



Annual Financial Report

For the year ended 30 June 2020

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 2020 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 financial report was authorised for issue by the Directors on 24 September 2020. 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 2020

Your Directors present their report on Vimy Resources Limited consolidated entity ('Group') for the financial year ended 30 June 2020.

DIRECTORS

The names and details of Directors who held office during the year ended 30 June 2020 and up to the date of this report (unless otherwise stated), are:

The Hon. Cheryl Edwardes AM, LL.M., 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, a Commissioner on the WA Football Commission and a non-executive director of Flinders Mines Limited and Nuheara Limited

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 October 2018, AusCann Group Holdings Limited May 2016 to present, CropLogic Limited March 2018 to February 2019, Flinders Mines Limited June 2019 to present and Nuheara Limited January 2020 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: Cassini Resources Limited January 2012 to present, and Cycliq Group Limited February 2017 to January 2019.

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

Directors' Report

for the Year ended 30 June 2020

Dr Tony Chamberlain PhD (Metallurgy), Grad. Dip. Extractive Metallurgy (Mineral Science), B.Sc (App. Chem. Hons), AusIMM.
Non-executive Director

Appointed 1 February 2019

Dr Chamberlain was the company's Chief Operating Officer from June 2014 to January 2018. During that time, he guided the Mulga Rock Project through the PFS, PER and DFS processes and was instrumental in the acquisition of the Alligator River Project in 2017.

During the twenty years in the mining industry Dr. Chamberlain has been involved in operating and project delivery, while also earning a PhD in Metallurgy from Curtin University. Dr Chamberlain has held a number of senior operational and management roles during the twelve years with WMC Resources and later BHP Billiton, overseeing an expansion to the Kwinana Nickel refinery in 2001 and spending a significant amount of time in China as Development Manager for BHP Billiton Stainless Steel Material Group.

Working across Australia, Asia, Africa and Eurasia Dr Chamberlain has gained a solid technical experience in the management, development and delivery of projects, particularly uranium projects around the world. He has also held senior positions in junior resource companies, including Clean TeQ Holdings (ASX:CLQ), Stonehenge Minerals and Crossland Strategic Metals (ASX: CUX) before joining Vimy in 2014.

Listed company directorships in the last three years: Nil

COMPANY SECRETARY

Marcel Hilmer BCom, FCA
Chief Financial Officer and Company Secretary

Appointed 8 March 2019

Mr Hilmer has over thirty years' experience as a finance professional in the resources and manufacturing industries with significant involvement in funding, exploration, mergers and acquisitions. His most recent position was with uranium development company Forsys Metals Corporation (TSX:FSY) and Caravel Minerals Limited (ASX:CVV). Prior to these roles he was Executive Manager, Finance and Business Development at First Quantum Minerals Limited, which is listed on the Toronto Stock Exchange.

Mr Hilmer holds a Bachelor of Business, majoring in Accounting and Data Processing, from Southern Cross University and is a Fellow of the Chartered Accountants Australia and New Zealand (CA ANZ).

Listed company directorships in the last three years: Forsys Metals up to November 2018 and Caravel Minerals up to May 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year ended 30 June 2020 was exploration and evaluation on the Alligator River Project in the Northern Territory and the Mulga Rock Project in West Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year the following significant events occurred:

- 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 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 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.
- On 11 June, the Company issued 152.8 million fully paid ordinary shares at an issue price of \$0.036 per share to complete an equity placement to institutional and sophisticated investors announced on the 9 June 2020.

Directors' Report

for the Year ended 30 June 2020

OPERATING AND FINANCIAL REVIEW

OPERATING RESULT

The consolidated operating loss after tax for the year ended 30 June 2020 attributable to members of the Group was \$ 6,296,514 (2019: operating loss after tax \$6,864,312). The loss after tax is partly 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 \$793,492 (2019: \$1,138,662) as a consequence of lower research and development tax incentive grant income in 2020 relating to the nature of the exploration activities being carried out on the Alligator River Project during the year.
- Lower exploration and evaluation expenditure of \$2,713,513 (2019: \$4,346,561) were due to exploration activities being focused solely on the Alligator River Project during the year.

DIVIDENDS

No dividends were paid in the current year (2019: \$nil).

REVIEW OF OPERATIONS

The Group's Alligator River Project is the largest granted uranium exploration package located in the world class Alligator River uranium district, located in the Northern Territory.

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

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 exploration events occurred:

- On 18 July, the Company announced commencement of an exploration drilling program at the Alligator River Project. The Northern Territory Government agreed to contribute up to \$87,900 of the drilling costs for this program under the Resourcing the Territory Initiative.
- 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 termite 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.

Financial Position

Net assets at 30 June 2020 were \$8,277,818 (2019: \$2,559,840). The Group is in the exploration and evaluation phase and expenses related expenditure on granted tenements as incurred.

Cash and cash equivalents at 30 June 2020 totalled \$7,181,734 (2019: \$977,759).

Going Concern

The Group incurred a net loss of \$6,296,514 during the year ended 30 June 2020. The cash and cash equivalents held as at 30 June 2020 was \$7,181,734. Current assets exceed current liabilities by \$5,161,702 as at 30 June 2020. The Group's net cash used in operating activities for the year ended 30 June 2020 was \$4,205,196.

Deferred consideration payable to Cameco has been recognised in the Statement of Financial Position as at 30 June 2020 with two instalments, \$1.5 million due in January 2021 and \$2.8 million due in 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 fund raising activities during the period.

Directors' Report

for the Year ended 30 June 2020

The Group's ability to continue as a going concern, including meeting deferred consideration obligations and to advance its exploration and evaluation activities, depends on its ability to obtain additional funding through strategic partners, equity, debt, hybrid financing, joint ventures, production off-take arrangements, research and development claim 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, funding facilities, and to further undertake exploration and evaluation activities at the Alligator River Project.

MATTERS SUBSEQUENT TO THE END OF THE YEAR

Since 30 June 2020 the following significant subsequent events have occurred:

- On 13 July 2020, the Company issued 11.1m Ordinary Shares at \$0.03 under its Salary Sacrifice Share Plan
- On 26 August 2020, the Company announced an updated Definitive Feasibility Study on the Mulga Rock Project in Western Australia demonstrating a stronger financial return than previously announced in 2018.
- On 1 September 2020, the Company announced the appointment of the international firm KPMG as its exclusive advisor to assist with the formal strategic investment process to pursue strategic investors / partners for its uranium projects.
- On 2 September 2020, the Company announced that all seven of the Conditional Environmental Management Plans required by Ministerial Statement 1046 have been approved.

MEETINGS OF DIRECTORS

The meetings of the Company's Board of Directors held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

Directors during the year ended 30 June 2020	Full meetings of Directors		Remuneration Committee		Audit Committee	
	A	B	A	B	A	B
C. Edwardes	9	9	1	1	2	2
D. Cornell	9	9	1	1	2	2
T. Chamberlain	9	9	1	1	2	2
M. Young	9	9	1	1	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' Report

for the Year ended 30 June 2020

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	-	818,000
T Chamberlain	2,624,785	364,000
M. Young	4,188,395	5,040,000

No other Directors hold options in the company directly, indirectly or beneficially

EMPLOYEE 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
31 July 2019	31 July 2022	\$0.082	\$0.082	19,790,000

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 2020.

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 2020 year the company engaged no external consultants.

The Board has established a remuneration charter 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

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. The Chairman does not attend any discussions relating to

Directors' Report

for the Year ended 30 June 2020

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

The Company has modified Executive Team contracts to provide the Company with flexibility to respond to the current uranium market conditions. 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 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 Group work program achievements.

(iii) Long-term incentives

Long-term incentives are provided to employees through the 2016 Vimy Employee Share Plan and the 2019 Vimy Employee Option Plan.

Shares that were issued under the 2016 Vimy Employee Share Plan, are subject to vesting conditions as well as repayment of a limited recourse loan provided by the Company. When options are issued under the 2019 Vimy Employee Option Plan they are subject to vesting conditions including a staged three year vesting period.

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 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	2020	2019	2018	2017	2016
Loss per share (cents)	(1.07)	(1.52)	(2.62)	(4.11)	(5.24)
Dividend (cents per share)	-	-	-	-	-
Net loss	(6,296,514)	(6,864,312)	(9,545,741)	(11,500,157)	(11,957,825)
Share price (\$)	0.03	0.05	0.10	0.18	0.34

Directors' Report

for the Year ended 30 June 2020

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 2020 and 2019 are set out in the following tables.

		Short-term benefits			Post-employment benefits	Share-based payments	
		Cash salary and fees	Cash bonus	Share-based payments	Superannuation	Value of shares / options	Total
Directors							
Non-executive							
C. Edwardes (Chairman)	2020	36,000	-	46,687 ⁽¹⁾	7,695	20,956	111,338
	2019	81,000	-	-	7,695	-	88,695
D. Cornell	2020	32,400	-	4,397 ⁽¹⁾	3,420	-	40,217
	2019	36,000	-	-	3,420	-	39,420
T. Chamberlain (appointed 1 February 2019)	2020	18,000	-	18,675 ⁽¹⁾	3,420	31,931	72,026
	2019	16,425	-	-	-	11,770	28,195
A. Haslam (resigned 30 November 2018)	2020	-	-	-	-	-	-
	2019	16,425	-	-	-	-	16,425
M. James (resigned 7 May 2019)	2020	-	-	-	-	-	-
	2019	33,592	-	-	-	-	33,592
V. Guthrie (resigned 30 November 2018)	2020	-	-	-	-	-	-
	2019	15,000	-	-	1,425	-	16,425
Executive							
M. Young CEO and MD	2020	318,750	-	114,143 ⁽¹⁾	25,000	135,554	593,447
	2019	346,464	25,500	25,500	25,000	24,497	446,961
J. Tapp (resigned 30 November 2018)	2020	-	-	-	-	-	-
	2019	84,204	-	13,000	10,417	-	107,621
Total Directors	2020	405,150	-	183,902	39,535	188,441	817,028
	2019	629,110	25,500	38,500	47,957	36,267	777,334

⁽¹⁾ In June 2019 the company established the Salary Sacrifice Share Plan which is available to directors and staff to voluntarily sacrifice a portion of their cash salary and fees to receive shares on the condition that they remained employed by Company as at 30 June 2020.

Directors' Report

for the Year ended 30 June 2020

		Short-term benefits			Post-employment benefits	Share-based payments	
		Cash salary and fees	Cash bonus	Share-based payments	Superannuation	Value of shares / options	Total
Key management personnel							
M. Hilmer (appointed 8 March 2019)	2020	227,000	-	49,447 ⁽¹⁾	25,650	72,911	375,008
CFO and Company Secretary	2019	75,484	-	-	7,171	-	82,655
T. Chamberlain (resigned 31 January 2019)	2020	-	-	-	-	-	-
Chief Operating Officer	2019	200,585	-	15,200	11,977	36,624	264,386
R. Chamberlain (resigned 15 March 2019)	2020	-	-	-	-	-	-
	2019	214,545	-	12,000	17,291	-	243,836
Total key management personnel	2020	227,000	-	49,447	25,650	72,911	375,008
	2019	490,614	-	27,200	36,439	36,624	590,877

⁽¹⁾ In June 2019 the company established the Salary Sacrifice Share Plan which is available to directors and staff to voluntarily sacrifice a portion of their cash salary and fees to receive shares on the condition that they remained employed by Company as at 30 June 2020.

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.

Nil cash bonuses were paid for the 2020 financial year.

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	
	2020	2019	2020	2019	2020	2019
Directors						
Non-executive						
C. Edwardes	39%	100%	42%	-	19%	-
D. Cornell	89%	100%	11%	-	-	-
T. Chamberlain	30%	58%	26%	-	44%	42%
Executive						
M. Young	58%	88%	19%	6%	23%	6%
Key management personnel						
M. Hilmer	68%	100%	13%	-	19%	-

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 2019 Vimy Employee Option Plan.

From 1 July 2018 the Company has modified the Executive Team contracts to provide the Company with flexibility to respond to current uranium market conditions. These modifications relate to the key management personnel service agreements noted below and included a reduction in the contract notice periods for the key management personnel from 6 months to 2 months by either party.

Directors' Report

for the Year ended 30 June 2020

The service agreements in effect for the year ended 30 June 2020 were:

Mr M. Young, Chief Executive Officer and Managing Director

- Base Remuneration - \$450,000 inclusive of superannuation, prorated.
- 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 two months' written notice or the payment of two months' remuneration in lieu of notice. Mr Young must provide two 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 M. Hilmer, Chief Financial Officer and Company Secretary

- Base Remuneration - \$300,000 plus superannuation, prorated.
- 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 M. Hilmer's employment at any time with two months' written notice or the payment of two months' remuneration in lieu of notice. Mr M. Hilmer must provide two 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 an 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.

Directors' Report

for the Year ended 30 June 2020

D. Share-based compensation

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	Share buy back	Purchased on Market	Balance at the end of the period
30 June 2020					
Directors					
C. Edwardes	857,142	-	(857,142)	-	-
M. Young	4,902,680	-	(714,285)	-	4,188,395
T. Chamberlain	2,767,642	-	(142,857)	-	2,624,785
Key Management Personnel					
M. Hilmer	-	-	-	95,000	95,000
	8,527,464	-	(1,714,284)	95,000	6,908,180

No other Directors or Key Management Personnel hold options in the company directly, indirectly or beneficially

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	Expired	Balance at the end of the period	Vested and exercisable at 30 June 2020
Directors					
C. Edwardes	-	818,000	-	818,000	-
T. Chamberlain	-	364,000	-	364,000	-
M. Young	714,285	5,040,000	(714,285)	5,040,000	-
	714,285	6,222,000	(714,285)	6,222,000	-
Key Management Personnel					
M. Hilmer	-	2,846,000		2,846,000	-
	-	2,846,000		2,846,000	-

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for the Year ended 30 June 2020

No other Directors or Key Management Personnel hold options in the company directly, indirectly or beneficially.

Vesting Profiles

Details of the vesting profiles of employee share plans held at 30 June 2020 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						
M. Young	1,666,667	22 Nov 2016	3%	-%	-%	2017, 2018, 2019, 2020
T. Chamberlain	1,000,000	20 Nov 2015	-%	-%	-%	2018
T. Chamberlain	1,000,000	20 Jul 2018	23%	-%	-%	2019, 2020, 2021
	3,666,667					

No other Directors or Key Management Personnel hold options in the company directly, indirectly or beneficially.

Details of the vesting profiles of employee option plans held at 30 June 2020 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						
C. Edwardes	818,000	31 Jul 2019	-%	-%	-%	2021, 2022, 2023
T. Chamberlain	364,000	31 Jul 2019	-%	-%	-%	2021, 2022, 2023
M. Young	5,040,000	31 Jul 2019	-%	-%	-%	2021, 2022, 2023
	6,222,000					
Key Management Personnel						
M. Hilmer	2,846,000	31 Jul 2019	-%	-%	-%	2021, 2022, 2023
	2,846,000					

Loans to Directors and Key Management Personnel

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, 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').

Directors' Report

for the Year ended 30 June 2020

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)				
M. Young	22/11/2016	1,666,667	\$407,500	up to 5 years
T. Chamberlain	20/11/2015	1,000,000	\$340,800	up to 5 years
T. Chamberlain	20/7/2018	1,000,000	\$99,400	up to 5 years

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.

Directors' Report

for the Year ended 30 June 2020

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

There were no transactions with Directors or Key Management personnel during the current financial year.

End of audited remuneration report.

Directors' Report

for the Year ended 30 June 2020

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 2020 \$	Year ended 30 June 2019 \$
1. Audit services		
Audit of financial reports and other audit work under the <i>Corporations Act 2001</i> :		
KPMG	41,362	45,629
2. Non-audit services		
KPMG research and development tax incentive compliance and advisory	40,455	45,000
KPMG general accounting and taxation advisory fees	13,455	10,763
KPMG taxation return preparation and advisory	17,210	17,831
Total auditor's remuneration	112,482	119,223

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.

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*.

Directors' Report

for the Year ended 30 June 2020

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 24 September 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 audit of Vimy Resources Limited for the financial year ended 30 June 2020 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

Derek Meates

Partner

Perth

24 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2020

		Consolidated	
	Note	2020 \$	2019 \$
Other Income	6	793,492	1,138,662
Exploration and evaluation expenditure		(2,713,513)	(4,346,561)
Corporate and administration expense		(2,639,049)	(2,368,469)
Sales and Marketing expenses		(495,437)	(547,586)
Financing expense		(632,662)	(596,597)
Share based payments expense	7(b)	(609,345)	(143,761)
Loss before income tax		(6,296,514)	(6,864,312)
Income tax expense		-	-
Loss attributable to members of the Company		(6,296,514)	(6,864,312)
Other comprehensive income, net of tax		-	-
Total comprehensive loss attributable to members of the Company		(6,296,514)	(6,864,312)

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	(1.07)	(1.52)

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 2020

		Consolidated	
	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	9	7,181,734	977,759
Trade and other receivables	10	391,454	1,155,542
Prepayments	11	169,859	210,276
Total Current Assets		7,743,047	2,343,577
NON-CURRENT ASSETS			
Trade and other receivables	10	356,258	356,258
Right of Use Assets		397,278	-
Plant and equipment	12	86,713	195,986
Exploration and evaluation	13	5,788,237	5,768,237
Total Non-Current Assets		6,628,486	6,320,481
TOTAL ASSETS		14,371,533	8,664,058
CURRENT LIABILITIES			
Trade and other payables	14	2,304,911	2,900,780
Provisions	15	276,434	259,482
Total Current Liabilities		2,581,345	3,160,262
NON-CURRENT LIABILITIES			
Trade and other payables	14	2,605,291	2,038,523
Provisions	15	907,079	905,433
Total Non-Current Liabilities		3,512,370	2,943,956
TOTAL LIABILITIES		6,093,715	6,104,218
NET ASSETS		8,277,818	2,559,840
EQUITY			
Contributed equity	16	113,677,114	102,271,967
Reserves	17	1,288,327	4,466,871
Accumulated losses	19	(106,687,623)	(104,178,998)
TOTAL EQUITY		8,277,818	2,559,840

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 2020

	Contributed equity \$	Accumulated losses \$	Reserves \$	Total \$
CONSOLIDATED				
Balance at 1 July 2018	99,475,560	(97,314,686)	4,323,109	6,483,983
Loss attributable to members of the Company	-	(6,864,312)	-	(6,864,312)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares net of issue costs	2,796,407	-	-	2,796,407
Share based payments expense	-	-	143,762	143,762
Balance at 30 June 2019	102,271,967	(104,178,998)	4,466,871	2,559,840
Balance at 1 July 2019	102,271,967	(104,178,998)	4,466,871	2,559,840
Loss attributable to members of the Company	-	(6,296,514)	-	(6,296,514)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares net of issue costs	11,405,147	-	-	11,405,147
Share based payments expense	-	-	609,345	609,345
Transfer to retained earnings	-	3,787,889	(3,787,889)	-
Balance at 30 June 2020	113,677,114	(106,687,623)	1,288,327	8,277,818

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 2020

	Note	Consolidated	
		2020 \$	2019 \$
Cash Flows from Operating Activities			
Interest received		37,095	79,675
Research and development tax incentive grant income		1,009,414	484,536
Other Income		179,083	-
Payments to other suppliers and employees		(5,430,788)	(7,519,439)
Interest paid		-	(104,894)
Net cash used in Operating Activities	23	(4,205,196)	(7,060,122)
Cash Flows from Investing Activities			
Purchase of plant and equipment		(2,738)	(170,371)
Proceeds from sale of assets		-	5,000
Security deposits		-	63,263
Tenement acquisition costs	14	(1,020,000)	(1,391,041)
Net cash used in Investing Activities		(1,022,738)	(1,493,149)
Cash Flows from Financing Activities			
Proceeds from issue of ordinary shares		12,212,703	3,000,000
Share issue costs		(780,794)	(203,593)
Net cash provided by Financing Activities		11,431,909	2,796,407
Net increase/(decrease) in cash and cash equivalents held		6,203,975	(5,756,864)
Cash and cash equivalents at the beginning of the financial year		977,759	6,734,623
Cash and cash equivalents at the end of the financial year	9	7,181,734	977,759

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

Notes to the Financial Statements

30 June 2020

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Notes to the Financial Statements

30 June 2020

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 Level 1, 1209 Hay Street, West Perth, WA, 6005, Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2020 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 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 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.

(b) Going concern

The Group incurred a net loss of \$6,296,514 during the year ended 30 June 2020. The cash and cash equivalents held as at 30 June 2020 was \$7,181,734. Current assets exceed current liabilities by \$5,161,702 as at 30 June 2020. The Group's net cash used in operating activities for the year ended 30 June 2020 was \$4,205,196.

Notes to the Financial Statements

30 June 2020

Deferred consideration payable to Cameco has been recognised in the Statement of Financial Position as at 30 June 2020 with two instalments, \$1.5 million due in January 2021 and \$2.8 million due in 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 fund raising activities during the period.

The Group's ability to continue as a going concern, including meeting deferred consideration obligations and to advance its exploration and evaluation activities, depends on its ability to obtain additional funding through strategic partners, equity, debt, hybrid financing, joint ventures, production off-take arrangements, research and development claim 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 an Exploration and Evaluation segment and a Sales and Marketing segment. The Exploration and Evaluation activities undertaken by the Exploration and Evaluation segment including exploration on granted tenements in Western Australia and the Northern Territory. The Sales and Marketing segment activities undertaken by the Sales and Marketing segment include research and economic analysis of the global uranium market. The segment activities do not generate any sales revenue.

	Segments	
	2020 \$	2019 \$
Result		
Exploration losses for the year	(2,713,513)	(4,346,560)
Sales and Marketing losses for the year	(495,437)	(547,586)
	(3,208,950)	(4,894,146)
Reconciliation to Consolidated Loss		
Segment contribution	(3,208,950)	(4,894,146)
Corporate and administration expense	(2,639,049)	(2,368,470)
Finance expense	(632,663)	(596,597)
Share based payments expense	(609,345)	(143,761)
Research and development tax incentive grant income	379,659	1,009,414
Interest revenue and other income	413,834	129,248
Loss from continuing operations	(6,296,514)	(6,864,312)

Notes to the Financial Statements

30 June 2020

	Segments	
	2020 \$	2019 \$
Total assets		
Exploration Segment assets	6,276,287	6,539,019
Sales and Marketing Segment assets	-	1,009
	6,276,287	6,540,028
Reconciliation to Consolidated Total Assets		
Segment assets	6,276,287	6,540,028
Corporate and administration assets	8,095,246	2,124,030
Total assets	14,371,533	8,664,058
Total liabilities		
Exploration Segment liabilities	(4,790,172)	(5,499,078)
Sales and Marketing liabilities	(2,773)	-
	(4,792,946)	(5,499,078)
Reconciliation to Consolidated Total Liabilities		
Segment liabilities	(4,792,946)	(5,499,078)
Corporate and administration liabilities	(1,300,769)	(605,140)
Total liabilities	(6,093,715)	(6,104,218)

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	
	2020 \$	2019 \$
Financial assets		
Cash and cash equivalents	7,181,734	977,759
Trade and other receivables – current	391,454	1,083,517
Trade and other receivables – non-current	356,258	356,258
	7,929,446	2,417,534
Financial liabilities		
Trade and other payables – current	906,643	532,276
Deferred Consideration – current	1,398,268	2,324,929
Deferred Consideration – non-current	2,605,291	2,038,523
	4,910,202	4,895,728

Notes to the Financial Statements

30 June 2020

(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 2020 and 2019, 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:

	2020		2019	
	Weighted average interest rate	Balance \$	Weighted average interest rate	Balance \$
Short-term deposits		6,000,000		500,000
Cash at bank		1,181,734		477,759
Net exposure to cash flow interest rate risk	0.77%	7,181,734	1.82%	977,759

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 2020 and 2019 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 2020 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 2020, 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 2020				
Trade and other payables	906,643		316,842	-
Loans and borrowings		1,398,268	2,288,449	-
Total	906,643	1,398,268	2,605,291	-

Notes to the Financial Statements

30 June 2020

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 2019				
Trade and other payables	532,276	-	-	-
Loans and borrowings	-	2,324,929	2,038,523	-
Total	532,276	2,324,929	2,038,523	-

(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 2020 or 30 June 2019. There were no financial liabilities measured at fair value which required allocation into the Levels of fair value hierarchy at 30 June 2020 or 30 June 2019.

4. EARNINGS PER SHARE

	Consolidated	
	2020	2019
Basic and diluted loss per share (cents per share)	(1.07) cents	(1.52) cents
Loss after tax used in the calculation of basic and diluted EPS	\$(6,296,514)	\$(6,864,312)
Weighted average number of shares outstanding during the year used in calculations of loss per share	#588,455,961	#452,551,562

There are 19,790,000 (2019: 1,428,572) potential ordinary shares in the form of unlisted employee 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
M. Hilmer	Chief Financial Officer and Company Secretary	Vimy Resources Limited

Notes to the Financial Statements

30 June 2020

(b) Directors and key management personnel compensation

	Consolidated	
	2020 \$	2019 \$
Short-term benefits – cash salary and fees	632,150	1,119,724
Short-term benefits – cash bonus	-	25,500
Short-term benefits – share-based payments	233,349	65,700
Post-employment benefits	65,185	84,396
Long-term incentives - share-based payments	261,352	72,891
	1,192,036	1,368,211

(c) Loans to Director and Key Management Personnel

The Employee 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)				
M. Young	22/11/2016	1,666,667	\$407,500	up to 5 years
T. Chamberlain	20/11/2015	1,000,000	\$340,800	up to 5 years
T. Chamberlain	20/7/18	1,000,000	\$99,400	up to 5 years

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:

- (iv) the Limited Recourse Loan may only be applied towards the subscription price for the shares issued under the Plans;
- (v) 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);
- (vi) 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;
- (vii) 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

Notes to the Financial Statements

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- (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;
- (viii) 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
- (ix) 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

There were no transactions with Directors or Key Management personnel during the current financial year.

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

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						
M. Young	1,666,667	22 Nov 2016	12%	-%	-%	2017, 2018, 2019, 2020
T. Chamberlain	1,000,000	20 Nov 2015	-%	-%	-%	2018
T. Chamberlain	1,000,000	20 Jul 2018	60%	-%	-%	2019,2020,2021
	3,666,667					

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6. OTHER INCOME

	Consolidated	
	2020 \$	2019 \$
Interest revenue	36,674	66,809
R&D tax incentive and other grant income	379,659	1,009,414
Other income	377,159	62,439
	793,492	1,138,662

7. LOSS FOR THE YEAR

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

	Consolidated	
	2020 \$	2019 \$
(a) Expenses		
Depreciation expense	203,690	180,505
Audit and review fees	41,362	45,629
	245,052	226,134
(b) Employee benefits expense		
Wages, salaries and Directors' fees	2,420,476	2,943,980
Defined contribution superannuation expense	197,979	235,388
Share based payments expense (refer Note 18(c))	609,345	143,761
Other employee benefits	21,466	28,190
	3,249,266	3,351,319

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	
	2020 \$	2019 \$
Loss after income tax	(6,296,514)	(6,864,312)
Income tax expense	-	-
Loss before income tax	(6,296,514)	(6,864,312)
Income tax using the Company's domestic tax rate of 30 percent (2019: 30 percent)	(1,888,954)	(2,059,294)
Non-deductible expenses and non-assessable income	84,359	181,740
Equity based remuneration	182,803	43,128
Research and development grant incentive income	(98,898)	(302,824)
Research and development expenditure	227,351	696,147
Movement in deferred tax assets not brought to account as future income tax benefits	1,493,339	1,441,103
	-	-

Notes to the Financial Statements

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(c) Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Consolidated	
	2020 \$	2019 \$
Property, plant and equipment	75,658	73,369
Accrued income	-	(2,719)
Exploration tenements	1,580,513	1,829,179
Employee provisions	105,074	106,584
S40-880 costs	353,880	245,114
Accrued expenses	17,789	-
Other costs	-	12,935
Rehabilitation provision	210,855	205,590
Lease liability	2,177	-
Tax losses	25,630,835	23,738,487
Net tax assets	27,976,781	26,208,539
Unrecognised tax assets	(27,976,781)	(26,209,539)
	-	-

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	
	2020 \$	2019 \$
Cash at bank and in hand	1,181,734	477,759
Short-term deposits	6,000,000	500,000
	7,181,734	977,759

- (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 2020 was 0.77% (2019: 1.82%).

10. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2020 \$	2019 \$
Current		
Other receivables	33,214	83,169
R&D Tax Incentive Grant receivable	329,659	1,009,413
Goods and services tax receivable	28,581	62,960
	391,454	1,155,542
Non-Current		
Security deposit ^(a)	356,258	356,258

- (a) The security deposit of \$356,258 (2019: \$356,258) is cash security for a bank guarantee relating to the Alligator River Project in the Northern Territory and the office lease at 1209 Hay Street, West Perth.

Notes to the Financial Statements

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11. PREPAYMENT

	Consolidated	
	2020 \$	2019 \$
Current		
Deposits for tenement applications	31,058	69,712
Other prepayments	138,801	140,564
	169,859	210,276

12. PLANT AND EQUIPMENT

	Consolidated	
	2020 \$	2019 \$
Office equipment		
Cost	244,024	241,990
Accumulated depreciation	(222,934)	(202,449)
Total office equipment	21,090	39,541
Exploration equipment		
Cost	1,606,047	1,605,341
Accumulated depreciation	(1,540,424)	(1,448,896)
Total exploration equipment	65,623	156,445
Total office and exploration equipment	86,713	195,986

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:

Office equipment		
Balance at the beginning of year	39,541	22,496
Asset additions	2,034	42,591
Depreciation expense	(20,485)	(25,546)
Carrying amount at the end of the year	21,090	39,541
Exploration equipment		
Balance at the beginning of year	156,445	188,623
Asset additions	703	127,781
Asset disposal	-	(5,000)
Depreciation expense	(91,525)	(154,959)
Carrying amount at the end of the year	65,623	156,445
Total carrying amount at the end of the year	86,713	195,986

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13. EXPLORATION AND EVALUATION

	Consolidated	
	2020 \$	2019 \$
Exploration Tenements	5,788,237	5,768,237
	<u>5,788,237</u>	<u>5,768,237</u>

On 17 July 2018, the Group acquired the tenements to the Alligator River exploration project in Arnhem Land, Northern Territory. The Group acquired the project for a cash consideration of \$6.5 million with staged payments and a conditional buy-back option for Cameco Australia Pty Ltd (Cameco).

The Group has granted the buy-back option on any individual project within the tenement package where a uranium resource of not less than 100Mlbs U₃O₈ in JORC Code compliant measured and indicated resources (Buyback Project) is defined. The buyback option must be exercised by Cameco within four months of the Group releasing a Definitive Feasibility Study on a Buyback Project. The purchase price payable by Cameco for a Buyback Project upon exercising the buyback option is dependent on the size and classification of the mineral resource, determined by a reference price at the relevant time.

14. TRADE AND OTHER PAYABLES

	Consolidated	
	2020 \$	2019 \$
Current		
Trade payables and accruals	906,643	575,851
Deferred consideration ^(a)	1,398,268	2,324,929
	<u>2,304,911</u>	<u>2,900,780</u>
Non-Current		
Other payables	316,842	-
Deferred consideration ^(a)	2,288,449	2,038,523
	<u>2,605,291</u>	<u>2,038,523</u>

(a) On 17 July 2018, the Group acquired the Alligator River Project from Cameco Australia Pty Ltd which has deferred consideration payments of \$1.5 million due and payable in January 2021 and \$2.8 million in January 2022. These deferred payments have been discounted to present value at a rate of 15% to derive a liability at acquisition date. At 30 June 2020, the fair value of the liability is \$3,686,717. The difference between the instalment payments and the liability will be recognised as interest expense over the period of the instalments. During the 2020 financial year \$0.4 million has been recognised as an interest expense relating to the deferred consideration component of the Alligator River Project acquisition.

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15. PROVISIONS

	Consolidated	
	2020 \$	2019 \$
CURRENT		
Employee entitlement: Annual Leave		
Opening balance	185,631	319,418
Employee entitlements provided for	134,753	94,748
Employee entitlements used	(167,160)	(228,535)
Closing balance	153,224	185,631
Employee entitlement: Long Service Leave		
Opening balance	73,851	110,873
Employee entitlements provided for / (used)	49,359	(37,022)
Closing balance	123,210	73,851
Rehabilitation		
Opening balance	-	535,669
Reclassification from/(to) non-current	-	(535,669)
Closing balance	-	-
Total current provision	276,434	259,482
	Consolidated	
	2020 \$	2019 \$
NON-CURRENT		
Employee entitlement: Long Service Leave		
Opening balance	76,331	81,246
Employee entitlements provided for	(15,905)	(4,915)
Closing balance	60,426	76,331
Rehabilitation		
Opening balance	829,102	130,913
Reclassification from/(to) current	-	535,669
Rehabilitation provided for	17,551	162,520
Closing balance	846,653	829,102
The Group has a provision for rehabilitation relating to the Mulga Rock Project and the Alligator River Project		
Total non-current provision	907,079	905,433

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16. CONTRIBUTED EQUITY

766,286,743 (2019: 484,671,912) fully paid ordinary shares

	Consolidated	
	Number	\$
Ordinary shares		
At 1 July 2018	414,734,372	99,475,560
20 July 2018 Share purchase plan @ 9.94 cents per share	4,030,000	-
27 July 2018 Share Buy Back	(2,857,142)	-
5 October 2018 Share purchase plan @ 9.36 cents per share	773,501	-
5 December 2018 Share purchase plan @ 6.34 cents per share	900,000	-
6 December 2018 Share purchase plan @ 6.43 cents per share	1,197,512	-
20 December 2018 Share placement @ 4.5 cents per share	66,666,668	3,000,000
5 February 2019 Share purchase plan @ 5.42 cents per share	155,571	-
15 January 2019 Share Buy Back	(928,570)	-
Share issue costs	-	(203,593)
Balance at 30 June 2019	484,671,912	102,271,967
At 1 July 2019		
5 July 2019 Share purchase plan @ 5 cents per share	36,673,302	1,833,665
2 October 2019 Issue of Shares @ 6 cents per share	370,771	22,246
30 October 2019 Share purchase plan @ 5 cents per share	77,865,832	3,893,292
25 November 2019 Share purchase plan @ 5 cents per share	19,270,000	963,500
28 January 2020 Share Buy-Back	(5,342,852)	-
17 June 2020 Share purchase plan @ 3.6 cents per share	152,777,778	5,500,000
Share issue costs	-	(807,556)
Balance at 30 June 2020	766,286,743	113,677,114

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 2020 this amounted to 6,316,667 shares (2019: 9,959,519 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.

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17. RESERVES

Employee Share Option Reserve

	Consolidated	
	2020 \$	2019 \$
Reserve comprises the following:		
Balance as at start of financial year	1,419,026	1,419,026
Transferred to retained earnings	(1,419,026)	-
Balance as at end of the financial year	-	1,419,026

Employee Share Plan Reserve

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

	Consolidated	
	2020 \$	2019 \$
Reserve comprises the following:		
Balance as at start of financial year	3,047,845	2,829,383
1,666,667 shares issues and vesting ^(a)	6,435	(91,330)
4,030,000 shares issued and vesting ^(b)	46,159	129,211
900,000 shares issued and vesting ^(c)	12,929	22,749
19,790,000 options issued and vesting ^(d)	506,995	-
Salary sacrifice liability revaluation	36,827	-
Transferred from Employee Short-term Incentive Reserve	-	157,832
Transferred to retained earnings	(2,368,863)	-
Balance as at end of the financial year	1,288,327	3,047,845
Total Reserves	1,288,327	4,466,871

- (a) On 22 November 2016, 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. On the 11 January 2019, the vesting conditions were reviewed. The Black Scholes valuation expense will be proportionally allocated over the vesting period.
- (b) On 20 July 2018, 4,030,000 shares were issued to employees have been funded by a non-interest bearing, limited recourse loan from the Company. The shares are subject to vesting conditions over a three-year period, and expire on 20 July 2023. The Black Scholes valuation expense will be proportionally allocated over the vesting period.
- (c) On 6 December 2018, 900,000 shares were issued to Mr J. Tapp 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 vesting conditions over a three-year period, and expire on 6 December 2023. The Black Scholes valuation expense will be proportionally allocated over the vesting period.
- (d) On 31 July 2019, 19,790,000 options were issued to employees. The options are subject to vesting conditions over a three-year period, and expire on 31 July 2022. 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.

Notes to the Financial Statements

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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").

The Company issued 19,790,000 options to eligible employees on the 31 July 2019.

The input variables used in the Black Scholes option pricing model are as follows:

Grant date:	31 July 2019
Expiry date:	31 July 2022
Exercise price:	\$0.082
Expected volatility:	115%
Expected life:	3 years
Risk free interest rate (based on government bonds):	0.87%
Calculated share value at grant date:	\$0.070
Total amount to be recognised as share based payment over the three year vesting period	\$906,900

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
31 July 2019	31 July 2022	-	19,790,000	-	-	19,790,000	-
Weighted average exercise price						\$0.082	\$0.082
Weighted average remaining contractual life						2.08 years	2.08 years

(b) Employee share plans

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.

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
5 September 2014	1,157,140	-	(1,157,140)	-
17 December 2014	2,285,712	-	(2,285,712)	-
20 November 2015	1,000,000	-	-	1,000,000
3 June 2016	280,000	-	-	280,000
22 November 2016	1,666,667	-	-	1,666,667
20 July 2018	2,670,000	-	(200,000)	2,470,000
6 December 2018	900,000	-	-	900,000
	9,959,519	-	(3,642,852)	6,316,667

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(c) 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	
	2020 \$	2019 \$
Employee share plan granted in 2017	6,435	(91,330)
Employee short-term incentives for 2018	-	83,132
Employee share plan granted in 2019	59,088	151,959
Employee option plan granted in 2020	506,995	-
Salary sacrifice liability revaluation	36,827	
	609,345	143,761

In June 2019 the company established the Salary Sacrifice Share Plan which is available to directors and staff to voluntarily sacrifice a portion of their cash salary and fees to receive shares on the condition that they remained employed by Company as at 30 June 2020.

19. ACCUMULATED LOSSES

	Consolidated	
	2020 \$	2019 \$
Accumulated losses at the beginning of the financial year	(104,178,998)	(97,314,686)
Transferred from Reserves	3,787,889	-
Net loss attributable to members of the Company	(6,296,514)	(6,864,312)
Accumulated losses at the end of the financial year	(106,687,623)	(104,178,998)

20. EXPENDITURE COMMITMENTS

Expenditure commitments contracted for:

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:

- not later than 12 months	1,069,917	530,321
- between 12 months and 5 years	4,116,254	1,614,383
	5,186,171	2,144,704

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21. CONTROLLED ENTITIES

	Country of incorporation	Percentage owned	
		2020	2019
<i>Parent entity:</i>			
Vimy Resources Limited	Australia		
<i>Subsidiaries of Vimy Resources Limited:</i>			
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%
Wellington Range and King River Joint Venture	Australia	79%	78%

22. REMUNERATION OF AUDITORS

	Consolidated	
	2020 \$	2019 \$
1. Audit services		
Audit of financial reports and other audit work under the <i>Corporations Act 2001</i> :		
KPMG	41,362	45,629
2. Non-audit services		
KPMG research and development tax incentive compliance and advisory	40,455	45,000
KPMG general accounting and taxation advisory fees	13,455	10,763
KPMG taxation return preparation and advisory	17,210	17,831
Total auditor's remuneration	112,482	119,223

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23. CASH FLOW INFORMATION

	Consolidated	
	2020 \$	2019 \$
(a) Reconciliation of Loss after tax to net cash outflow from Operating Activities		
Loss after income tax	(6,296,514)	(6,864,312)
Adjustments for:		
Depreciation expense	203,690	180,505
Share based payments expense	609,345	143,761
Financial Income	(287,439)	-
Deferred consideration	610,703	596,598
	(5,160,215)	(5,943,448)
Changes in operating assets and liabilities:		
(Increase) / Decrease in trade and other receivables	764,092	(534,228)
(Increase) / Decrease in prepayments	40,417	(112,002)
(Increase) / Decrease in right of use assets	(488,958)	-
Increase / (Decrease) in trade and other payables	216,333	(313,438)
Increase / (Decrease) in lease liabilities	404,537	-
Increase / (Decrease) in provisions	18,598	(157,006)
Net cash outflow from operating activities	(4,205,196)	(7,060,122)

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	
	2020 \$	2019 \$
Information relating to Vimy Resources Limited:		
Current assets	7,622,687	2,016,494
Total assets	10,427,415	3,869,879
Current liabilities	926,275	513,998
Total liabilities	1,303,544	590,329
Total net assets	9,123,871	3,279,550
Contributed equity	113,677,114	102,271,967
Reserves	1,288,327	4,466,870
Accumulated losses	(105,841,570)	(103,459,287)
Total equity	9,123,871	3,279,550
Loss of the parent entity	(6,170,168)	(7,073,187)
Total comprehensive loss of the parent entity	(6,170,168)	(7,073,187)

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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.

26. EVENTS OCCURRING AFTER REPORTING DATE

Since 30 June 2020 the following significant subsequent events have occurred:

- On 13 July 2020, the Company issued 11.1m Ordinary Shares at \$0.03 under its Salary Sacrifice Share Plan
- On 26 August 2020, the Company announced an updated Definitive Feasibility Study on the Mulga Rock Project in Western Australia demonstrating a stronger financial return than previous forecast.
- On 1 September 2020, the Company announced the appointment of the international firm KPMG as its exclusive advisor to assist with the formal strategic investment process to pursue strategic investors / partners for its uranium projects.
- On 2 September 2020, the Company announced that all seven of the Conditional Environmental Management Plans required by Ministerial Statement 1046 have been approved.

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).

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

AASB 16 *Leases* has been adopted by the Group effective from the 1 July 2019. AASB 16 introduced a new framework for accounting for leases which has superseded AASB 117 *Leases*. AASB 16 affects the accounting by lessees and has resulted in the recognition of leases on the Statement of Financial Position. The standard has removed the distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability.

(b) Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2020. 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

Notes to the Financial Statements

30 June 2020

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.

(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

The group has adopted AASB 16 *Leases* which has been applied from the date of initial application. The Group does have a three year lease on the head office premises.

(g) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset are depreciated on a straight line basis over the shorter of its estimated useful life and the lease term.

(h) Lease Liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments are recognised as expenses in the period in which the payments occur. In calculating the present value of the lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Notes to the Financial Statements

30 June 2020

(i) 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.

(j) 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.

(k) Trade and other receivables

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

(l) 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.

(m) 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.

(n) 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.

(o) 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.

Notes to the Financial Statements

30 June 2020

(p) 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.

(q) 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.

(r) Reserves

The reserve account is an accumulation of expenses relating to the issue of current employee share and option plans. In the event these employee shares and options are forfeited or expire their value will be transferred to retained earnings.

(s) 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.

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;

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.

(t) 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 of 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.

(u) 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.

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30 June 2020

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 2020

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 2020 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 24 September 2020



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 2020 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 2020.
- 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 (including Independence Standards)* (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 period.

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.

Capitalised exploration and evaluation ("E&E") assets (\$5,788,237)

Refer to Note 13 to the Financial Report

The key audit matter

Exploration and evaluation expenditure capitalized (E&E) is a key audit matter due to:

- The significance of the activity to the Group's business and the balance (being 40% of total assets); and
- The greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources*, in particular the conditions allowing capitalisation of relevant expenditure and presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E, therefore given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed.

How the matter was addressed in our audit

Our audit procedures included:

- Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard;
- We assessed the Group's determination of its areas of interest for consistency with the definition in the accounting standard. This involved analysing the licenses in which the Group holds an interest and the exploration programmes planned for those for consistency with documentation such as planned work programmes;
- For each area of interest, we assessed the Group's current rights to tenure by corroborating the ownership of the relevant license to government registries and evaluating agreements in place with other parties. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses;

<p>In addition to the assessments above, and given the financial position of the Group we paid particular attention to:</p> <ul style="list-style-type: none"> • Documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the Group's intention and capacity to continue the relevant E&E activities; • The ability of the Group to fund the continuation of activities; and • Results from latest activities regarding the existence or otherwise of economically recoverable reserves/commercially viable quantity of reserves. 	<ul style="list-style-type: none"> • We evaluated Group documents, such as minutes of Board meetings, for consistency with their stated intentions for continuing E&E in certain areas. We corroborated this through interviews with key operational and finance personnel; and • We analysed the Group's determination of recoupment through successful development and exploitation of the area by evaluating the Group's documentation of planned future/continuing activities including work programmes and project and corporate budgets.
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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 2021, Operations Review, Mineral Resources 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 and Company'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 and Company 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 the 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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2020, 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 5 to 13 of the Directors' report for the year ended 30 June 2020.

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

KPMG

Derek Meates

Partner

Perth

24 September 2020