



Quarterly Activities Report

March 2020



Keeping on in the time of COVID

Highlights

- Vimy further reduces cash burn rate by 28%
- GR Engineering begins DFS update on Mulga Rock Project
- Vimy defines high priority drill targets at Alligator River
- Uranium price rises 19% since 1 March
- Mulga Rock approvals moving forward

COVID-19 and Cash Flow Management

As with the rest of the planet, COVID-19 has temporarily impacted Vimy's capacity to carry out its normal activities. However, as this Quarterly will highlight, the Company continues to advance the Mulga Rock and Alligator River Projects despite the restrictions imposed by COVID-19.

Notably, Vimy is very aware of the need to reduce its cash burn rate to preserve cash and has implemented several cost-cutting measures, effectively reducing our monthly outgoings by 28%. While significant savings have occurred by happenstance (i.e. reduced travel and conference expenses), Vimy has taken additional steps to conserve cash, including a 40% salary sacrifice by all board and staff under the Company's Salary Sacrifice Share Scheme (see Notice of EGM 10 July 2019). Furthermore, the Association of Exploration and Mining Companies (AMEC) is lobbying various state and territory governments arguing the case for deferrals and exemptions from various tenement expenditures.

Owing to previous staff losses via natural attrition, and as a result of the cost-cutting measures, staffing can be maintained at the current level which is ideal for implementing our strategy. Along with this certainty, the Company is ensuring the safety and well-being of our staff as they adapt to the new normal.

Vimy Managing Director and CEO Mike Young said *"Despite these challenging times, Vimy continues to advance both Mulga Rock and Alligator River. There is a great metaphor that I use to capture the Company's strategy: we would rather be the surfer who's out on their board in the 'take off zone' than the one who's sitting on the beach waxing their board."*



Mulga Rock Project DFS Refresh

Notwithstanding, the COVID-19 pandemic has led to considerable global uncertainty and equity market volatility. Vimy is committed to carrying the Company through these challenges and ensuring that our flagship Mulga Rock Project remains well positioned to commence development and enter commercial production.

To that end, the Company is pleased to announce that GR Engineering Services, a leading engineering, consulting and contracting company, that previously completed the January 2018 Definitive Feasibility Study (DFS) has commenced work on a DFS 'refresh'. The DFS demonstrated that Mulga Rock is a strategic, long-life (15 year) uranium project that will produce 3.5Mlbs U₃O₈ per annum. It will provide enough uranium to power 8GW of nuclear capacity per year which will prevent CO₂ emissions equivalent to 13% of Australia's total GHG emissions.

The DFS was based on low risk, open pit mining and a proven flowsheet, both of which underwent trial mining and pilot processing, and therefore no technical aspects will be reviewed. The DFS refresh will instead focus on updating and reducing CAPEX, as well as optimising OPEX. The refresh is expected to take two to three months.

Mulga Rock Secondary Approvals

Following the approval of the Aboriginal Heritage Management Plan on 3 January 2020, the Company received approval for its Flora and Vegetation Monitoring and Management Plan and its Terrestrial Fauna Monitoring and Management Plan on 20 February 2020. The Company continued to make progress with its remaining Monitoring and Management Plans during the March quarter.

Mulga Rock DFS Foreign Exchange Update

The January 2018 Definitive Feasibility Study (DFS) reported an NPV₈ of A\$530m and IRR of 25% using an exchange rate of AUD:USD \$0.70 and a uranium 'study price' of US\$60/lb. Since that time, the AUD has declined materially against the USD and the foreign exchange (FX) sensitivity analysis used in the DFS release is now too narrow to account for the new exchange rates. (see 2018 DFS Study Executive Summary p.108). The revised table below uses a broader AUD:USD range of \$0.50 to \$0.75.

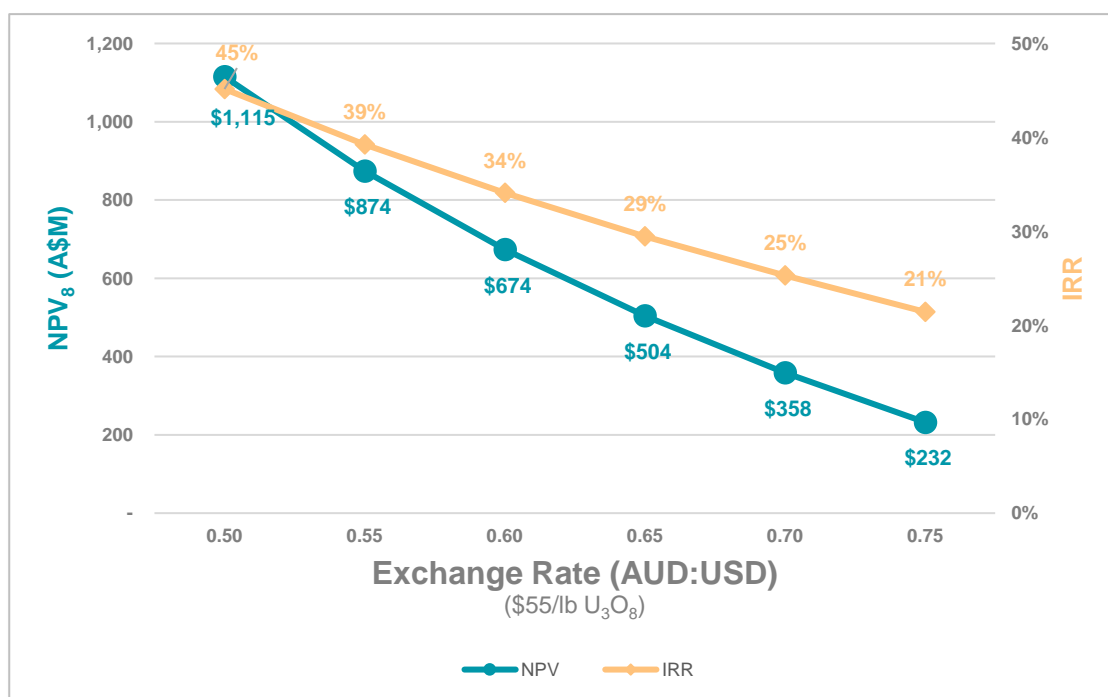


Figure 1: Mulga Rock Project NPV₈ showing broad range of AUD:USD rate



Changing the FX rate to \$0.65 allows for a material reduction in the U₃O₈ 'study price' to US\$55/lb while retaining similar NPV and IRR outcomes.

Similarly, sensitivity analysis based on a range of U₃O₈ prices using an AUD:USD rate of \$0.65 further strengthens the robustness of the Project as detailed in the graph below.

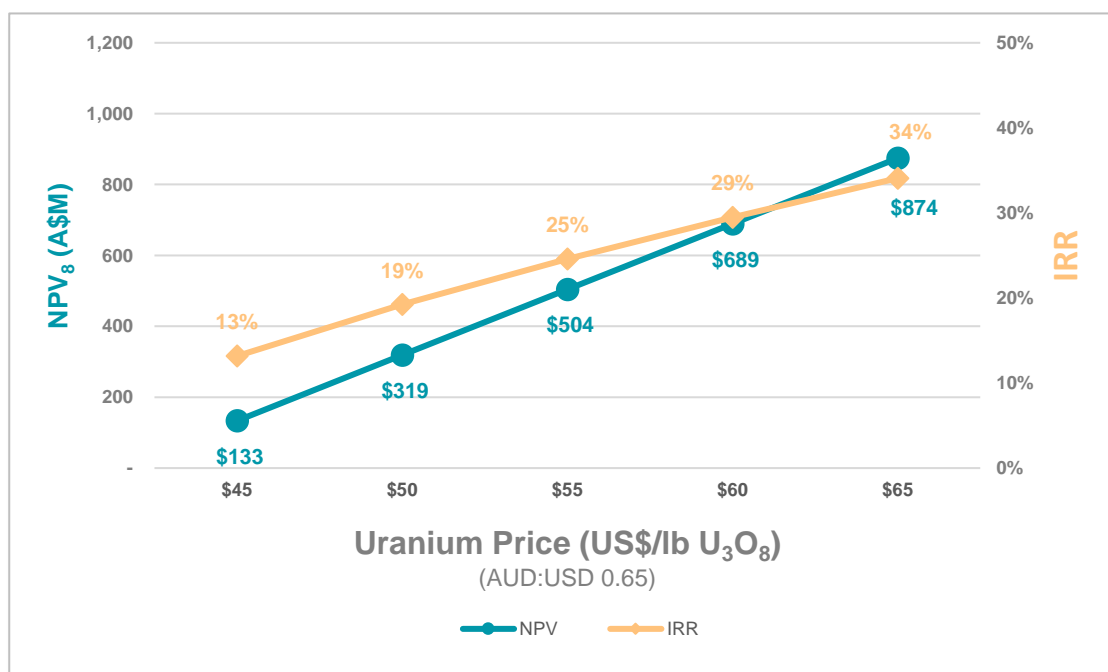


Figure 2: Mulga Rock Project Sensitivity Analysis based on range of U₃O₈ prices

The revised sensitivity parameters and improved range of possible outcomes will be incorporated in the DFS refresh (see above) which has commenced and will be released in the next quarter.

The Uranium Market and COVID-19

In response to the COVID-19 pandemic, uranium mines across the globe have announced cutbacks and closures with a reduction of between 10-20Mlbs U₃O₈ in 2020 production guidance.

- KazAtomProm announces that all operations will be disrupted for three months, decreasing production by 10.4Mlbs U₃O₈
- Cameco Corporation announces that Cigar Lake will close for at least four weeks, decreasing production by 1.5Mlbs U₃O₈ per month
- CNNC's Rossing and Husab mines announce closures of at least three weeks, decreasing production by 1.5Mlbs U₃O₈ per month

These announcements equate to approximately 6.5 Mlbs U₃O₈ per month being removed from production and the market. It is plausible that these temporary shutdowns will last beyond the announced time periods so the total uranium production removed from the near-term market becomes sizable in a short period of time. Exploration and other development work on planned and prospective projects are also being affected.

It should be noted however, that the Western Australian government has declared mining to be an 'essential service' so that while the industry is affected by COVID such as restrictions on interstate FIFO, mining operations continue.

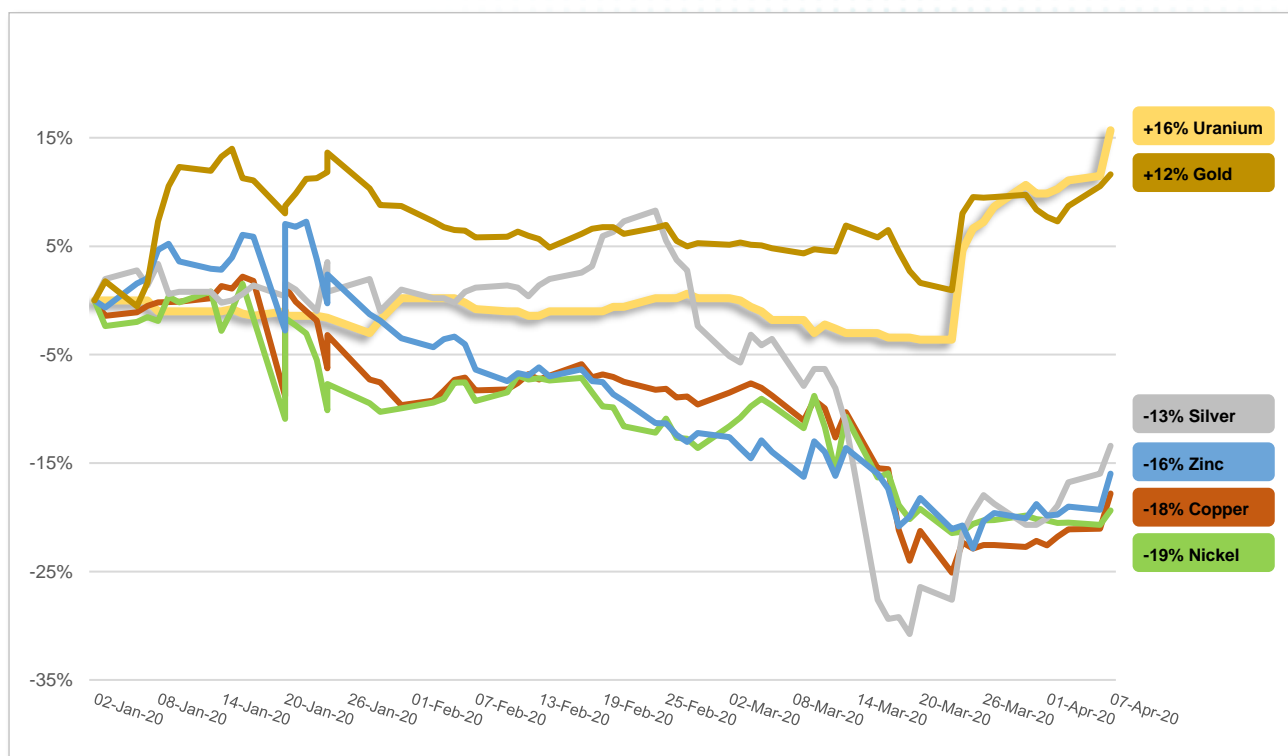


Figure 3: Commodity Price Performance from 1 January to 7 April 2020

Not surprisingly, this has had a pronounced effect on the uranium arbitrage “spot” price and to a lesser extent, the Term Floor Price.

Uranium prices have been range-bound (US\$24-US\$26) since early 2019. However, as Figure 3 shows, ‘spot’ uranium and gold have responded positively since the outbreak of COVID-19. While mine cutbacks and closures are occurring in other commodities, manufacturing is also slowing, creating negative sentiment in base metal prices. However, as uranium supply shrinks, the demand side is remaining stable, creating a supply shortage leading to a rapid price rise.

On 23 March 2020, before any suspension announcements, the spot market price was US\$24.00. As of 8 April 2020, the daily price has risen to US\$28.75, an increase of 19% and still trending up.

To assess the supply-demand dynamics, Vimy takes an in-depth look at the US market.

Currently, there is no sign that any of the US reactors are planning to close as a result of COVID-19, but are adapting processes to accommodate ‘social distancing’. In the US, refuelling operations are planned for up to 35 reactors this northern spring with several having already been successfully completed or in the advanced stages of refuelling. Utilities are expected to be working closely with other entities including the Nuclear Regulatory Commission, local governments, as well as each other, to ensure safe and best practice for properly processing site entry for the influx of the specialised contract workers as well as for their own plant employees. Refuelling outages generally occur over a 20-30 day period every twelve to eighteen months and also allow for maintenance and upgrades to other plant equipment to be undertaken.

The nuclear power plants plan to continue to run at optimum capacity, and they do not run optimally at reduced power or as a peaking power source. Therefore, at least currently, fuel burn should continue as per normal while other power sources would be flexed as needed.

As mines close or reduce output as a result of COVID-19, utilities will need to manage their inventories and supply chains more prudently than normal.



US utilities are still carrying just over two years of uranium requirements as U_3O_8 and/or as UF_6 supply, and may be holding a small portion as EUP supply at the fabricators. Historically, inventory levels have been around eighteen months to two years of a utility's requirements. That said, individual utilities have varying inventory comfort levels depending on risk tolerance, balance sheet, and regulatory standing (i.e. regulated vs merchant markets).

In light of the current drop in supply, utilities will either need to accelerate their inventory drawdown, or use other mechanisms such as contract quantity 'flex', to make up any immediate shortfall. Vimy's view is the utilities will use these mechanisms well before diving into the 'spot' market.

Contracting activity had been increasing markedly since the beginning of the year. On top of our off-market discussions, Vimy participated in a total of five formal requests for proposals (RFP) throughout all of 2019. In comparison, Vimy has provided five term offers and one-off market offer through Q1 2020, on pace for a four-fold increase.

Successful tenders are currently led by the lower cost producers and carry traders. As low-cost mines fill their contract books, utilities will have to 'climb the cost curve' to secure supply as they continue to issue RFPs.

While the spot price reacts positively, delivering a well-deserved stimulus for uranium equities, Vimy's development plan is predicated on securing long-term contracts to underpin financing and so we will continue to proactively engage with utilities. Vimy is fortunate in this time of travel restrictions to have our marketing office in the United States so dialogue may continue.

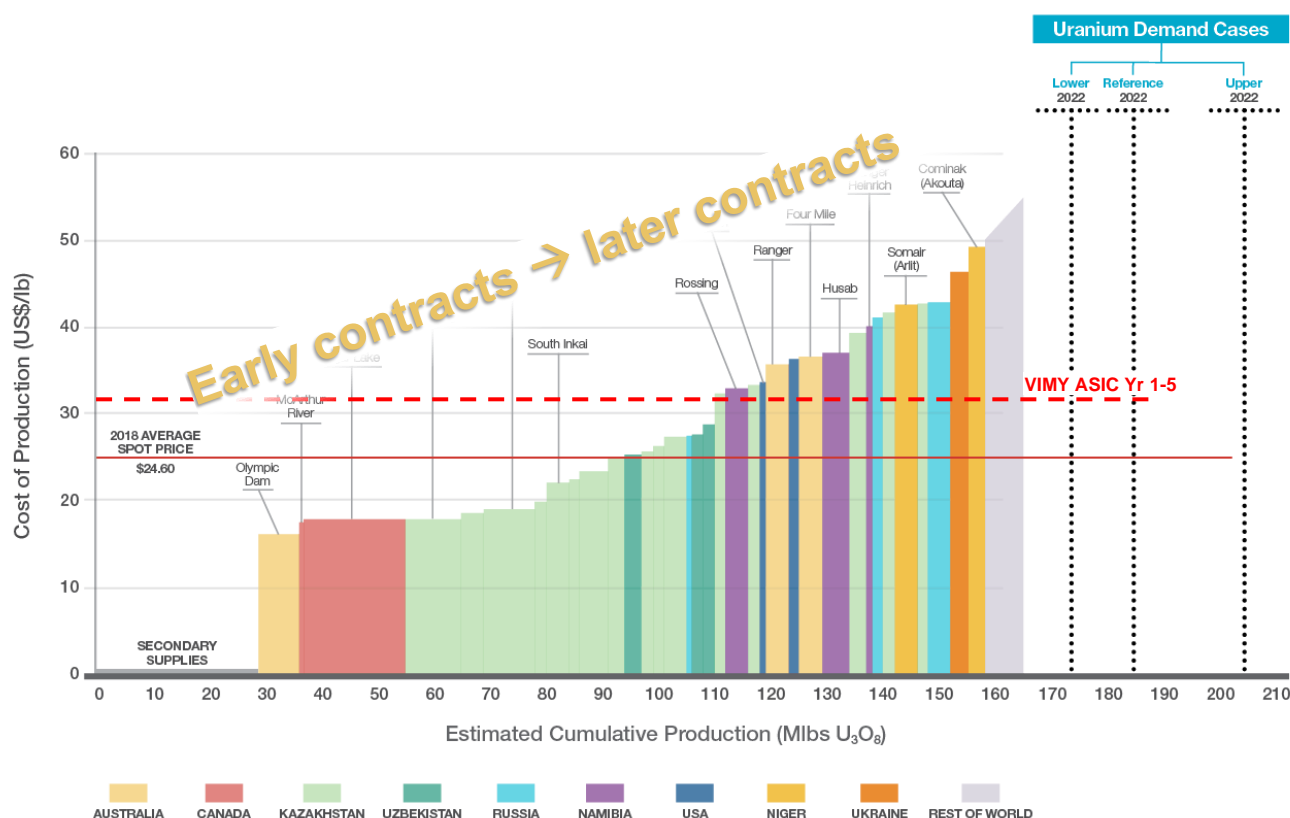


Figure 4: All In Sustaining Cost of global uranium production 2018. Early sellers dominated by low-cost producers and traders. As contracting continues, utilities contract 'up the curve' meeting prices required for higher cost producers



Alligator River Project

Vimy Resources' Alligator River Project (ARP) is the largest granted and largely untested tenement package in the Alligator River Uranium Province, one of the top three uranium districts in the world. A maiden mineral resource of 26Mlbs at 1.3% U_3O_8 and a positive scoping study were completed on the Angularli Deposit and released to the ASX in September 2018.

Vimy's exploration team has collated the results of a mapping program completed at the Southern Flank Prospect during the last field season. Southern Flank is part of the Wellington Range-King River Joint Venture (79% Vimy Resources, 21% Rio Tinto Exploration Pty Limited).

The geological mapping confirmed the presence of the geological host units, alteration and structures that are typical of the uranium mines and prospects in the Alligator River Uranium Province.

Mapping also extended the potential area for basement-hosted uranium mineralisation under shallow cover over a large section of the target stratigraphy at Southern Flank. Three key prospects, named TP14, Q14 and TP11 share a geological setting similar to that of the nearby, world-class Jabiluka deposit.

Vimy has established the presence of significant and coincident air and ground radiometric and termitaria anomalies supported by widespread evidence of hydrothermal alteration and structural corridors in the target stratigraphy.

The Alligator River Project continues to provide Vimy with excellent uranium targets that enhance the exploration models to look further afield. Due to the thin cover and shallow weathering, as well as good access, the targets being generated can be readily tested with shallow, and cost-effective reverse circulation drilling. Notwithstanding the current travel restrictions in the Northern Territory and Arnhem Land, the simpler logistics at Southern Flank means it could be rapidly accessed if restrictions are lifted during the current field season which ends in October.

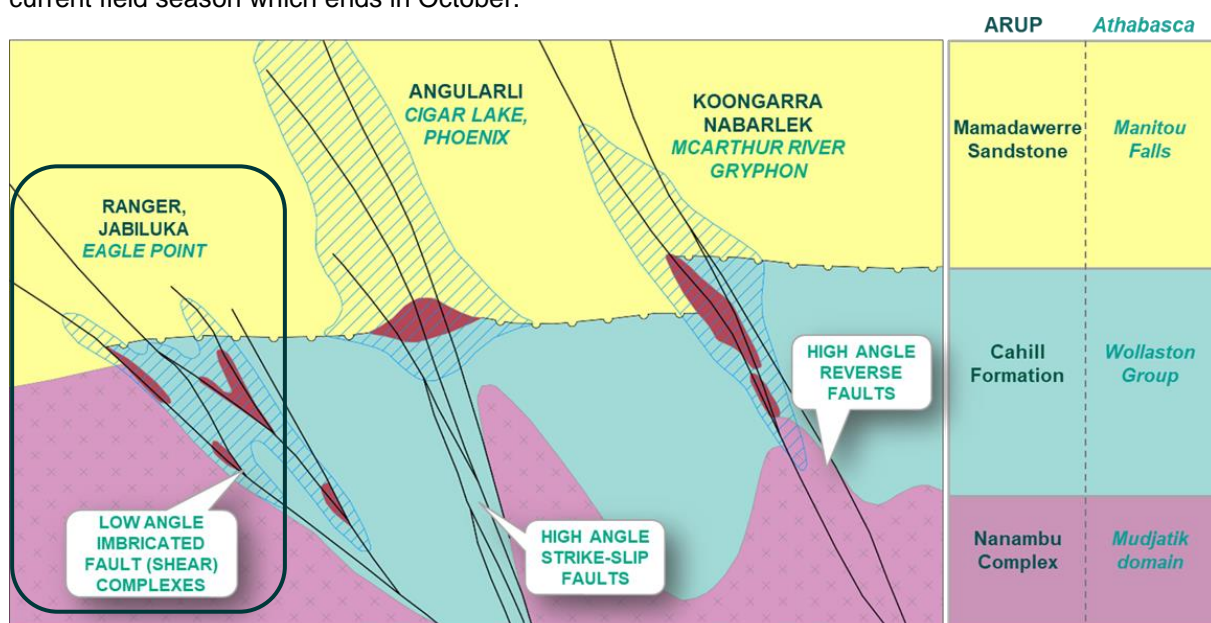
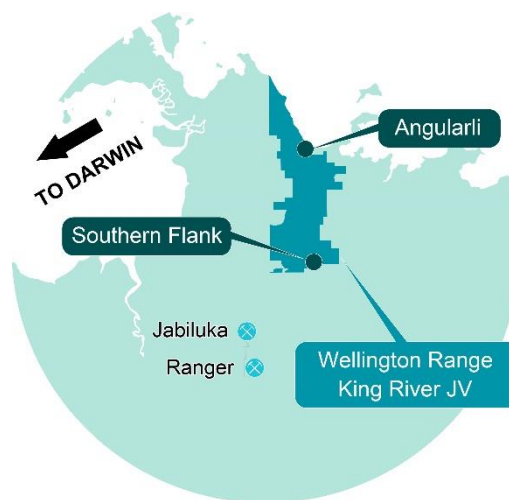


Figure 5: Geological setting of unconformity-related deposits and sub-type targeted at the Southern Flank



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.

Table 1: Tenement details as at 31 March 2020

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%
E39/2049	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	100%	100%
L39/287	Granted	0%	100%
P39/5844	Granted	100%	100%
P39/5853	Granted	100%	100%
R39/0002	Granted	100%	100%
Alligator River Project (Northern Territory)			
EL22430	Granted	100%	100%
EL24920	Granted	100%	100%
EL26089	Granted	100%	100%
EL24017	Granted	79%	79%
EL25064	Granted	79%	79%
EL25065	Granted	79%	79%
EL27059	Granted	79%	79%
EL5893	Granted	79%	79%
Vélo Resources Pty Ltd (Mt Margaret Mineral Field, Western Australia)			
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 March 2019 Quarter amounted to \$1.3 million.

Cash at Bank

Cash at 31 March 2020 amounted to \$2.6 million.

Mike Young
Managing Director and CEO

Tel: +61 8 9389 2700

9 April 2020

Compliance Statement

The information relating to the exploration results at the Alligator River Project was compiled by Xavier Moreau, who is a Member of the Australian Institute of Geoscientists. Mr Moreau is a full-time employee and shareholder of Vimy Resources. Mr Moreau has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the JORC code. Mr Moreau consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The DFS Study referred to in this quarterly report was presented in the ASX announcement entitled "Mulga Rock Project Definitive Feasibility Study Confirms World-Class Uranium Project" released on 30 January 2018. Vimy is not aware of any new information, or data, that affects the accuracy of the information in that announcement and confirms that all technical assumptions underpinning the findings of the DFS continue to apply and have not significantly changed. The Company confirms that the form and context in which the Competent Person's findings were 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 and vimyresources.com.au respectively.

Principal Place of Business

First Floor
1209 Hay Street
West Perth WA 6005

Postal Address:
PO Box 23
West Perth WA 6872

T: +61 8 9389 2700
F: +61 8 9389 2722
E: info@vimyresources.com.au

ABN: 56 120 178 949

Share Registry

Computershare Investor Services

T: 1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)
F: +61 3 9473 2500
W: www.computershare.com
E: www.investorcentre.com/contact