



Quarterly Activities Report

June 2019



Highlights

Alligator River Project

- Field season underway – significant field exploration programs
- Two diamond drill holes will test for prospective bedrock at Such Wow
- The NT Government to contribute 50% of drilling costs under its *Resourcing the Territory* initiative

Mulga Rock Project

- Secondary approvals progressing with WA authorities
- Uranium long-term contract discussions continue in major markets
- Peer review and refresh of DFS input parameters completed

Uranium Market

- Excellent outcome of Section 232 investigation and return to normal contracting cycle

Corporate

- Successful placement of A\$1.8 million
- Allocation of \$715,000 exploration credits under the Federal Government's Junior Minerals Exploration Incentive (JMEI) scheme

CEO Commentary

Vimy Resources CEO, Mike Young, said, "This quarter, it feels like the whole nuclear industry has made a significant turn to a better future.

Owing to the increased rhetoric around the "climate emergency" and the demonstrable failure of industrial-scale renewable energy to significantly reduce greenhouse gas emissions, there is now much more dialogue around nuclear energy's role. Positive public sentiment is returning to historically nuclear-powered countries like Taiwan, Korea, and the USA. A recent poll in Korea found that 70% of voters oppose the government's phase-out of nuclear energy, which has increased electricity prices, air pollution, and the country's use of coal and natural gas. In the USA, yet another state has passed legislation to support all clean energy sources including nuclear, which prevented the premature closure of two units in Ohio.



Most notably is nuclear-powered France which, having watched Germany's renewable *Energiewende* experiment fail, has pushed out its intended reduction of nuclear power into the 2030s. The fact is, had Germany spent the US\$580B they spent on renewables on nuclear instead, their entire power generation and transport system would be emissions-free. Instead, they continue to destroy old-growth forests to build new coal mines.

In Australia, we are now having a serious discussion about nuclear power. While building a nuclear power plant in Australia is a way off yet, global investment in small modular reactors presents a real opportunity for clean, dependable energy in this country. The breadth of the discussion was highlighted by the release of "*Modernising the Electricity Sector*" by Industry Super Australia, which specifically called for nuclear to be considered in Australia.

The most important outcome during the Quarter was the completion of the Section 232 Trade Act investigation where President Trump ruled against sanctions on imported uranium.

Just after the end of the reporting period, on 15 July 2019, the Company announced the excellent outcome of the Section 232 investigation by the US Department of Commerce concerning foreign imports of uranium products into the United States. President Trump did not agree with the US Secretary of Commerce's findings that imports of uranium impair US national security and did not impose any punitive measures on imported uranium. The investigation is now closed.

It's interesting to read several commentators argue that the completion of the section 232 investigation has not achieved the "desired results" in rebooting the uranium market and corresponding "breakout" in the uranium price. These commentators have not been listening; an unintended consequence of the ill-conceived s.232 petition was that it brought the US utility contracting process to a screaming halt with a resultant downward drift in the spot price. Vimy has always stated that the completion of the s.232, irrespective of the outcome, would result in a return to the normal contracting cycle and a sequential increase in the spot price. This outcome demonstrates the importance of Vimy's strategy of constant and proactive engagement with US utilities.

The foreseeable demand of those utilities was boosted by plans from the US administration to extend the lifespans of its existing nuclear reactors to 80 years, with most US reactors having already secured licence extensions from 40 to 60 years. Furthermore, the US Nuclear Regulatory Commission announced that it is on track to complete its review of NuScale's Small Modular Reactor (SMR) design certification application by the third quarter of 2020, clearing the way for the commercialisation of that technology.

Future demand was also bolstered by the resumption of the Chinese nuclear power build program, as well as statements by the UK Government supporting a new funding model applicable to large-scale nuclear power plants, and funding for investment into SMRs."



Alligator River Project

The Vimy team is exploring for unconformity-related deposits, the richest and largest deposits on earth, similar to those found in the Athabasca Basin in Northern Saskatchewan, Canada. These deposits are commonly hosted at the contact between an upper sequence of oxidised sandstone unconformably overlying a basement of much older, reduced crystalline basement. The deposits are specifically hosted within structural corridors at or near the unconformity, or in some cases, wholly within the basement.

Due to the high-grade nature of the mineralisation at Such Wow and Angularli, the mineralised zones are relatively small but are surrounded by much larger, well-defined alteration haloes. This initial diamond core drilling program is aimed at better defining the style of alteration envelope, nature of the metamorphic basement and details on the mineralising structures in the Such Wow-Shiba area.

The field season in the Northern Territory is now underway with a drill rig currently on-site at the Such Wow prospect, part of the King River-Wellington Range Joint Venture (78% Vimy Resources, 22% Rio Tinto Exploration Pty Limited).

Drilling commenced

The drilling contract was awarded to DDH1 Drilling for two diamond drill holes, drilled from surface, to test prospective targets identified at Such Wow. The holes will test the depth extension of the broad zone of uranium anomalism identified in reverse circulation hole ARRC0016 and the unconformity beneath the Shiba Zone of the Such Wow prospect.

Drilling co-funded by NT Government's *Resourcing the Territory* initiative

The Company also announced on 18 July 2019 that it had received collaborative funding of up to \$87,900 towards this drilling program under the Northern Territory Government's *Resourcing the Territory* initiative. The grants will provide co-funding of 50% towards direct drilling costs for the drilling program at the Such Wow prospect. 'Geophysics and Drilling Collaborations' grants are provided by the Northern Territory Government and aimed at increasing the intensity of exploration drilling and geophysical data in greenfields areas.

A condition of the initiative is that the NT Government 'owns' half of the core. Therefore, once the core has been logged by Vimy geologists, the core will be sent to Darwin for further detailed analysis, including geochronological dating, high-resolution HyLogger mineralogy mapping, and bulk density measurements. Once this work is complete, Vimy staff will cut and sample half of the core for assay.

Regional Work Programs

In the meantime, the Vimy field team is making extensive use of the regional exploration tool-kit, a suite of techniques they have tailored to locate the key ingredients for uranium mineralisation in this area (see ASX announcement dated 20 March 2019).

That regional work program has seen some comprehensive sampling carried out to date across three main prospects (Southern Flank, Such Wow and Angularli), as shown below:

- 1,172 termitaria samples
- 672 passive seismic points
- 17 rock chip samples
- 10 surface water/spring samples

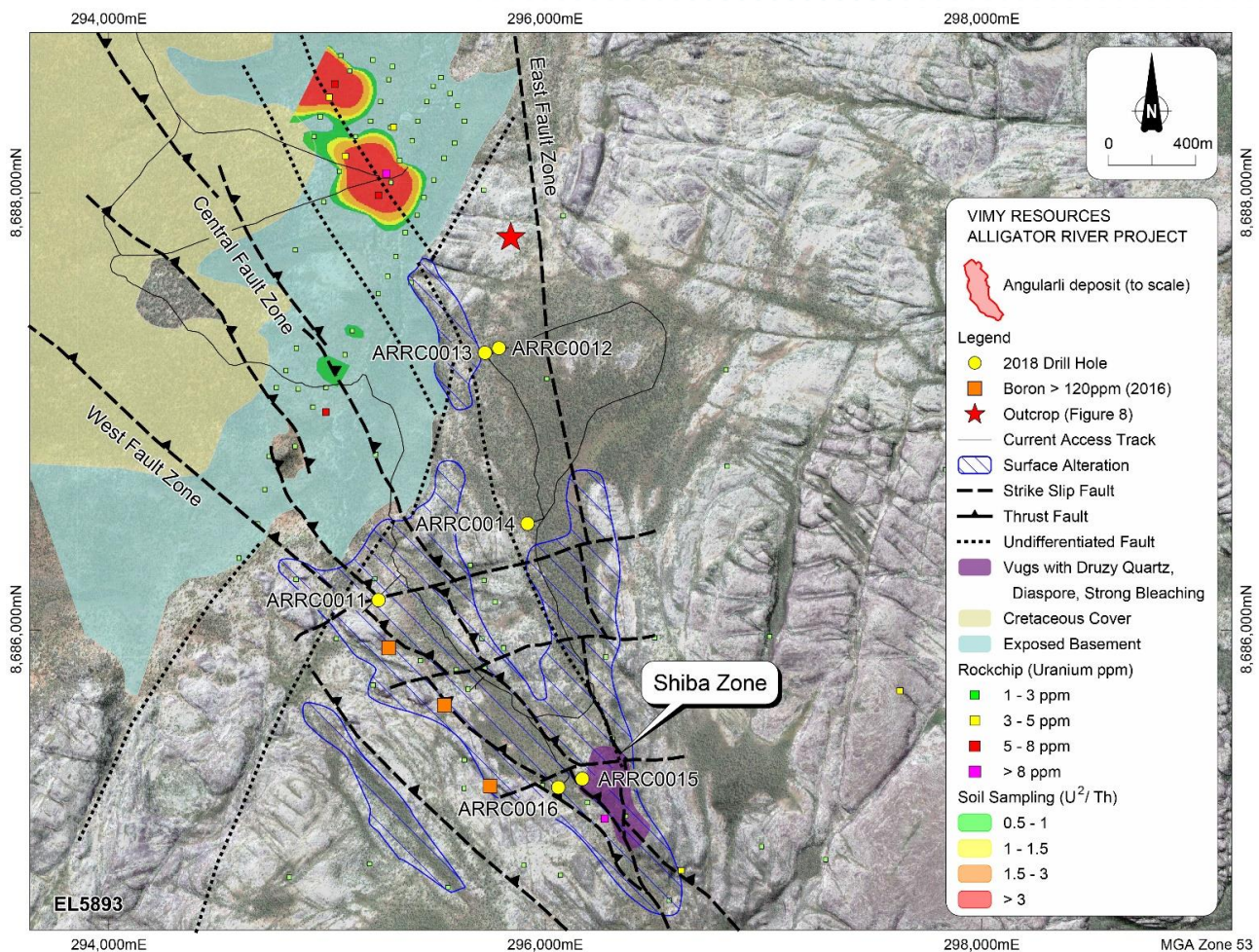


Figure 1: Geological setting of the Such Wow prospect, Alligator River Project

Consultation with Traditional Owners

In April 2019 Vimy Resources held meetings with Traditional Owners of EL5893 (Wellington Range-King River JV) to present its proposed work program. The work program was well received and subsequent meetings held in May for EL25064 (King River North) and EL25065 (King River South) were equally successful.



Consultation with Traditional Owners – April 2019



Mulga Rock Project

Refresh of Definitive Feasibility Study

The input data for the Mulga Rock DFS, released in January 2018, has been re-examined by a group of industry peers. Several opportunities to optimise and update the study were identified. These will be assessed over the coming quarters including operating and construction contracting strategies, manning levels, and other input variables based on prevailing economics (i.e. base metals).

The Vimy team is actively pursuing secondary approvals and permits for the project with Western Australian Government agencies.

Uranium Market

Section 232 Petition

In early 2018, two US uranium miners initiated an investigation by filing a petition under section 232 of the US 1962 Trade Expansion Act citing America's increased reliance on uranium imports, particularly from high-risk countries, was a threat to national security given that nuclear power provides 20% of the US's electricity.

President Trump released an official memorandum stating he did not "concur" with the investigation's findings that continuing uranium imports would impair the country's security under section 232. However, the President noted a full analysis of national security, including the entire nuclear fuel supply chain, was necessary because the findings raised "significant concerns" regarding the country's domestic uranium mining sector. As a result, President Trump established a Nuclear Fuel Working Group to develop recommendations into assessing the entire US nuclear fuel supply chain. The Group will report its findings to the President by 10 October 2019.

Next Steps

Mulga Rock Project

- Secondary approvals continue to be progressed
- Assess optimisation opportunities identified in the review of the DFS
- Escalate marketing following the resolution of the s.232 application in the USA
- Focus on marketing efforts in Europe and Asia
- Continued investigation of financing options

Alligator River Project

- Planning for additional drilling in the northern section of the Such Wow prospect and Angularli prospects is underway, via either diamond or reverse circulation drilling, to be carried out in late September or October if funding allows
- Additional surface work programs are currently underway at the Southern Flank, Such Wow and Angularli prospects
- Investigation into ore sorting options for the Angularli deposit, to further improve the metallurgical flowsheet demonstrated in the 2018 Angularli Scoping Study (see announcement dated 10 December 2018)
- Low-level environmental surveys to be extended for the remainder of the 2019 Northern Territory dry season



Tenements

Tenement details for Mulga Rock and Alligator River Projects (Vimy Resources) and the tenements held by Vélo Resources Pty Ltd are shown in Table 1.

Table 1: Tenement details as at 30 June 2019

Tenement	Nature of Interest	Interest at Beginning of Quarter	Interest at End of Quarter
MULGA ROCK PROJECT (Mt Margaret Mineral Field, Western Australia)			
M39/1104	Granted	100%	100%
M39/1105	Granted	100%	100%
E39/876	Granted	100%	100%
E39/1148	Expired	100%	0%
E39/2049	Granted	100%	100%
L39/193	Granted	100%	100%
L39/219	Granted	100%	100%
L39/239	Granted	100%	100%
L39/240	Granted	100%	100%
L39/241	Granted	100%	100%
L39/242	Granted	100%	100%
L39/243	Granted	100%	100%
L39/251	Granted	100%	100%
L39/252	Granted	100%	100%
L39/253	Granted	100%	100%
L39/254	Granted	100%	100%
L39/279	Granted	100%	100%
L39/280	Granted	100%	100%
P39/5844	Granted	100%	100%
P39/5853	Granted	100%	100%
ALLIGATOR RIVER PROJECT (Northern Territory)			
EL24017	Granted	75%	78%
EL25064	Granted	75%	78%
EL25065	Granted	75%	78%
EL27059	Granted	75%	78%
EL5893	Granted	75%	78%
VÉLO RESOURCES PTY LTD (Mt Margaret Mineral Field, Western Australia)			
E38/3203	Granted	100%	100%
E39/2012	Granted	100%	100%



Corporate

Expenditure

Cash spend on exploration, evaluation, staff, administration, corporate and uranium marketing activities in the June 2019 Quarter amounted to \$1.4 million.

Cash at Bank

Cash at 30 June 2019 amounted to \$1 million. See the following section for details of the \$1.8 million raised in a private placement, subsequent to the end of the Quarter.

Successful Placement of A\$1.8 million

On 28 June 2019, the Company announced that A\$1.8 million was raised through a placement to institutional and sophisticated investors. The Company has since issued approximately 36.7 million fully paid ordinary shares at an issue price of \$0.05 per share, representing approximately 7.6% of the shares on issue (on a pre-placement basis), pursuant to its existing capacity under ASX Listing Rule 7.1A (36,673,302 shares).

Morgans Corporate Limited and Euroz Securities Limited acted as joint lead managers and book-runners to the Placement, which was well supported by both existing and new institutional and sophisticated investors.

The funds raised from the placement are being used to progress the Alligator River Project and the Mulga Rock Project, as well as for working capital purposes.

Successful Application for 2019/20 Junior Minerals Exploration Incentive (JMEI)

On 18 July 2019, the Company announced that the Australian Taxation Office had accepted its application to participate in the Junior Minerals Exploration Incentive (JMEI) scheme for the 2020 income year.

The Company has received an allocation of up to \$715,000 in tax credits which can be distributed to Eligible Shareholders. Only those shareholders (Eligible Shareholders) who are issued new ordinary Vimy shares in a nominated capital raise between 1 July 2019 and 30 June 2020 (Eligibility Period) are entitled to receive JMEI credits.

The maximum amount of credits Vimy can create for the 2020 income year is the lesser of the following:

- actual greenfields exploration expenditure for the 2020 income year, multiplied by Vimy's corporate tax rate for that year, or
- amount of exploration credits allocated

Vimy has not determined the timing of any future equity raising. Vimy cannot guarantee that Eligible Shareholders will receive the maximum number of JMEI credits available as the actual number of JMEI credits received by each Eligible Shareholder for the 2019/20 income year is dependent on several factors including:

- the eligible exploration expenditure incurred by Vimy in the 2020 income year;
- the total number of new Vimy shares issued; between 1 July 2019 and 30 June 2020;
- Vimy's tax losses for the 2019/20 financial year, and
- each shareholder's financial circumstances.

Upon lodgement of its 2019/2020 tax return, Vimy will notify Eligible Shareholders of their JMEI credit entitlement. These JMEI credits will apply to income tax assessment for the year ended 30 June 2020.

It is pleasing to note that Vimy Resources CEO Mike Young was one of the key advocates in pushing for Federal exploration incentive scheme during his tenure at the Association of Mining and Exploration Companies.



Change to Vimy Board of Directors

On 7 May 2019, the Company announced the resignation of Malcolm James from the Board of Vimy Resources. Mr James had been a Non-Executive Director for three years and was a member of the Vimy Audit and Remuneration committees. Mr James resigned as he is no longer a representative of substantial shareholder Forrest Family Investments Pty Ltd, having stepped down from the board of Squadron Resources Pty Ltd.

Mike Young
Managing Director and CEO

Tel: +61 8 9389 2700

31 July 2019

Compliance Statement

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

Competent Person Statements

The information in relation to the Angularli Scoping Study that is contained in this announcement is extracted from ASX announcement entitled 'Angularli Uranium Project Scoping Study Update' released on 3 September 2018 and available to download from asx.com.au ASX:VMY. The information relating to the metallurgical testwork results for the Angularli Uranium Project was compiled by Dr Anthony Chamberlain, who is a Member of the Australian Institute of Mining and Metallurgy. Dr Chamberlain is a Non-Executive Director of Vimy Resources and former Chief Operating Officer. The metallurgical results were derived from test work completed by ANSTO and ALS Metallurgy. Dr Chamberlain has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the JORC code. Dr Chamberlain consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.



About Vimy Resources

Vimy Resources Limited (ASX: VMY) is a Perth-based resource development company. Vimy's flagship project is the Mulga Rock Project, one of Australia's largest undeveloped uranium resources, which is located 240km ENE of Kalgoorlie in the Great Victoria Desert of Western Australia.

Vimy also owns (78%) and operates the largest granted uranium exploration package in the world-class Alligator River uranium district, located in the Northern Territory. Vimy is exploring for large high-grade uranium unconformity deposits identical to those found in the Athabasca Basin in Canada.

Directors and Management

The Hon. Cheryl Edwardes AM
Non-Executive Chairman

Mike Young
CEO and Managing Director

David Cornell
Non-Executive Director

Dr Tony Chamberlain
Non-Executive Director

Marcel Hilmer
Chief Financial Officer
and Company Secretary

Julian Tapp
Chief Nuclear Officer

Scott Hyman
Vice President Sales and Marketing

Xavier Moreau
General Manager, Geology and Exploration



The creation of approximately
350 direct site jobs
IN WESTERN AUSTRALIA

Royalty and payroll tax
payments of around

A\$17m

PER YEAR TO THE
STATE GOVERNMENT

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



64 million tonnes
of carbon dioxide equivalent
emissions which is
around 12%

of Australia's total greenhouse
gas emissions.

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

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



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