | 4,713 | 4,964 |
| Equity based remuneration | 52,498 | 271,404 |
| Research and development grant incentive income | (167,440) | (1,845,217) |
| Research and development expenditure | 334,163 | 1,501,397 |
| Commercial debt forgiveness | - | (409,546) |
| Reduction of tax losses | - | 409,546 |
| Movement in deferred tax assets not brought to account as future income tax benefits | 2,639,788 | 866,679 |
| Under recognition in prior year of deferred tax assets not brought to account as future income tax benefits | - | 2,650,820 |
| | - | - |

**(c) Unrecognised deferred tax assets and liabilities**

*Deferred tax assets and liabilities are attributable to the following:*

| | Consolidated 2018 $ | 2017 $ |
|---|---|---|
| Property, plant and equipment | 57,539 | 27,327 |
| Accrued income | (8,990) | (5,817) |
| Employee provisions | 161,344 | 137,077 |
| S40-880 costs | 307,714 | 177,647 |
| Other costs | 90,787 | 128,880 |
| Loans and borrowings | - | 224,412 |
| Rehabilitation provision | 199,975 | 159,129 |
| Tax losses | 21,938,811 | 19,018,840 |
| Net tax assets | 22,747,180 | 19,867,495 |
| Unrecognised tax assets | (22,747,180) | (19,867,495) |
| | - | - |

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 2018 $ | 2017 $ |
|---|---|---|
| Cash at bank and in hand | 2,234,623 | 581,972 |
| Short-term deposits | 4,500,000 | 4,500,000 |
| | 6,734,623 | 5,081,972 |

(a) Cash and cash equivalents at the end of the financial period as per 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 2018 was 2.02% (2017: 1.96%).

## 10. TRADE AND OTHER RECEIVABLES

| | Consolidated 2018 $ | 2017 $ |
|---|---|---|
| **Current** | | |
| Other receivables | 26,186 | 21,904 |
| R&D Tax Incentive Grant receivable | 484,536 | 2,177,025 |
| Security deposit (a) | 190,506 | - |
| Goods and services tax receivable | 110,592 | 164,736 |
| | 811,820 | 2,363,665 |
| **Non-Current** | | |
| Security deposit (b) (a) | 229,015 | 190,506 |

(a) The security deposit for $190,506 (2017: $190,506) is cash security required for a bank guarantee related to the office lease at 10 Richardson Street, West Perth.

(b) The security deposit of $229,015 (2017: N/A) is cash security for a bank guarantee relating to the Alligator River Project in the Northern Territory.

# Notes to the Financial Statements
## 30 June 2018

### 11. PREPAYMENT

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| **Current** | | |
| Deposits for tenement applications | 92,797 | 78,995 |
| Other prepayments | 5,477 | 3,818 |
| | 98,274 | 82,813 |
| **Non-Current** | | |
| Tenement acquisition costs [(a)] | 466,540 | - |

(a) The tenement acquisition costs relate to the purchase of the Alligator River Project from Cameco Australia Pty Ltd that was finalised on 17 July 2018, refer Note 26 for further disclosure.

### 12. PLANT AND EQUIPMENT

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| **Office equipment** | | |
| Cost | 261,471 | 332,714 |
| Accumulated depreciation | (238,975) | (300,335) |
| Total office equipment | 22,496 | 32,379 |
| **Exploration equipment** | | |
| Cost | 1,482,561 | 1,424,387 |
| Accumulated depreciation | (1,293,938) | (1,157,501) |
| Total exploration equipment | 188,623 | 266,886 |
| **Total office and exploration equipment** | 211,119 | 299,265 |

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:

| | 2018 $ | 2017 $ |
|---|---|---|
| **Office equipment** | | |
| Balance at the beginning of year | 32,379 | 45,359 |
| Additions | 18,987 | 16,156 |
| Depreciation expense | (28,870) | (29,136) |
| Carrying amount at the end of the year | 22,496 | 32,379 |
| **Exploration equipment** | | |
| Balance at the beginning of year | 266,886 | 385,396 |
| Additions | 107,202 | 75,280 |
| Depreciation expense | (185,465) | (193,790) |
| Carrying amount at the end of the year | 188,623 | 266,886 |
| **Total carrying amount at the end of the year** | 211,119 | 299,265 |

# Notes to the Financial Statements

30 June 2018

## 13. TRADE AND OTHER PAYABLES

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| **Current** | | |
| Trade payables and accruals | 784,395 | 1,677,905 |
| Interest payable [(a)] | 104,894 | 725,804 |
| | 889,289 | 2,403,709 |

(a) Interest payable relates to the Resource Capital Fund VI L.P. ('RCF') Bridge Facility Agreement which was fully repaid in January 2017. Interest on the facility contained a deferred interest component of 11% payable on 31 March 2018 if certain circumstances were not met. As the Company did not meet all the circumstances the majority of the deferred interest was repaid during the current financial year, with the balance repaid in July 2018.

## 14. PROVISIONS

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| **CURRENT** | | |
| **Employee entitlement: Annual Leave** | | |
| Opening balance | 302,632 | 246,028 |
| Employee entitlements provided for | 187,980 | 250,907 |
| Employee entitlements used | (171,194) | (194,303) |
| Closing balance | 319,418 | 302,632 |
| 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 | 74,758 | - |
| Employee entitlements provided for | 28,349 | 37,697 |
| Reclassification from non-current | 7,766 | 37,061 |
| Closing balance | 110,873 | 74,758 |
| **Rehabilitation** | | |
| Opening balance | - | 451,460 |
| Reclassification from/(to) non-current | 535,669 | (451,460) |
| Closing balance | 535,669 | - |
| The Group has a provision for rehabilitation relating to the geotechnical test pits designed to provide information inputs into the Definitive Feasibility Study for the Mulga Rock Project. The rehabilitation work is to be completed by March 2019 (2018: Current; 2017: Non-Current). | | |
| **Total current provision** | 965,960 | 377,390 |

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| **NON-CURRENT** | | |
| **Employee entitlement: Long Service Leave** | | |
| Opening balance | 56,608 | 79,870 |
| Employee entitlements provided for | 32,404 | 13,799 |
| Reclassification to current | (7,766) | (37,061) |
| Closing balance | 81,246 | 56,608 |
| **Rehabilitation** | | |
| Opening balance | 530,429 | - |
| Reclassification from/(to) current | (535,669) | 451,460 |
| Rehabilitation provided for | 136,153 | 78,969 |
| Closing balance | 130,913 | 530,429 |
| The Group has a provision for rehabilitation relating to the Mulga Rock Project airstrip, roads and camp site. | | |
| **Total non-current provision** | 212,159 | 587,037 |

## 15. OTHER FINANCIAL LIABILITIES

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| **Current** | | |
| Embedded derivatives [(a)] | - | 22,237 |
| **Total** | - | 22,237 |

(a) The embedded derivative relates to the Resource Capital Fund VI L.P. ('RCF') Bridge Facility Agreement, where RCF held a conversion price option to convert deferred interest payable (refer Note 13) into shares at a fixed price. This option expired unexercised during the current financial year. At 30 June 2017 the fair value of this embedded derivative was $22,237.

## 16. CONTRIBUTED EQUITY

414,734,372 (2017: 316,885,800) fully paid ordinary shares

| | Consolidated | |
|---|---|---|
| | **Number** | **$** |
| **Ordinary shares** | | |
| **At 1 July 2016** | 229,761,367 | 67,727,303 |
| 5 July 2016 Share placement @ 30 cents per share | 213,937 | 64,181 |
| 29 August 2016 Share placement @ 31 cents per share | 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 | 284,315 | 69,657 |
| 4 October 2016 Share placement @ 25 cents per share | 417,253 | 104,313 |
| 1 November 2016 Share placement @ 24 cents per share | 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 | 19,230,769 | 4,615,385 |
| 1 December 2016 Share placement @ 26 cents per share | 955,464 | 248,421 |
| 3 January 2017 Share placement @ 24 cents per share | 532,072 | 127,697 |
| 24 January 2017 Debt conversion share issue @ 23.50 cents/share | 38,461,539 | 9,038,462 |
| 30 January 2017 Share placement @ 23.50 cents per share | 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 |
| **At 1 July 2017** | - | - |
| 4 August 2017 Share placement @ 14 cents per share | 43,000,000 | 6,020,000 |
| 7 May 2018 Share placement @ 11 cents per share | 55,000,000 | 6,050,000 |
| 27 June 2018 Share Buy Back | (151,428) | - |
| Share issue costs | - | (843,118) |
| **Balance at 30 June 2018** | 414,734,372 | 99,475,560 |

**Employee share plan shares**

The number of fully paid ordinary shares disclosed in Note 16 includes the outstanding shares issued under the employee share plans. At 30 June 2018 this amounted to 10,515,231 shares (2017: 10,666,659 shares) which have either not vested to the employee or the employee has not repaid the non-recourse loan used to fund the share issue. Both these conditions must be met in order for the employee to freely trade the shares.

**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. The ordinary shares have no par value.

## 17. RESERVES

***Employee Share Option Reserve***

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| Reserve comprises the following: | | |
| Balance as at start of financial year | 1,419,026 | 1,316,153 |
| 1,428,570 options vested | - | 102,873 |
| Balance as at end of the financial year | 1,419,026 | 1,419,026 |

***Employee Share Plan Reserve***

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

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| Reserve comprises the following: | | |
| Balance as at start of financial year | 2,729,089 | 1,927,281 |
| 2,285,712 shares issued and vested | - | 180,284 |
| 1,000,000 shares issued and vested | - | 113,019 |
| 1,300,000 shares issued and vested | - | 313,319 |
| 1,666,667 shares issues and vesting [(a)] | 100,294 | 195,186 |
| Balance as at end of the financial year | 2,829,383 | 2,729,089 |

(a) 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.

***Employee Short-term Incentive Reserve***

The employee short-term incentive reserve records items recognised as expenses relating to contingently issuable shares for employee short-term incentives.

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| Reserve comprises the following: | | |
| Balance as at start of financial year | - | - |
| 2018 short term incentives | 74,700 [(a)] | - |
| Balance as at end of the financial year | 74,700 | - |

(a) On 31 August 2018 the Remuneration Committee and Board approved a 2018 short-term benefit of a fixed value of future issue of shares to key management personnel based on their individual performance during the year. The issue of shares in the future is subject to an additional service condition through to 30 June 2019, unless the employee is terminated by the Company without cause. The future issue of a portion of the shares is to Directors and as a consequence is also subject to shareholder approval. The share-based payments have been provisionally expensed in accordance with accounting standards over a two year vesting period, from commencement of the performance period on 1 July 2017 to end of the service condition on 30 June 2019.

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| **Total Reserves** | 4,323,109 | 4,148,115 |

# Notes to the Financial Statements
## 30 June 2018

### 18. 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 |
|---|---|---|---|---|---|---|---|
| 14 June 2013 | 14 June 2018 | 2,857,142 | - | - | (2,857,142) | - | - |
| 17 December 2014 | 16 December 2019 | 1,428,570 | - | - | - | 1,428,570 | 1,428,570 |
| | | 4,285,712 | - | - | (2,857,142) | 1,428,570 | 1,428,570 |
| Weighted average exercise price | | | | | | $0.80 | $0.80 |
| 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.

No new shares were issued under the Employee Share Plan during the current reporting period. 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 | 1,557,138 | - | (71,428) | 1,485,710 |
| 17 December 2014 | 2,285,712 | - | - | 2,285,712 |
| 20 November 2015 | 1,000,000 | - | - | 1,000,000 |
| 3 June 2016 | 1,300,000 | - | (80,000) | 1,220,000 |
| 22 November 2016 | 1,666,667 | - | - | 1,666,667 |
| | 10,666,659 | - | (151,428) | 10,515,231 |

#### (c) Employee short-term incentive – contingently issuable shares

On 31 August 2018 the Remuneration Committee and Board approved a 2018 short-term benefit of a fixed value of future issue of shares to key management personnel based on their individual performance during the year. This share issue is subject to an additional service condition through to 30 June 2019, unless the employee is terminated by the Company without cause. A portion of the shares is issuable to Directors and as a consequence is also subject to shareholder approval.

The value of contingently issuable shares on 31 August 2018 was $149,400 which relates to both the 2018 and 2019 financial years. The share-based payments have been provisionally expensed in accordance with accounting standards over a two year vesting period, resulting in the recognition of a $74,700 expense in 2018.

### (d) Expenses recognised in profit and loss

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

| | Consolidated | |
|---|---|---|
| | 2018 $ | 2017 $ |
| Employee share options granted in 2015 | - | 102,875 |
| Employee share plan shares granted in 2015 | - | 180,282 |
| Employee share plan shares granted in 2016 | - | 426,338 |
| Employee share plan shares granted in 2017 | 100,294 | 195,186 |
| Employee short-term incentives for 2018 | 74,700 | - |
| | 174,994 | 904,681 |

## 19. ACCUMULATED LOSSES

| | Consolidated | |
|---|---|---|
| | 2018 $ | 2017 $ |
| Accumulated losses at the beginning of the financial year | (87,768,945) | (76,268,788) |
| Net loss attributable to members of the Company | (9,545,741) | (11,500,157) |
| Accumulated losses at the end of the financial year | (97,314,686) | (87,768,945) |

## 20. EXPENDITURE COMMITMENTS

| | Consolidated | |
|---|---|---|
| | 2018 $ | 2017 $ |
| **(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 | 83,732 | 248,757 |
| - between 12 months and 5 years | - | 83,732 |
| | 83,732 | 332,489 |

The Company leases the Ground Floor, 10 Richardson Street, West Perth, Western Australia. The lease term expires in October 2018. A cash backed guarantee bond has been established for $190,506 in relation to the lease, refer to Note 10.

### (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:

| | 2018 $ | 2017 $ |
|---|---|---|
| - not later than 12 months | 2,227,300 | 1,723,700 |
| - between 12 months and 5 years | 7,065,200 | 6,840,800 |
| | 9,292,500 | 8,564,500 |

# Notes to the Financial Statements
## 30 June 2018

### 21. CONTROLLED ENTITIES

| | Country of incorporation | Percentage owned 2018 | Percentage owned 2017 |
|---|---|---|---|
| *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% |
| Viva Resources Pty Ltd (previously Gunbarrel Energy and Minerals Australia Pty Ltd) | Australia | 100% | 100% |

### 22. REMUNERATION OF AUDITORS

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| **1. Audit services** | | |
| Audit of financial reports and other audit work under the *Corporations Act 2001:* | | |
| Grant Thornton Audit Pty Ltd in 2017 (resigned 17 November 2017) | - | 41,417 |
| KPMG in 2018 (appointed 17 November 2017) | 40,300 | - |
| **2. Non-audit services** | | |
| KPMG research and development tax incentive compliance and advisory | 77,100 | - |
| KPMG accounting advisory fees | 14,350 | - |
| KPMG taxation return preparation and advisory | 17,850 | - |
| KPMG general taxation advisory fees | 21,781 | - |
| **Total auditor's remuneration** | 171,381 | 41,417 |

## 23. CASH FLOW INFORMATION

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| **(a) Reconciliation of Loss after tax to net cash outflow from Operating Activities** | | |
| Loss after income tax | (9,545,741) | (11,500,157) |
| Adjustments for: | | |
| Depreciation expense | 214,335 | 222,927 |
| Share based payments expense | 174,994 | 904,681 |
| Fair value adjustment to embedded derivative | (22,237) | 1,821 |
| Gain on issue of shares | - | (1,346,153) |
| Exploration and evaluation expenses settled in shares | - | 474,735 |
| Financing expenses settled in shares | - | 321,014 |
| | (9,178,649) | (10,921,132) |
| Changes in operating assets and liabilities: | | |
| (Increase) / Decrease in trade and other receivables | 1,742,351 | (1,977,177) |
| (Increase) / Decrease in prepayments | (15,461) | 184,817 |
| Increase / (Decrease) in trade and other payables | (1,515,824) | (444,557) |
| Increase / (Decrease) in provisions | 213,692 | 187,069 |
| Net cash outflow from operating activities | (8,753,891) | (12,970,980) |

## 24. CONTINGENT LIABILITIES

**Contingent Liability - Royalty**

In 2015 the Company entered into a royalty agreement with 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.

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

## 25. PARENT ENTITY INFORMATION

| | Parent Entity 2018 $ | Parent Entity 2017 $ |
|---|---|---|
| Information relating to Vimy Resources Limited: | | |
| Current assets | 7,446,431 | 7,313,288 |
| Total assets | 8,311,244 | 7,615,268 |
| Current liabilities | 817,429 | 1,752,737 |
| Total liabilities | 898,675 | 1,831,582 |
| Total net assets | 7,412,569 | 5,783,686 |
| Contributed equity | 99,475,560 | 88,248,678 |
| Reserves | 4,323,109 | 4,148,115 |
| Accumulated losses | (96,386,100) | (86,613,107) |
| Total equity | 7,412,569 | 5,783,686 |
| Loss of the parent entity | (9,772,993) | (11,273,404) |
| Total comprehensive loss of the parent entity | (9,772,993) | (11,273,404) |

**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 | |
|---|---|---|
| | **2018**<br>**$** | **2017**<br>**$** |
| **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 | 83,732 | 248,757 |
| - between 12 months and 5 years | - | 83,732 |
| | 83,732 | 332,489 |

## 26. EVENTS OCCURRING AFTER REPORTING DATE

Since 30 June 2018 the following significant subsequent events have occurred:

- From 1 July 2018 the Company has reduced Non-executive Director Board fees by 10% and modified Executive Team contracts to provide the Company with flexibility to respond to uranium market conditions in the next six months while maintaining core intellectual property.
- On 17 July 2018, the Company announced completion of the transfer of tenements relating to the Alligator River Uranium Project in Arnhem Land, Northern Territory. The Company has made an assessment whether it had been transferred significant risk and rewards, had legal rights and control to tenure at 30 June 2018, and as such whether the acquisition should be recognised at 30 June 2018. The Company concluded that the acquisition from Cameco Australia Pty Ltd was not completed until 17 July 2018 following transfer of tenements, and therefore the acquisition has been disclosed as a subsequent event. The Company has acquired the project for a cash consideration of $6.5 million staged over 30 months and granted Cameco a conditional buy-back option. The first instalment of $1.5 million was paid in July 2018.
- On 20 July 2018, the Company issued 4,030,000 ordinary shares under the terms and conditions of the 2016 Vimy Employee Share Plan as approved by shareholders on 18 November 2016. The shares are subject to vesting conditions as well as repayment of a limited recourse loan provided by the Company (refer to the Remuneration Report for details of the plan).
- On 13 August 2018, the Company announced commencement of exploration drilling at the Alligator River Project to extend known mineralisation at the Angularli deposit and confirm prospectivity at the Such Wow prospect.

## 27. 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).

# Notes to the Financial Statements
## 30 June 2018

*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 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.

*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 2017:

- *AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*
- *AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2017-*1* Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 *Cycle and Other Amendments*
- AASB 2017-*2* Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 *Cycle*

*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 2018 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 the Company is focussed on exploration and evaluation and project development, Vimy has a reasonable expectation based on an initial assessment 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 related to the additional assets, and cash flow from operating activities will increase as lease payments will be recorded as financing outflows in the cash flow statement. As the main lease the Company has entered into relates to rental of a small amount of corporate and project office space for a short period of time, it is not expected that AASB 16 will have a material impact on the Group's financial statements.

### (b) Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2018. 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.

### (c) 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.

### (d) 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.

*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. The grant income is only recognised when it can be measured reliably which the Group has defined as the point of submitting the claim for the grant income.

### (e) 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.

### (f) Leases

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

### (g) 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.

**(h) 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.

**(i) Trade and other receivables**

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

**(j) 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.

**(k) 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.

**(l) 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.

**(m) 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 derecognised from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired.

**(n) 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.

**(o) 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.

**(p) 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 from the Company. The limited recourse loans are recorded within equity and not as a receivable or financial asset to be recovered from 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.

**(q) 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.

**(r) Exploration and evaluation expenditure**

Exploration and evaluation expenditure that has been acquired in a business combination or asset acquisition and associated transaction costs are capitalised under the scope of AASB 6, Exploration for and Evaluation of Mineral Resources. All other exploration and evaluation expenditure is expensed in the year it is incurred.

Pre-exploration and evaluation expenditure, where the Group does not hold legal title to a tenement or a license to explore, 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.

Exploration and evaluation assets are only continued to be recognised if the rights to the area are current and either:

(i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest or by its sale; or

(ii) exploration and evaluation activities have not at the reporting date reached a stage which permits a reasonable assessment of the existence of economically recoverable resources, and active operations are continuing.

Exploration and evaluation assets are assessed for impairment if facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units (CGU's) to which the exploration activity relates. The CGU shall not be larger than the area of interest.

In the event that an area of interest is abandoned or if the Directors consider the exploration and evaluation assets attributable to the area of interest to be of reduced value, the exploration and evaluation assets are impaired in the period in which the assessment is made. Each area of interest is reviewed at each reporting period and accumulated costs are written off to the extent that they will not be recoverable in future.

When a decision to proceed to development is made for an area of interest, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine property assets within property, plant and equipment.

# Directors' Declaration
## 30 June 2018

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 2018 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**
**Managing Director and Chief Executive Officer**

Dated 18 September 2018

# Independent Auditor's Report

To the shareholders 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).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2018
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *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 fulfilled our other ethical responsibilities in accordance with the Code.

## Material uncertainty related to going concern

We draw attention to Note 1(b), "Going Concern" in the financial report. The conditions disclosed in Note 1(b) indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Evaluating the feasibility, quantum and timing of the Group's plans to raise additional shareholder funds to address going concern;
- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans to address going concern, in particular in light of the history of loss making operations; and
- Determining the completeness of the Group's going concern disclosures for the principle matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

## 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 year.

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.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

## Timing of the acquisition of the Alligator River Uranium Project (A$6,500,000)

Refer to Note 26 to the Financial Report

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| The timing of the acquisition of the Alligator River Uranium Project for $6.5 million is a key audit matter due to:<br>• the size and nature of the transaction having a pervasive impact on the Group's financial statements; and<br>• the level of judgement used by the Group to determine the date of the acquisition. The determination of the acquisition date as either prior to 30 June 2018 (the financial year-end), or as subsequent to year-end, significantly impacts the recognition of amounts reported in the consolidated financial statements and the related disclosures.<br>We focused on assessing the Group's documentation of the status of the conditions precedent in the Sale and Purchase Agreement to finalise the acquisition against our interpretation of the criteria in the accounting standards. This required significant audit effort and greater involvement of senior team members in gathering evidence on the status of conditions precedent to the sale. | Our procedures included:<br>• Reading the Sale and Purchase Agreement and associated agreements related to the acquisition to understand the key terms, the nature of the transaction and the conditions precedent to finalise the acquisition;<br>• Inspected the correspondence between the Company, the parties to the Sale and Purchase Agreement and regulatory agencies to assess the status of the necessary approvals precedent to the sale at 30 June 2018;<br>• Involving our senior audit team members to assess the Group's evaluation of the acquisition date against the criteria in the accounting standards. We focused on the Group's evaluation of the transfer of risks and rewards, control and legal rights to tenure; and<br>• Assessing the Group's subsequent event disclosures in relation to the acquisition against our understanding of the acquisition and the requirements of the accounting standards. |

## Other Information

Other Information is financial and non-financial information in Vimy Resources Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report. The Chairman's Letter, CEO's Review of Activities, Outlook for 2019, Operations Review, Mineral Resource and Ore Reserve statement, Additional Information and Corporate Governance Statement are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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

In our opinion, the Remuneration Report of Vimy Resources Limited for the year ended 30 June 2018, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 7 to 16 of the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standard.*

KPMG

KPMG

Derek Meates
*Partner*
Perth
18 September 2018