



ASX Announcement

13 March 2020



Half Year Financial Report 31 December 2019

Vimy Resources Limited presents its Half Year Financial Report for the six months ended 31 December 2019.

Mike Young
Managing Director and CEO

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13 March 2020

This announcement was authorised for release by Michael Young, Managing Director and CEO, on behalf of the Board of Vimy Resources Limited.



Half Year Financial Report

For the half year ended 31 December 2019

Vimy Resources Limited ACN 120 178 949

Vimy Resources Limited

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The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Vimy Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial report has been prepared for the consolidated entity consisting of Vimy Resources Limited and its subsidiaries. The report covers the half year ended 31 December 2019 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:

Level 1, 1209 Hay Street
West Perth, Western Australia 6005

The interim financial report was authorised for issue by the directors on 13 March 2020.

Directors' Report

For the Half Year Ended 31 December 2019

Your directors present their report on the consolidated entity consisting of Vimy Resources Limited ('Vimy' or 'Group') and the entities it controlled at the end of, and during, the half year ended 31 December 2019.

DIRECTORS

The names and titles of directors who held office during the half year ended 31 December 2019 and up to the date of this report (unless otherwise stated), are:

The Hon. Cheryl Edwardes AM, Non-Executive Chairman

Michael (Mike) Young, Managing Director and Chief Executive Officer

David Cornell, Non-Executive Director

Dr Tony Chamberlain, Non-Executive Director

REVIEW OF OPERATIONS

Vimy is a resource exploration and evaluation company. The group's asset comprise the Mulga Rock Project, Australia's largest and most advanced uranium project, located 240 kilometres north east of Kalgoorlie in Western Australia. Vimy also majority owns and operates the Alligator River Projected, the largest granted uranium exploration package in the world-class Alligator River uranium district in the Northern Territory.

During the six months to 31 December 2019, the Company achieved the following significant milestones:

- On 8 July, the Company issued 36.7 million fully paid ordinary shares at an issue price of \$0.05 per share to complete an equity placement to institutional and sophisticated investors announced on the 28 June 2019.
- On 18 July, the Company announced commencement of an exploration drilling program at the Alligator River Project. The Northern Territory Government has agreed to contribute up to \$87,900 of the drilling costs for this program under the Resourcing the Territory Initiative.
- On 18 July, the Company announced that the Australian Taxation Office has accepted its application to participate in the Junior Minerals Exploration Incentive scheme for the 2020 Financial Year with \$715,000 exploration credits allocated.
- On 13 August, the Company held an Extraordinary General Meeting whereby all resolutions were carried.
- On 27 August, the Company announced the results of the exploration drilling program at the Alligator River Project. The results indicated a very large, structurally complex system which has seen multiple phases of structural deformation and fluid flow.
- On 1 October, the Company announced the completion of the termitaria geochemical program. The results defined several coherent and distinct uranium anomalies in an area with a geological setting similar to the world class Jabiluka and Ranger deposits.
- On 30 October, the Company issued 77.9 million fully paid ordinary shares at an issue price of \$0.05 per share to complete an equity placement to institutional and sophisticated investors announced on the 23 October 2019.
- On 25 November, the Company issued 19.3 million fully paid ordinary shares at an issue price of \$0.05 per share to complete the Share Purchase Plan offered to eligible shareholders on the 28 October 2019.

Financial

The operating loss for the period was \$3,762,357 (2018: \$4,782,251) and the net assets of the Consolidated Entity as at 31 December 2019 were \$5,094,633 (at 30 June 2019: \$2,559,840). The cash balance at 31 December 2019 was \$4,408,173.

Directors' Report

For the Half Year Ended 31 December 2019

DIVIDENDS

No dividends were recommended or paid during the six months to 31 December 2019 (\$ Nil: 31 December 2018).

Since 31 December 2019 no significant subsequent event occurred:

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 Page 5.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and therefore the amounts contained in this report and in the interim financial statements have been rounded to the nearest dollar.

This report is made in accordance with a resolution of the directors.



Mike Young
Managing Director and Chief Executive Officer

Dated 13 March 2020



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 review of Vimy Resources Limited for the half-year ended 31 December 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A stylized, handwritten signature of the KPMG firm, rendered in a dark grey or black ink.

KPMG

A handwritten signature in dark ink, appearing to read 'Derek Meates'.

Derek Meates

Partner

13 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2019

	Notes	Consolidated	
		Half year ended 31 December 2019 \$	Half year ended 31 December 2018 \$
Other Income	3	102,814	37,385
Exploration and evaluation expenditure		(2,077,899)	(2,992,715)
Corporate and administration expense		(1,689,887)	(1,435,715)
Financial Income		287,439	-
Financing expense		(353,499)	(285,329)
Share based payment expense		(31,325)	(105,877)
Loss before income tax		(3,762,357)	(4,782,251)
Income tax expense		-	-
Loss attributable to members of the Company		(3,762,357)	(4,782,251)
Other comprehensive income, net of tax		-	-
Total comprehensive loss attributable to members of the Company		(3,762,357)	(4,782,251)
Loss per share from continuing operations attributable to the members of the Company:		Cents per share	Cents per share
Basic and diluted loss per share	4	(0.68)	(1.14)

The above 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 31 December 2019

		Consolidated	
	Notes	As at 31 December 2019 \$	As at 30 June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents	5	4,408,173	977,759
Trade and other receivables	6	87,582	1,155,542
Prepayments	7	248,362	210,276
Total Current Assets		4,744,117	2,343,577
NON-CURRENT ASSETS			
Trade and other receivables	6	356,258	356,258
Right of use assets	8	443,118	-
Plant and equipment		133,189	195,986
Exploration and evaluation	9	5,788,237	5,768,237
Total Non-Current Assets		6,720,802	6,320,481
TOTAL ASSETS		11,464,919	8,664,058
CURRENT LIABILITIES			
Trade and other payables	10	1,311,156	2,900,780
Lease Liability		86,041	-
Provisions	11	299,230	259,482
Total Current Liabilities		1,696,427	3,160,262
NON-CURRENT LIABILITIES			
Trade and other payables	10	3,417,126	2,038,523
Lease Liability		361,244	-
Provisions	11	895,489	905,433
Total Non-Current Liabilities		4,673,859	2,943,959
TOTAL LIABILITIES		6,370,286	6,104,218
NET ASSETS		5,094,633	2,559,840
EQUITY			
Contributed equity	12	108,537,793	102,271,967
Other reserves		4,498,195	4,466,871
Accumulated losses		(107,941,355)	(104,178,998)
TOTAL EQUITY		5,094,633	2,559,840

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

Consolidated Statement of Changes in Equity

For the Half Year ended 31 December 2019

	Notes	Contributed equity \$	Accumulated losses \$	Other reserves \$	Total \$
CONSOLIDATED					
Balance at 1 July 2018		99,475,560	(97,314,686)	4,323,109	6,483,983
Issue of ordinary shares, net of issue costs		2,798,291	-	-	2,798,291
Share based payment expense		-	-	105,877	105,877
Loss attributable to members of the Company		-	(4,782,251)	-	(4,782,251)
Balance at 31 December 2018		102,273,851	(102,096,937)	4,428,986	4,605,900
Balance at 1 July 2019		102,271,967	(104,178,998)	4,466,871	2,559,840
Issue of ordinary shares, net of issue costs	12	6,265,826	-	-	6,265,826
Share based payment expense		-	-	31,324	31,324
Loss attributable to members of the Company		-	(3,762,357)	-	(3,762,357)
Balance at 31 December 2019		108,537,793	(107,941,355)	4,498,195	5,094,633

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

Consolidated Statement of Cash Flows

For the Half Year ended 31 December 2019

		Consolidated	
		Half year ended 31 December 2019 \$	Half year ended 31 December 2018 \$
Note			
	Cash Flows from Operating Activities		
	Interest received	15,080	51,654
	Payments to other suppliers and employees	(3,977,062)	(4,916,645)
	Research and development tax incentive grant income	1,009,414	484,536
	Interest paid	-	(104,894)
	Other Income	117,066	-
	Net cash used in Operating Activities	(2,835,502)	(4,485,349)
	Cash Flows from Investing Activities		
	Purchase of plant and equipment	(704)	(120,561)
	Proceeds from sale of plant and equipment	5,000	5,000
	Tenement acquisition costs	(20,000)	(1,391,041)
	Security deposit	-	63,938
	Net cash used in Investing Activities	(15,704)	(1,442,664)
	Cash Flows from Financing Activities		
	Proceeds from issue of ordinary shares, net of issue costs	6,712,703	3,000,000
	Share issue costs	(431,083)	(176,307)
	Net cash from Financing Activities	6,281,620	2,823,693
	Net increase/(decrease) in cash held	3,430,414	(3,104,320)
	Cash at the beginning of the financial period	977,759	6,734,623
	Cash at the end of the financial period	5	4,408,173
			3,630,303

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

Notes to the Financial Statements

31 December 2019

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Notes to the Financial Statements

31 December 2019

1. Basis of preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2019 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Vimy Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Interim financial report has been approved and authorised for issue by the Board of Directors on 13 March 2020.

Going Concern

The Group incurred a net loss of \$3,762,357 during the half year ended 31 December 2019. The cash and cash equivalents held as at 31 December 2019 was \$4,408,173. Current assets exceed current liabilities by \$3,047,690 as at 31 December 2019. The Group's net cash used in operating activities for the half year ended 31 December 2019 was \$2,835,502.

Deferred consideration payable to Cameco has been recognised in the Statement of Financial Position as at 31 December 2019 with three instalments, \$1.0 million paid 28 January 2020, \$1.5 million due January 2021 and \$2.5 million due January 2022. 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, including meeting deferred consideration obligations and to advance the Mulga Rock and Alligator River projects, 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 Company 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 to those stated in the financial report.

2. Segment reporting

The Company operates one business segment: Exploration and Evaluation. The activities undertaken by the Exploration and Evaluation segment includes exploration on tenements in Western Australia and the Northern Territory and evaluation activities at the Mulga Rock and Alligator River Projects. This activity does not generate any sales revenue.

The Company 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.

Notes to the Financial Statements

31 December 2019

	Half year ended 31 December 2019 \$	Half year ended 31 December 2018 \$
Segment Result		
Segment (contribution)	(1,790,460)	(2,992,715)
Reconciliation to Consolidated Loss		
Segment contribution	(1,790,460)	(2,992,715)
Corporate and administration expense	(1,702,273)	(1,435,715)
Share based payments expense	(31,325)	(105,877)
Financing expense	(341,113)	(285,329)
Interest income and Other Income	102,814	37,385
Loss from continuing operations	(3,762,357)	(4,782,251)
	31 December 2019 \$	30 June 2019 \$
Total assets		
Segment assets	6,319,034	6,539,019
Reconciliation to Consolidated Total Assets		
Segment assets	6,319,034	6,539,019
Corporate and administration assets	5,145,885	2,125,039
Total assets	11,464,919	8,664,058
Total liabilities		
Segment liabilities	(5,303,405)	(5,499,078)
Reconciliation to Consolidated Total Liabilities		
Segment liabilities	(5,303,405)	(5,499,078)
Corporate and administration liabilities	(1,066,881)	(605,140)
Total liabilities	(6,370,286)	(6,104,218)

Notes to the Financial Statements

31 December 2019

3. Other Income

	Half year ended 31 December 2019 \$	Half year ended 31 December 2018 \$
Interest income	17,806	37,385
Other Income	85,008	-
	102,814	37,385

4. Loss per share

	Half year ended 31 December 2019 \$	Half year ended 31 December 2018 \$
Loss used in the calculation of basic EPS	(3,762,357)	(4,782,251)
Basic and diluted loss per share (cents per share)	(0.68)	(1.14)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	551,266,868	420,880,452

5. Cash and cash equivalents

	31 December 2019 \$	30 June 2019 \$
Cash at bank and on hand	1,708,173	477,759
Short-term deposits	2,700,000	500,000
	4,408,173	977,759

6. Trade and other receivables

	31 December 2019 \$	30 June 2019 \$
Current		
Research and development tax incentive grant receivable	-	1,009,413
Goods and services tax receivable	46,480	62,960
Other receivables	41,102	83,169
	87,582	1,155,542
Non-Current		
Security deposit ⁽¹⁾	356,258	356,258
	356,258	356,258

(1) The security deposit is cash security for bank guarantees relating to the Alligator River Project in the Northern Territory and a bank guarantee relating to the new office lease at Level 1, 1209 Hay Street, West Perth.

Notes to the Financial Statements

31 December 2019

7. Prepayments

	31 December 2019 \$	30 June 2019 \$
Deposits for tenement applications	31,058	69,712
Other prepayments	217,304	140,564
	248,362	210,276

8. Right of use assets

	31 December 2019 \$	30 June 2019 \$
Lease asset	443,118	-
	443,118	-

The Group has adopted AASB 16 from 1 July 2019 using the modified retrospective method of adoption. The Group has not restated comparatives for the reporting period as permitted under the specific transitional provisions in the standard. On adoption, the Group recognised the right of use asset and a corresponding lease liability. The right of use asset is depreciated on a straight line basis over the term of the lease. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 4.9% as of 1 July 2019.

9. Exploration and evaluation

	31 December 2019 \$	30 June 2019 \$
Tenement Acquisition Costs ⁽¹⁾	5,788,237	5,768,237
	5,788,237	5,768,237

(1) The Group acquired the Alligator River Project for a cash consideration of \$6.5 million in July 2018 payments are staged over 42 months to January 2022 and granted Cameco Australia Pty Ltd (Cameco) a conditional buy-back option. See Note 10 for further details.

Notes to the Financial Statements

31 December 2019

10. Trade and other payables

	31 December 2019 \$	30 June 2019 \$
Current		
Trade payables and other payables	311,156	575,851
Deferred consideration ⁽¹⁾	1,000,000	2,324,929
	1,311,156	2,900,780
Non-Current		
Deferred consideration ⁽¹⁾	3,417,126	2,038,523
	3,417,126	2,038,523

(1) Deferred consideration payable to Cameco as at 31 December 2019 is payable in three instalments, \$1.0 million paid 28 January 2020, \$1.5 million due January 2021 and \$2.5 million due January 2022 totalling \$5.0 million. The deferred consideration has been discounted to present value at 15% to derive a liability at acquisition date. At 31 December 2019 the fair value of the liability is \$4,417,126. The difference between the instalment payments and the liability will be recognised as interest expense over the 42-month instalment period from the acquisition date.

11. Provisions

	31 December 2019 \$	30 June 2019 \$
Current		
Provision for annual leave	182,210	185,631
Provision for long service leave	117,020	73,851
	299,230	259,482
Non-Current		
Provision for long service leave	43,442	76,331
Provision for rehabilitation ⁽¹⁾	852,047	829,102
	895,489	905,433

(1) The provision for rehabilitation is inclusive of the rehabilitation work for the geotechnical test pits at the Mulga Rock project which is required to be completed by March 2022. The provision for rehabilitation is also inclusive of the rehabilitation work relating to the Alligator River Project.

12. Contributed equity

	Number	\$
Ordinary shares		
Balance at 30 June 2019	484,671,912	102,271,967

Notes to the Financial Statements

31 December 2019

5 July 2019 Share placement @\$0.05 cents per shares	36,673,302	1,833,665
2 October 2019 Share placement @\$0.06 cents per shares	370,771	22,246
30 October 2019 Share placement @\$0.05 cents per shares	77,865,832	3,893,291
25 November 2019 Share placement @\$0.05 cents per shares	19,270,000	963,500
Share issue costs	-	(446,876)
Balance at 31 December 2019	618,851,817	108,537,793

13. Contingent liabilities

Royalty

In 2015 the Group 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 Group has granted security to RCF VI for the royalty obligations, in the form of a mortgage over the mining tenements.

14. Events occurring after reporting date

No significant subsequent events have occurred since 31 December 2019.

Directors' Declaration

In the directors' opinion:

- (a) the consolidated financial statements and notes of Vimy Resources Limited are in accordance with the *Corporations Act 2001* including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (ii) giving a true and fair view of its financial position as at 31 December 2019 and its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Mike Young
Managing Director and Chief Executive Officer

13 March 2020



Independent Auditor's Review Report

To the shareholders of Vimy Resources Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Vimy Resources Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Vimy Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2019 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Vimy Resources Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 1, "Going Concern" in the Half-year Financial Report. The conditions disclosed in Note 1, 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 Half-year Financial Report. Our conclusion is not modified in respect of this matter.



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Vimy Resources Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Derek Meates

Partner

Perth

13 March 2020