

Quarterly Activities Report

June 2021



Highlights

- **Site activities commence at Mulga Rock Project**
- **Executive team appointments: Acting COO, Mining Engineer, and Resident Manager**
- **Vimy included in Global X Uranium ETF (NYSE:URA)**
- **Successful A\$27.5M Equity Raise and Share Purchase Plan**
- **Payment of the final instalment for the acquisition of Cameco's Alligator River Uranium Project completed**
- **Vimy satisfies conditions precedent and progresses acquisition of remaining 20.89% Rio Tinto Exploration interest in the Alligator River Project**

Mulga Rock Project

Commencement of site works at Mulga Rock

The existing Mulga Rock camp has re-opened to support the commencement of site works at Mulga Rock. Pending the grant of the relevant government departmental approvals, the activities scheduled for the rest of the year include:

- Upgrade to access road
- Village access and village area
- Initial cutback of the Ambassador North pit and associated landforms
- Main communications tower, communications hut and access road
- Construction of Kakarook North Borefield
- Other ancillary activities

These activities are part of the Mulga Rock implementation plan as described in the 2018 DFS (See [ASX Release 30 January 2018](#)).

Vimy awaits the grant of the three WA Government departmental approvals currently under assessment, namely the Works Approval, the Mining Proposal (including the Mine Closure Plan), and the Project Management Plan (including Radiation Management Plan).

During the quarter, Vimy was asked to provide additional information relating to the in-pit tailings and mine closure for the Mining Proposal and Project Management Plan. This request is consistent with the increased scrutiny regulators around the globe are applying to tailings storage facilities following the failures of above ground tailings facilities in Brazil, British Columbia, and Florida.



Vimy's proposal of using the mined-out pit voids to create below ground tailings storage facilities, which will be capped and rehabilitated with topsoil and vegetation, provides a safe and permanent tailing storage solution. The Environmental Management Plan for these facilities was approved on 28 August 2020.

Responses to these final queries have been submitted and the grant of the approvals to commence mining activities is pending. Vimy anticipates that work related to the proposal will commence during the current quarter and commencement of site-based activities will satisfy the time limit requirements in Condition 3 of the Ministerial Statement (MS1046) which prohibits commencement after 16 December 2021 and requires any commencement before that date to be substantial.

To support the commencement of site works at Mulga Rock, Vimy has mandated FTI Consulting's Corporate Finance and Construction Solutions practices to provide project co-ordination and strategic advisory services to progress the site works phase at the Mulga Rock Project.

The Company also reports that an earthmoving contractor has been selected, and a consulting Principal Mining Engineer and Resident Manager have been appointed.

Front end engineering and design (FEED)

Several FEED studies are required prior to Final Investment Decision to finalise detailed designs. One of these workstreams is the ion exchange testwork (IX) being done on the flowsheet which continued during the quarter.

The results of the bench-scale IX testwork on more efficient resins indicate that the uranium circuit could be further enhanced and simplified with the potential to reduce capital and operating expenditure. The final results of this work will be released shortly.

Alligator River Project

The Alligator River Uranium Province is a world-class uranium province that hosts ~750Mlbs of mined and remnant U_3O_8 resources, including the now-closed Ranger Mine and the 350Mlbs Jabiluka deposit. The Province is geologically analogous to Saskatchewan's Athabasca Basin, home to some of the world's highest-grade uranium deposits. Vimy's deposition models and exploration methods are very similar to those used in Saskatchewan.



Vimy acquired the project from Cameco Australia, a wholly-owned subsidiary of Cameco Corporation, in 2018 and now holds the largest granted tenement package in the Province.

The most advanced project at the Alligator River Project is the Angularli deposit which has a high-grade, Inferred Mineral Resource of 0.91Mt at 1.29% U_3O_8 for 25.9Mlbs U_3O_8 (see ASX released dated [1 March 2018](#)).

A positive Scoping Study (see ASX release dated [10 December 2018](#)) and subsequent ore sorting testwork identified the Angularli project as a potential first-quartile producer on the global uranium cost curve. Preliminary metallurgical testwork has demonstrated high U_3O_8 recoveries of up to 97.3%.



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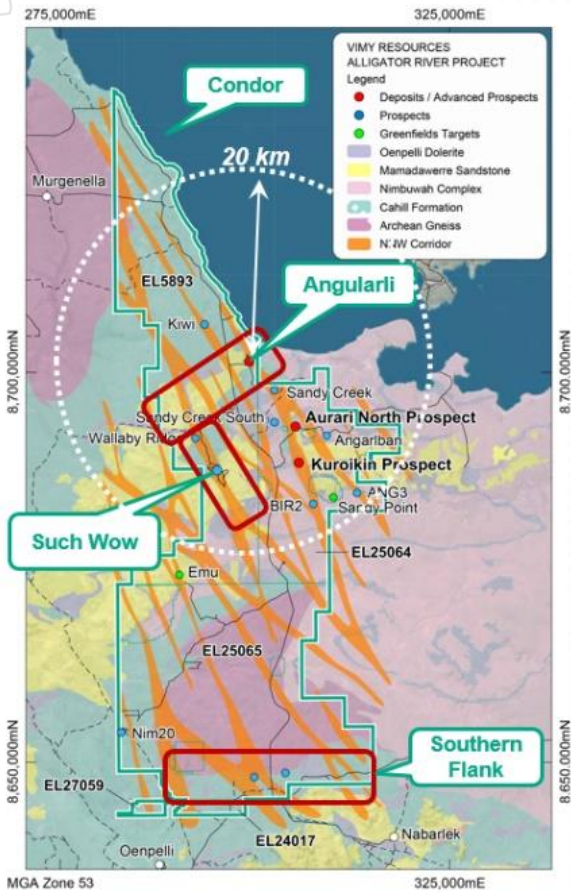


Figure 1: Key prospects of the Alligator River Project area

Near-term exploration and drilling will focus on growing the resource at, and close to, Angularli to create the 'Angularli Hub', with a centralised ore processing facility servicing nearby satellite deposits.

As well as Angularli, the Alligator River Project hosts several highly prospective, under-explored prospects comprising numerous drill-ready targets providing scope to delineate new mining areas.

Activities

Field work at the Alligator River Project has once again been affected by COVID-19 with access to Arnhem Land hampered by continued national outbreaks. Furthermore, drilling contractors are reluctant to commit resources across state borders at this time.

At the time of writing, Vimy has been invited to attend an on-country meeting with Traditional Owners in Arnhem Land in early August to discuss the 2021 field work.

Pending further COVID-19 related restrictions, field work programs during the condensed 2021 field season will comprise a cutting-edge airborne electromagnetic geophysical survey across the Angularli Hub and Such Wow corridor, followed by ground geophysics. Vimy will also conduct infill termitaria sampling at Angularli North, Angularli West and the Emu prospects.

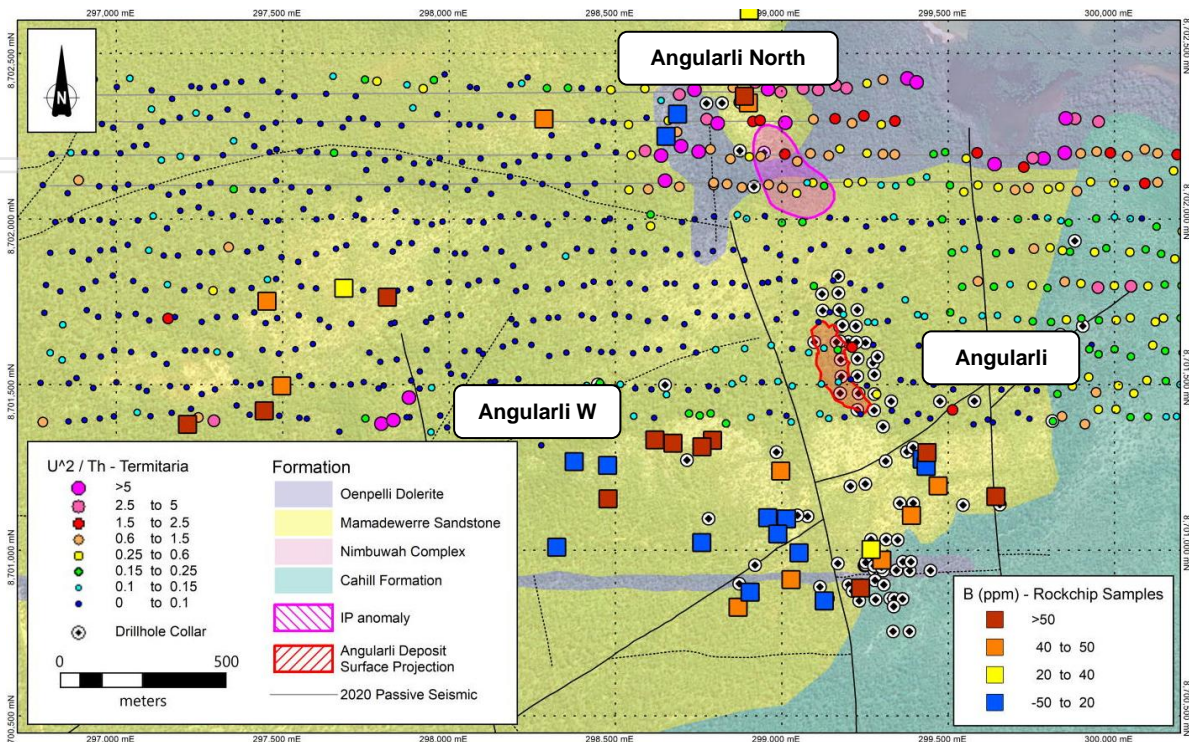


Figure 2: Location map of the Angularli extended project area



Alligator River Project – Corporate

On [31 May 2021](#), Vimy announced that it had completed the acquisition of the Alligator River Project from Cameco Australia (See ASX announcements [1 March 2018](#) and [23 October 2020](#)). The final payment of A\$2.686 million was made seven months earlier than required, resulting in an interest saving of \$134,000 for early repayment.

Vimy is also close to finalising the acquisition of Rio Tinto Exploration's remaining 20.89% interest in the King River-Wellington Range Joint Venture, part of Vimy's Alligator River Project (ASX announcement [10 March 2021](#)). Vimy has satisfied or waived all conditions precedent and the Company expects to settle the transaction in August 2021.

These transactions will result in Vimy holding 100% of the Alligator River Project on settlement through its wholly-owned subsidiary Viva Resources Pty Ltd.

Great Victoria Desert Project (Vélo Resources Pty Ltd - 100% Vimy)

Vélo Resources holds five large granted exploration licences covering 173,200ha along a strike length of 200km directly adjacent to, and northwest of, the Mulga Rock Project (Great Victoria Desert or GVD Project) (see ASX release dated [15 November 2018](#)).

The Project is thought to be prospective for base and precious metals including Zn, Pb, Cu, Ag, and Au in both sedimentary exhalative (SEDEX), volcanogenic massive sulphide (VHMS) settings, and hybrid end members. The region is unexplored with shallow sand cover and was not previously thought to be prospective.

The eastern portion of the paleochannel-hosted Mulga Rock deposit is significantly enriched in base metals and rare earth elements, likely to have been derived from the metamorphic basement to the northeast (i.e. upstream) of the deposits. The magnitude of base metals mineralisation across the Mulga Rock East deposits indicates the possibility of nearby primary mineralisation under shallow cover. Vimy recognised that the tenor of base metals mineralisation in the Mulga Rock deposit is abnormally high and therefore postulated the presence of proximal polymetallic mineralisation derived from the weathering process of the underlying bedrock.

Vimy was the first to recognise the nature and extent of the regional lithography, including identifying the Proterozoic Mount Barren metasediments and the potential to host base metals. This is based on drill intercepts both at the Mulga Rock Project and regionally, and regional geophysics.

Vimy geologists have established a geological model and broad exploration targets. Further, they have identified key similarities between the geological setting of the GVD project and that of the Zn-Pb+/-Ag-Cu deposits in the Northern Territory and Queensland.

The Trilogy deposit near Esperance is the nearest analogue, and is hosted by the same basement sequence as occurs at the GVD Project. Trilogy is a polymetallic massive sulphide deposit hosted within the graphitic phyllites of the Proterozoic Mount Barren metasediments. The Trilogy styles of mineralisation include coincident Pb-Zn massive style and Cu-Au stringer style contained within a silicified envelope that hosts the mineralisation.

The geological setting and ore mineralisation lend themselves to gravity and electromagnetic geophysical surveying.



GVD Work Program 2021-22

Field work programs during the 2021 field season will comprise project-wide airborne geophysics (high resolution magnetic and radiometrics), ground geophysics (passive seismic), and unconventional soil (ultrafines) and biogeochemical orientation surveys focused on E39/2012 and E39/2149, considered the most prospective licences of the project, and within easy reach of the Mulga Rock base camp.

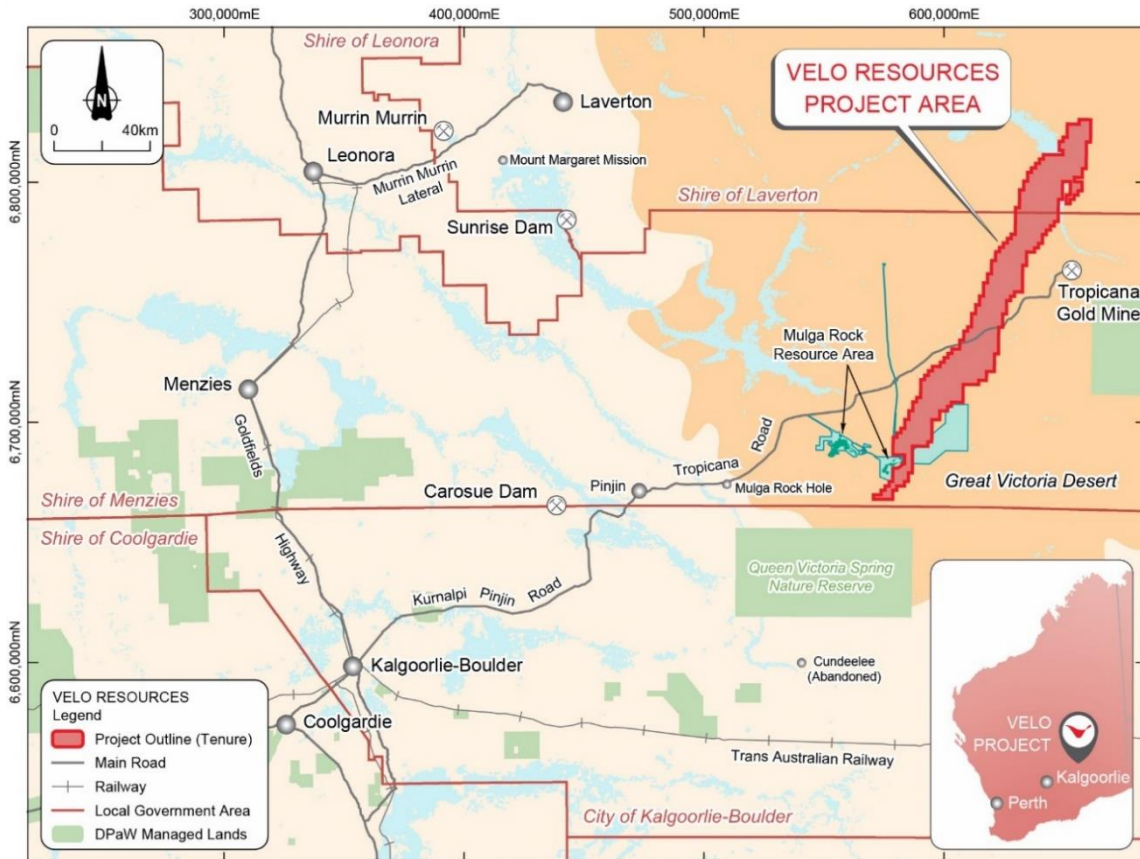


Figure 3: Location map for the GVD Project

Uranium / Nuclear Market

Vimy assists the UN in getting CO₂ number right

Vimy is assisting the World Nuclear Association (WNA), the Luxembourg Institute of Science and Technology and the United Nations Economic Commission for Europe in a study which is a life cycle assessment of various electricity generating technologies.

Vimy has long held the view that the widely-used IPCC estimate of the carbon emissions associated with nuclear (~12gCO₂e/kWh) was overestimated by several hundred percent. Our research indicates that this was due to the inclusion of energy intensive gas-diffusion enrichment technology which is now obsolete, the failure to incorporate the substantial shift to in situ leach mining that has occurred over the last fifteen years, as well as other methodological failings.

Vimy expects the study to be published in September and to show that nuclear power is the lowest carbon emission technology available for electricity generation.



Uranium Market Overview and Outlook

Today's uranium market is emerging from the continued impacts of the global COVID-19 pandemic with suppliers and buyers having to adjust, and even re-adjust, their planning and operations. At the end of the first half of 2021, annual demand is continuing to increase as existing plants are generating at high levels of efficiency and new plant construction is ongoing around the globe.

Key catalysts during 1H 2021 included:

- Price movements
- Mine shut-downs and restarts amid COVID precautions
- Mine supply discipline
- Producer and junior miner spot and/or near-term uranium buying
- Financial and hedge fund (re)emergence in the spot market
- Reactor operations and new build

Since the beginning of 2021, the reported uranium spot market price ranged from mid-\$27 to mid-\$32/lb U₃O₈. Primarily due to lower reported contract activity, the long-term price continued to show little movement through the first half of the year with a reported average of \$33.50/lb for June month-end.

As for supply, large mining companies, including Cameco and Kazatomprom, returned their respective mining facilities back into production in April/May after being temporarily curtailed and/or shuttered due to COVID restrictions. Even so, global supply output for 2021 and beyond continues to fall short of forecast demand requirements. Another key supply announcement by Kazatomprom indicated they will continue with a market-centric approach and supply discipline into 2023 by furthering the 20% output reductions across all their production centres. As was previously reported for year 2022, this action is anticipated to similarly remove approximately 13Mlbs from previously forecasted supply, in 2023.

Moving to the demand side, the quarter was marked by increased spot and near-term demand, primarily from financial entities as well as from emerging and junior producers. This "phenomenon" was kickstarted in mid-March with several emerging producers making spot and near-term market purchases.

Simultaneously, purchasing activities and company actions by several financial entities such as Sprott Asset Management, Uranium Participation Corp, Yellow Cake, and Uranium Royalty Corp led to additional removal of spot and near-term material during the period. Meanwhile, traders continued to seek arbitrage opportunities while some utilities filled relatively small requirement gaps or sought opportunistic purchases. Globally, longer term contract requirements remain largely open and the gap between contracted uranium and requirements widens out in time.

A key for additional nuclear generation will be linked to safety, economics, and operational efficiencies. While the US leads the way in current demand, countries such as Russia, India, and especially China have ambitious long-term growth plans. So far in 2021, new reactors in China, Pakistan, and Belarus, the newest nuclear country entrant, entered commercial operations while Japan had its tenth reactor restart since the Fukushima event.

As more nations focus on emissions reduction, they are realising that nuclear will need to play a key role in achieving significant reductions. Hence, utilities are investing in improved operational efficiencies which can lead to reactor uprates. In addition, ten-to-twenty-year life extensions of current reactor fleets are an interim step to new build aspirations. As an example, several US utilities have received approval or are now advancing second twenty-year licence extensions while others have commented publicly of intent to file in due course. If approved, these extensions would prolong operations well into the 2050s and potentially beyond.



As for other next steps, many countries are also looking at advancing research and development of new technologies such as small modular reactors (SMR) or micro reactors to aid in new or additional growth options. Under the Biden Administration, the US will be investing over \$1.0 trillion into climate initiatives and carbon reduction with the nuclear fleet and new technology advancement prominently noted as part of the solution. A recent gathering of the G7 nations reaffirmed commitments to reduce and eliminate carbon emissions.

Vimy maintains a strong physical presence in the United States, the world's largest single uranium market. Scott Hyman, Vice President Sales and Marketing, has been able to attend face-to-face meetings with utilities as COVID restrictions ease. Discussions to secure long-term contracts are progressing.

Corporate

Inclusion in Global X Uranium ETF (URA)

On [23 July 2021](#), Vimy announced that it had been included in the Index Composition for the Global X Uranium ETF (NYSE:URA). The Global X Uranium Exchange Traded Fund (ETF) tracks the Solactive Global Uranium and Nuclear Components Total Return Index. Solactive announced on 22 July 2021 that Vimy will be included in an ordinary index rebalancing that will be implemented effective 2 August 2021.

The Global X Uranium ETF is the largest, and most important, Exchange Traded Fund in the uranium sector with net assets of US\$736 million. At the beginning of the Quarter, the Company also announced its inclusion in the index composition for the [North Shore Global Uranium Mining ETF](#) (NYSE:URNM) following its inclusion in the [Horizons Global Uranium Index ETF](#) (TSX:HURA) in January this year.

Equity Raise and Share Purchase Plan completed

On [19 April 2021](#), the Company announced a well-supported A\$18.5 million equity placement to institutional and sophisticated investors. The placement was supported by a number of new high-quality domestic and offshore institutions, in addition to existing shareholders. Following this, on [14 May 2021](#), the Company announced the successful completion of its Share Purchase Plan to eligible shareholders, raising a total of \$9.0 million. Through the placement and Share Purchase Plan, the Company has raised a total of \$27.5 million in gross proceeds in the Quarter.

168.18 million new shares were issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1 (91.98 million shares) and 7.1A (76.20 million shares).

Canaccord Genuity (Australia) Limited and Morgans Corporate Limited acted as Joint Lead Managers and bookrunners to the placement, with Shaw and Partners Limited acting as Co-Manager.

The funds raised from the placement and Share Purchase Plan are being used to progress the Mulga Rock Project in Western Australia, and the Alligator River Project in the Northern Territory, as well as for working capital purposes.

Resignation of Non-Executive Director

On [23 July 2021](#), the Company announced the resignation of Non-Executive Director, Luca Giacobazzi, with immediate effect.



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Expenditure

Cash spend on operating activities including exploration and evaluation, staff costs, administration and corporate costs and uranium marketing activities in the June 2021 Quarter amounted to \$1.3 million. This was greater than \$0.9 million spent in the previous quarter due to pre-site activities ramping up at the Mulga Rock Project.

Cash at Bank

Cash at 30 June 2021 amounted to \$24 million.

Native Title

The Upurli Upurli Nguratja Native Title Claim Group registered Native Title claim WC2020/004 on 22 January 2021, which is being serviced by the Central Desert Native Title Services Limited, East Perth. The claim covers all of the Mulga Rock Project area. There has been no determination of Native Title and Vimy has registered to be a respondent to the claim.

Several Aboriginal Heritage surveys have been completed over the entire project since 2010 and there are no heritage or ethnographic sites within the proposed disturbance areas.

Tenements

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

Table 1: Tenement details at 30 June 2021

Tenement	Nature of Interest	Interest at Beginning of Quarter	Interest at End of Quarter
Mulga Rock Project (Mt Margaret Mineral Field, Western Australia)			
M39/1104	Granted	100%	100%
M39/1105	Granted	100%	100%
E39/2049	Granted	100%	100%
L39/193	Granted	100%	100%
L39/219	Granted	100%	100%
L39/239	Granted	100%	100%
L39/240	Granted	100%	100%
L39/241	Granted	100%	100%
L39/242	Granted	100%	100%
L39/243	Granted	100%	100%
L39/251	Granted	100%	100%
L39/252	Granted	100%	100%
L39/253	Granted	100%	100%
L39/254	Granted	100%	100%
L39/279	Granted	100%	100%
L39/280	Granted	100%	100%
L39/287	Granted	100%	100%
L39/288	Granted	100%	100%
L39/289	Granted	100%	100%



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Tenement	Nature of Interest	Interest at Beginning of Quarter	Interest at End of Quarter
P39/5844	Granted	100%	100%
P39/5853	Granted	100%	100%
R39/0002	Granted	100%	100%
Alligator River Project (Northern Territory)			
EL22430	Granted	100%	100%
EL24920	Granted	100%	100%
EL26089	Granted	100%	100%
EL24017	Granted	79%	79%
EL25064	Granted	79%	79%
EL25065	Granted	79%	79%
EL27059	Granted	79%	79%
EL5893	Granted	79%	79%
Vélo Resources Pty Ltd (Mt Margaret Mineral Field, Western Australia)			
E38/3203	Granted	100%	100%
E39/2012	Granted	100%	100%
E39/2013	Granted	100%	100%
E39/2115	Granted	100%	100%
E39/2149	Granted	100%	100%

Mike Young
Managing Director and CEO
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Released for and on behalf of the Board of Vimy Resources Limited

29 July 2021

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About Vimy Resources

Vimy Resources Limited (ASX: VMY, OTCQB: VMRSF) is a Perth-based resource development company. Vimy's flagship project is the Mulga Rock Project, one of Australia's largest undeveloped uranium resources, which is located 290km by road ENE of Kalgoorlie in the Great Victoria Desert of Western Australia.

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

Vimy acknowledges the Traditional Custodians of the country on which we work and travel, throughout Australia, and respects their associated connections.

Directors and Management

The Hon. Cheryl Edwardes AM
Non-Executive Chairman

Mike Young
CEO and Managing Director

David Cornell
Non-Executive Director

Dr Tony Chamberlain
Non-Executive Director

Marcel Hilmer
Chief Financial Officer
and Company Secretary

Julian Tapp
Chief Sustainability Officer

Scott Hyman
Vice President Sales and Marketing

Xavier Moreau
General Manager, Geology and Exploration

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

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Towards Sustainable Mining®

Vimy has adopted an award-winning accountability framework which helps minerals companies evaluate, manage and communicate their sustainability performance.

Adopting the independently verified system will reinforce Vimy's commitment to continuous improvement in safety, environmental and social governance (ESG).

Committed to:



The amount of natural uranium produced from Mulga Rock (3.5Mlbs pa U₃O₈) if utilised in nuclear reactors which displaced coal-fired electricity would reduce carbon dioxide equivalent emissions by approximately

64 million tonnes



That is equivalent to **about 12%** of Australia's greenhouse gas emissions **and 70%** of Western Australia's