



# Quarterly Activities Report

December 2019



## Highlights

### Mulga Rock Project

- Secondary approvals continue to progress with approval of the Aboriginal Heritage Management Plan
- Scope of works for the DFS refresh was progressed

### Alligator River Project

- Excellent geochemistry results from termitaria sampling at Southern Flank
- Angularli ore sorting trial preliminary results show promise

### Corporate

- Rebate of \$1.0 million received from the R&D tax incentive scheme for the 2018/19 tax year
- Share Purchase Plan raised A\$1.0 million
- Well-supported equity raise of \$A3.9 million by new and existing shareholders

The Company continued to progress activities at the Mulga Rock and Alligator River Projects while maintaining fiscal discipline.

The Mulga Rock Project Definitive Feasibility Study was released in January 2018 and as such, it is appropriate to 'refresh' the cost input data to ensure that the capital and operating costs are up to date. A recent peer review of the Project found it to be world-class and there were no design or engineering flaws identified. The peer review also found opportunities to reduce Capex and Opex. It was, in the peer reviewer's opinion, an outstanding study.

Alligator River continues to throw up new targets and opportunities. With a resource already outlined at Angularli of 26Mlbs at a grade of 1.3%  $U_3O_8$ , Vimy is seeking new targets to add to the existing resource to create a mining hub in the Northern Territory. The Southern Flank geochemical survey, where Vimy sampled termite mounds, has proven to be a very low-cost, highly effective technique that has confirmed shallow and accessible drill targets for the year ahead.

While we progress the approvals at Mulga Rock, with one of the secondary approvals being granted, we are also very active on the other side of the world in advancing our uranium marketing activities in the USA. The misnamed spot market, lacking fundamental demand, continues to drift sideways as traders churn and utilities stand-off. Several issues dominate the US utilities' thinking including: the Section 232 (and the Nuclear Fuel Working Group), the Iran Waivers which were extended another 60 days overnight, the Russian Suspension Agreement, and global trade issues. While the utilities can manage their inventories, they are able to largely stay out of the market. But inventories are finite and it is Vimy's view that the depth of the spot market will undergo a significant test this year.

As our Chief Nuclear Officer Julian Tapp likes to put it, the uranium market is like a game of musical chairs and when the music stops, the market reversal will catch the unwary off guard. It is Vimy's strategy to continue to engage with utilities, bidding into US supply contracts and having off-market discussions to ensure that when the music does stop we're there with a chair.



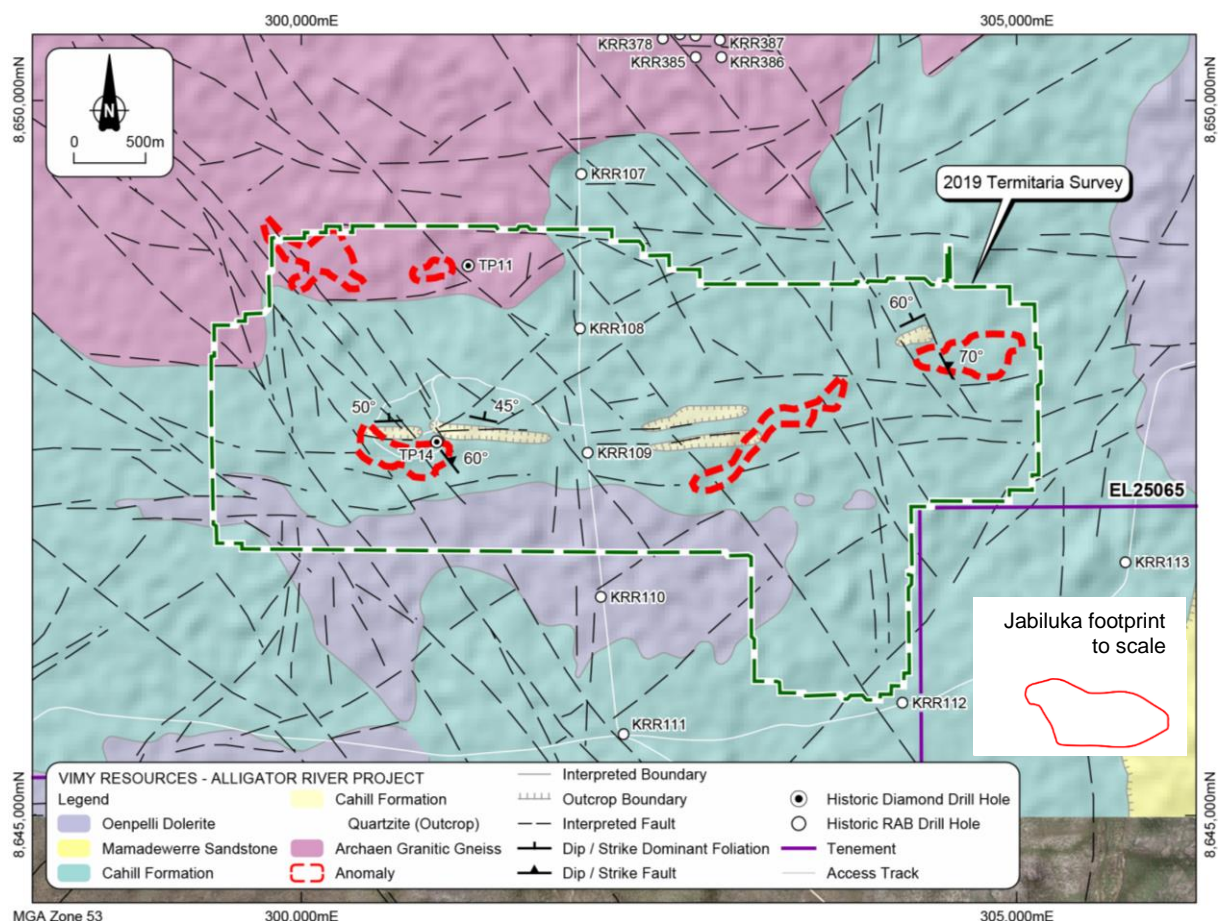
## Alligator River Project

### Excellent Geochemistry Results at Southern Flank

On 1 October 2019, the Company announced the results of a termitaria program at Southern Flank, part of the Wellington Range-King River project (79% Vimy Resources, 22% Rio Tinto Exploration Pty Limited). Termitaria is a low-impact method of sampling termite mounds, and is supported by local Traditional Owners. The extensive geochemical program – over an area of 12.5km<sup>2</sup> and involving over 900 termite mounds – returned excellent results, defining several coherent and distinct uranium anomalies in an area with a geological setting similar to the nearby world-class Jabiluka and Ranger deposits. Easy road and track access and shallow cover will enable Vimy to drill-test the targets as early as the 2020 field season.

The Southern Flank area is located in the southern part of the Wellington Range-King River JV project. It lies approximately 17 km to the northwest of the historic Nabarlek mine and is crossed by the major regional access roads. The Nabarlek uranium mine operated successfully between 1980-1988 and produced 24Mlbs U<sub>3</sub>O<sub>8</sub> from 550,000 tonnes of ore at an average grade of 1.84% U<sub>3</sub>O<sub>8</sub>. It has since been successfully decommissioned and the site fully rehabilitated.

Based on regional geology, structural interpretation and radiometrics, Vimy targeted the Southern Flank as it presents a geological setting similar to the Jabiluka and Ranger deposits, 42km to the southwest. Owing to the shallow cover, and thin weathering profile, Vimy identified the prospect as an ideal geological setting for the application of termitaria geochemical sampling as a first-pass exploration technique.







The termitaria sampling program was carried out along a nominal 100 x 200m grid, with local 100 x 100m infill, covering a total of 12.5km<sup>2</sup> within an overall 6 x 3km corridor (Figure 1 and Figure 2).

The bedrock at Southern Flank comprises Cahill Formation metasedimentary rocks, a key host rock in the Alligator River Uranium Province, in contact with Archaean gneisses (Figure 1). The more competent gneiss creates a rheological contrast with the Cahill Formation and is an important structural feature for the Jabiluka-Ranger deposits model.

At Jabiluka, an east-west trending, reverse fault zone cross-cuts the basement sequence and controls uranium and gold mineralisation. Vimy has interpreted similar east-west trending faults in the Southern Flank area during geological mapping and analysis of airborne geophysical data (Figure 2). The east-west faults are offset by several northwest to north striking faults which are the same orientation as the fault zones hosting uranium mineralisation at the Nabarlek and Angarlari deposits.

Vimy is in the process of recovering and analysing historical data from Union Carbide, who briefly explored that area in the early 1970s using costeans, auger drilling and two shallow diamond holes. Costeaming and drilling identified strongly altered, veined and brecciated Cahill Formation and returned a peak assay of 0.19% U<sub>3</sub>O<sub>8</sub> in a 5cm vein. Vimy will provide a more detailed update following assessment of the data and core in a subsequent announcement.

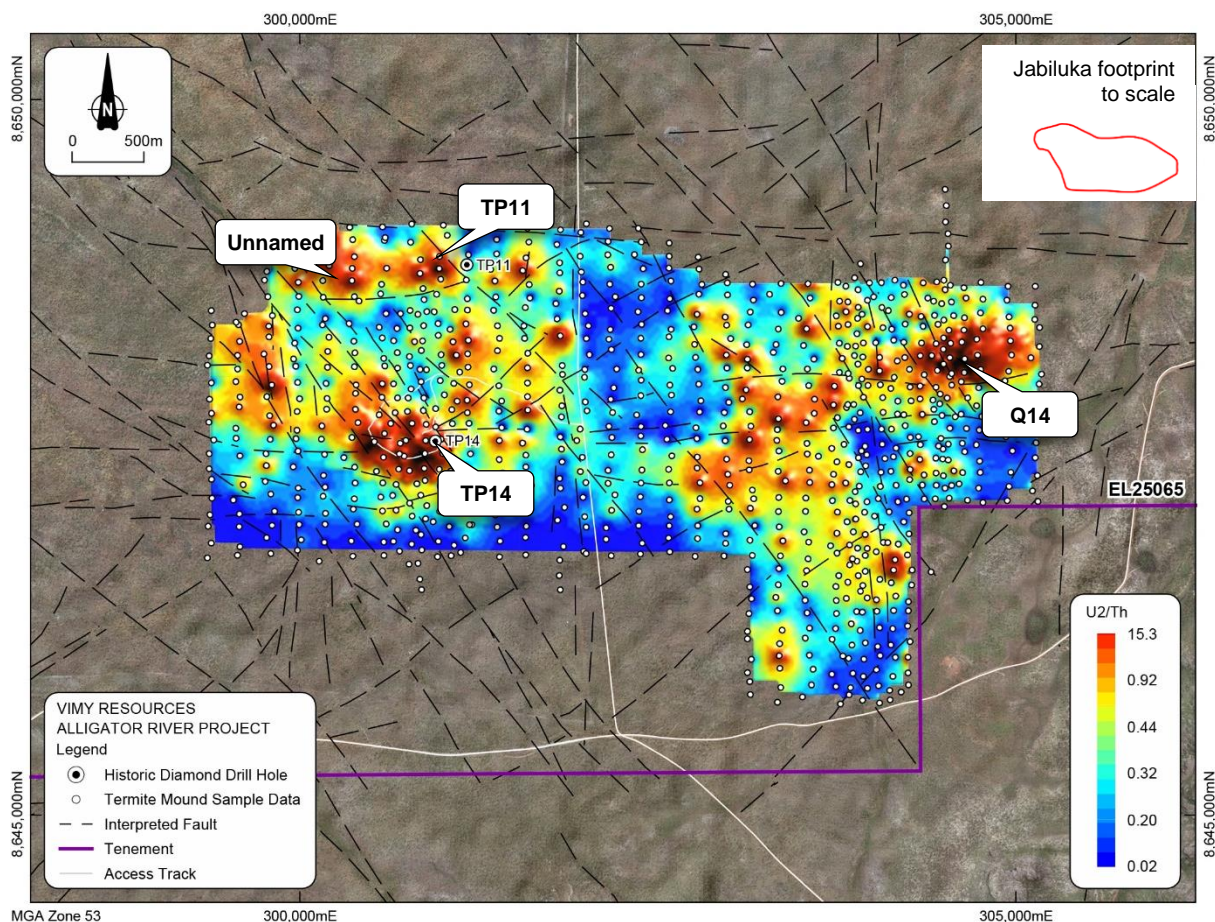


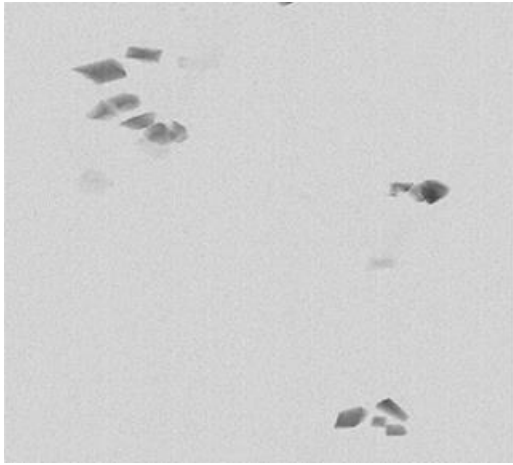

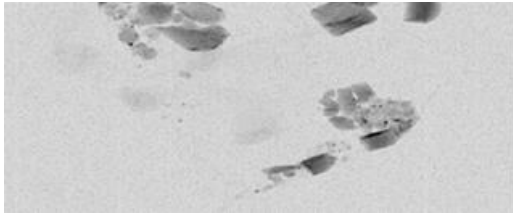

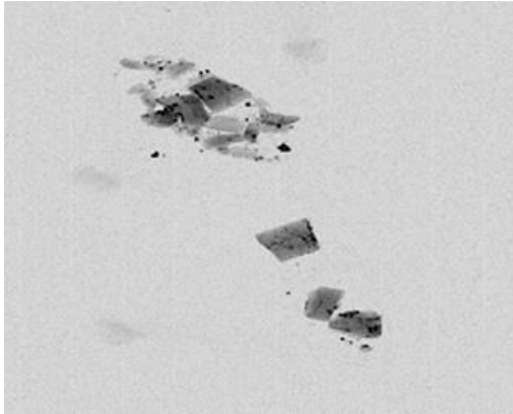
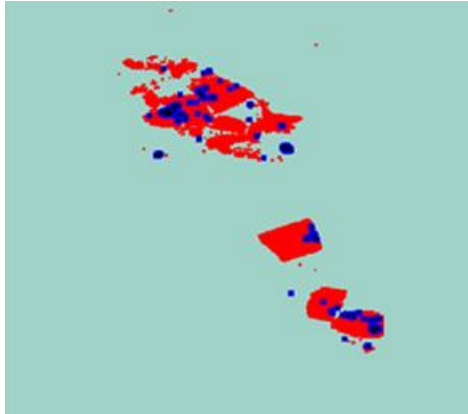
Figure 2: Gridded U<sub>2</sub>/Th termite mound data for the Southern Flank area





### Angularli Ore Sorting Trial

During the Quarter, an ore sorting trial was undertaken at Tomra Systems ASA (Tomra), a company specialising in ore sorting to increase the grade of ROM (Run of Mine) material. Preliminary results from the ore sorting trial show real promise for the application of their X-Ray Transmission (XRT) ore sorter for Angularli mineralised material. The initial imaging and classification of the ore showed an excellent correlation between radioactivity and mapping of atomic density (see below).

<b>Sample radioactivity</b>	<b>XRT map (atomic density)</b>	<b>XRT Classification (high density = blue dot)</b>
Low		
Medium		
High		

**Figure 3: Angularli Ore Sorting Trial - Correlation between radioactivity and mapping of atomic density**

Tomra is now proceeding with a classification of the ore composite and will produce ore and waste fractions. The resulting weights and uranium grades for both fractions will indicate the upgrading potential of that material, and an indication of losses associated with the sorting. Results are due in the March 2020 quarter.



## Mulga Rock Project

### Secondary Approvals

Subsequent to the end of the December Quarter, the Company received approval for its Aboriginal Heritage Management Plan for the Mulga Rock Project.

Ministerial Statement 1046 (MS1046) was issued on 16 December 2016 and approved the implementation of the Mulga Rock Uranium Project (under Part IV of the *Environmental Protection Act 1986*). As one of the conditions, MS1046 required that Vimy should prepare an Aboriginal Heritage Management Plan to be approved by the CEO of the Department of Water and Environmental Regulation (DWER) and then implement that plan. An original version of that plan was submitted to DWER for review on 19 February 2018. Following minor revisions in late 2019, a revised version was approved on 3 January 2020 by the Executive Director of EPA Services, Anthony Sutton, under powers delegated from the CEO of DWER.

The Aboriginal Heritage Management Plan is one of eight Conditional Environmental Management Plans required for the Project.

### DFS Refresh

Following the external high-level review of the Definitive Feasibility Study (released January 2018) in July 2019, management concluded that a refresh of the DFS was warranted. The scope of works is being finalised and will go to tender in February 2020.

Some of the key areas for review include, but are not limited to:

- Capital costs including assumptions for growth allowance
- EPCM / ECM strategy
- Mining contract strategy
- Funding costs and assumptions
- Financial models
- Critical path to development.

It is not intended to revisit the macro engineering items of the DFS such as mining methods, flow sheet, etc, as these were found to be very robust in a previous peer review.

## Tenements

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

The King River-Wellington Range tenement group, which contains the Angularli deposit, is managed in a joint venture with Rio Tinto Exploration Pty Limited (Rio Tinto), a wholly-owned subsidiary of Rio Tinto Ltd. In March 2018 when Vimy acquired the tenements from Cameco Australia Pty Ltd, interests were Vimy 75% and Rio Tinto 25%. Rio Tinto is currently not contributing to joint venture expenditure, with its interest diluting based on expenditure by Vimy. At the end of the December 2019 Quarter, the interests are Vimy at 79% and Rio Tinto at 21%.



Table 1: Tenement details as at 31 December 2019

Tenement	Nature of Interest	Interest at Beginning of Quarter	Interest at End of Quarter
<b>MULGA ROCK PROJECT (Mt Margaret Mineral Field, Western Australia)</b>			
M39/1104	Granted	100%	100%
M39/1105	Granted	100%	100%
E39/876	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%
L39/285	Granted	0%	100%
P39/5844	Granted	100%	100%
P39/5853	Granted	100%	100%
R39/0002	Granted	0%	100%
<b>ALLIGATOR RIVER PROJECT (Northern Territory)</b>			
EL22430	Granted	0%	100%
EL24920	Granted	0%	100%
EL26089	Granted	0%	100%
EL24017	Granted	78%	79%
EL25064	Granted	78%	79%
EL25065	Granted	78%	79%
EL27059	Granted	78%	79%
EL5893	Granted	78%	79%
<b>VÉLO RESOURCES PTY LTD (Mt Margaret Mineral Field, Western Australia)</b>			
E38/3203	Granted	100%	100%
E39/2012	Granted	100%	100%
E39/2013	Granted	100%	100%
E39/2115	Granted	0%	100%





## Corporate

### Expenditure

Cash spend on exploration, evaluation, staff, administration, corporate and uranium marketing activities in the December 2019 Quarter amounted to \$0.7 million.

This was lower than the September 2019 quarter cash spend of \$1.7 million as a consequence of completing the Alligator River Project 2019 field season and cost reduction measures.

### Cash at Bank

Cash at 31 December 2019 amounted to \$4.4 million.

### R&D Tax Incentive Received

On 11 November 2019 the Company was pleased to announce the receipt of a \$1.0m rebate from the R&D tax incentive scheme for the 2018/19 tax year. The Australian Taxation Office R&D tax incentive provides a tax benefit to companies to offset some of the cost of conducting eligible research and development activities.

### Successful Placement of A\$3.9 million

On 23 October 2019, the Company announced the completion of a well-supported equity raising of \$3.9 million. Participants in the placement included both existing and new institutional and sophisticated investors.

The Company subsequently issued 77.87 million fully paid ordinary shares (Ordinary Shares) at an issue price of \$0.05 per share, representing approximately 14.9% of the shares on issue (on a pre-placement basis), pursuant to its existing capacity under ASX Listing Rules 7.1 (71.97 million shares) and 7.1A (5.90 million shares). The shares were issued on 30 October 2019 and rank pari passu with existing Ordinary Shares.

Morgans Corporate Limited and Euroz Securities Limited acted as joint lead managers and joint bookrunners, together with Bacchus Capital Advisers Limited who acted as financial adviser to the placement in respect of international investors.

Proceeds from both the placement and the Share Purchase Plan (detailed below) are being used to progress the Alligator River and Mulga Rock Projects, as well as to strengthen the Company's balance sheet.

### Closure of Share Purchase Plan

On 20 November 2019 Vimy announced the closure of a Share Purchase Plan which raised \$1.0 million with eligible shareholders applying for 19.2 million shares in the Company. The Plan was originally announced on 23 October 2019, at the same time as the successful equity raise of \$3.9 million. In both cases the shares were issued at A\$0.05 per share.

Morgans Corporate Limited acted as lead manager and no brokerage was payable by subscribing shareholders.

Vimy was pleased to be one of the first companies on the ASX to offer the new participation limit of up to \$30,000 per Eligible Shareholder (previously \$15,000 per Eligible Shareholder).

### Share Purchase Plan participants entitled to JMEI tax credits

The Company also announced on 11 November 2019 that shareholders eligible to participate in the Share Purchase Plan could receive a proportional allocation of JMEI tax incentive credits.



The Company had previously announced, on 18 July 2019, the successful allocation of \$715,000 Junior Minerals Exploration Incentive (JMEI) credits. Australian resident shareholders who are issued an exploration credit are entitled to a refundable tax offset or, if the shareholder is a corporate tax entity, additional franking credits. Eligible shareholders must be Australian residents who apply for, and are issued, shares in Vimy's nominated capital raising activities between 1 July 2019 and 30 June 2020. The exploration credits that can be issued to an investor are limited to the amount paid by the investor to acquire the new shares, multiplied by the corporate tax rate.

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.

**Mike Young**  
**Managing Director and CEO**

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31 January 2020

#### **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](http://asx.com.au) ASX:VMY. The Company is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*





## About Vimy Resources

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

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

### Directors and Management

The Hon. Cheryl Edwardes AM  
Non-Executive Chairman

Mike Young  
CEO and Managing Director

David Cornell  
Non-Executive Director

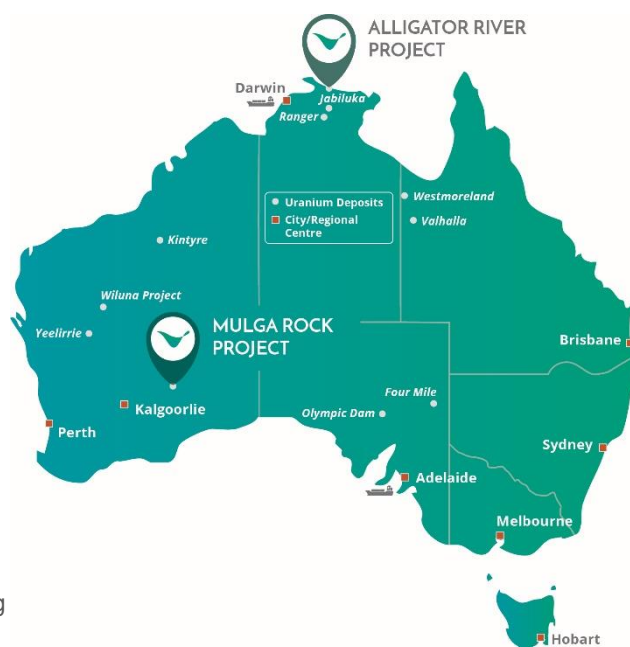
Dr Tony Chamberlain  
Non-Executive Director

Marcel Hilmer  
Chief Financial Officer  
and Company Secretary

Julian Tapp  
Chief Nuclear Officer

Scott Hyman  
Vice President Sales and Marketing

Xavier Moreau  
General Manager, Geology and Exploration



For a comprehensive view of information that has been lodged on the ASX online lodgement system and the Company website please visit [asx.com.au](http://asx.com.au) and [vimyresources.com.au](http://vimyresources.com.au) respectively.

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### Share Registry

Computershare Investor Services

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E: [www.investorcentre.com/contact](http://www.investorcentre.com/contact)