



Quarterly Activities Report

March 2022



Highlights

- Vimy and Deep Yellow agree to a proposed \$658 million merger
- Well-supported capital raising of \$17 million for Mulga Rock BFS and Alligator River drilling program
- Mulga Rock (Western Australia) – early works program continues
- Alligator River (Northern Territory) – preparation for 7,200 metre drilling program commences
- Appointment of Steven Michael as MD and CEO and Dr Anthony Chamberlain as COO
- Cash at Quarter end – \$26.4 million

Vimy's Managing Director and CEO, Steven Michael commented:

"The March Quarter has been busy on technical and corporate fronts with the Early Works program at Mulga Rock in WA completed and preparations underway for a major diamond drilling campaign at our 100% owned Alligator River Project in the NT.

We have boosted the technical team for the Mulga Rock Bankable Feasibility Study and our exploration team has now mobilised to the Northern Territory in preparation for the drilling season at Alligator River.

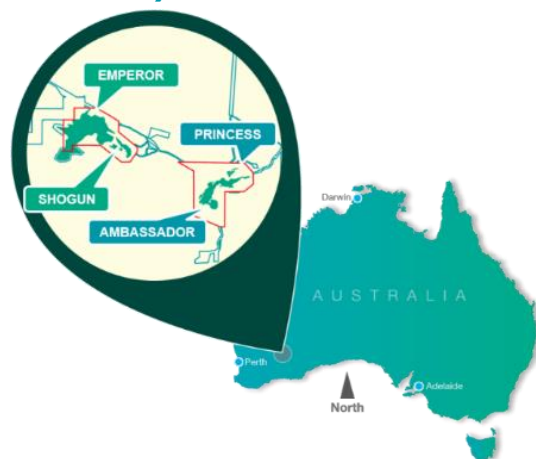
As you will see from the Uranium Market Overview section, rapidly changing geopolitical events have affected the uranium market with the spot price hitting a high of US\$63.75/lb in mid-April – the highest price seen in over a decade. While the market has cooled slightly in the past couple of weeks, the spot price remains over US\$50/lb and demand from global utilities for ex-Russian uranium supply is likely to increase considerably.

On the corporate front, Vimy finished the March quarter with the announcement of a proposed merger with Deep Yellow Limited to create one of the largest independent multi-project uranium companies in the world. The merged company will have uranium resources of nearly 400Mlbs and the combination of Vimy's Mulga Rock Project and Deep Yellow's Tumas Project will have potential production capacity of 6.5Mlb per annum. In addition, the combined Board and management team have a strong track record in developing uranium projects, and have deep experience in uranium marketing, contracting and sales.

It is anticipated that the Scheme Booklet will be provided to Vimy shareholders by late-May/early June and the Scheme meeting will be held in early July."

Mulga Rock Project (Western Australia)

The Mulga Rock Project is one of Australia's largest undeveloped uranium resources and will produce 3.5 million pounds of uranium concentrate annually. Mulga Rock is Vimy's flagship project and is located 290km by road ENE of Kalgoorlie in the Great Victoria Desert of Western Australia. The Project comprises four Mineral Resources – Ambassador and Princess (Mulga Rock East), and Shogun and Emperor (Mulga Rock West).



Early Works

During the Quarter, the first phase of the Early Works program was completed with clearing for the main access road alignment, surface vegetation and topsoil removal and development of the borrow pits.

Polyline Pipe Systems (**PPS**) has completed extrusion of the first stage of HDPE pipe for the delivery of raw water from the Kakarook North borefield to the processing plant site location. A total of 8.3km of 400mm diameter pipe has been extruded on site using PPS's unique mobile pipe extruding system, which significantly reduces transport costs and minimises welding requirements and potential failure points.

Detailed design and tendering are currently underway for the next stage of Early Works which will include:

- Main access road upgrade
- Kakarook borefield, main pipeline and associated infrastructure
- Main communications tower
- Village and airstrip

Work is well underway for the Mulga Rock Bankable Feasibility Study with scopes of work and recruitment of key project personnel proceeding.



Figure 1 Early works at Mulga Rock – excavation of the Ambassador North pit



Figure 2 Polyline Pipe Systems pipe extrusion for the raw water borefield

Alligator River Project (Northern Territory)

Vimy's 100%-owned Alligator River Project is the largest granted uranium exploration package in the world-class Alligator River uranium district in the Northern Territory. The Alligator River Project covers a total area of 3,865km² and comprises three projects:

- King River-Wellington Range - 1,600km² of granted tenure, which contains Angularli, the most advanced prospect
- Algodó-Beatrice Project - a group of tenement applications to the east of the Ranger and Jabiluka deposits
- Mt Gilruth Project - a group of tenement applications to the southeast of the Ranger and Jabiluka deposits

The Angularli deposit, in the King River-Wellington Range project, contains an inferred mineral resource of 26Mlbs U₃O₈ at a grade of 1.3% U₃O₈ at a cut-off grade of 0.15% U₃O₈¹.



Planning for 2022 Drilling Program

Planning is underway for a 19-hole diamond drilling program at Angularli for a total of 7,200 metres of core. The program will test the potential extents of the current mineral resource, including:

- Along-strike, by testing up-dip and down-dip extensions along the Angularli fault corridor to the north and south of the Angularli deposit (Angularli North and Angularli South)
- Down-plunge of the current mineralised envelope, testing the presence of additional mineralised pods up to 500m below surface
- Across strike stacked lenses, with a particular focus on the Angularli West prospect

¹ Refer ASX announcement on 20 March 2018, *Maiden Mineral Resource at Angularli Deposit Alligator River Project*



Vimy has completed the tender for the drill program and the exploration team has mobilised to the Northern Territory to prepare for the program.

Drilling is expected to commence in early June.

Uranium Market Overview and Outlook

The first quarter of 2022 ushered in a time of profound geopolitical change for not only the nuclear industry, but for the world. The year began with civil unrest in Kazakhstan which ultimately led to a changeover of senior federal government officials within the country. This caused a brief jump in the uranium spot price which rose from US\$42/lb to US\$45/lb overnight in early January over initial concerns of Kazakh mining operation impacts and potential delivery delays.

After a few days of media blackout, Kazatomprom reported that its operations and deliveries had carried on business as usual. While the market remained cautious, transaction activity was moderate with the uranium price trading in a tight band around US\$40-45/lb to the end of February.

All this quickly changed with the Russian military invasion of neighbouring Ukraine. As the conflict escalated and continued, it led to US and European utility concerns of Russian enriched uranium product (**EUP**) deliveries potentially being at risk for delays or cancellations. The supply and price volatility resulted in various buyers, primarily financial entities and traders, entering the market to purchase near term supply while sellers continued with staircase price increases causing spot price to rise from US\$43/lb in late February to US\$58/lb by the end of March.

The Russian impact crosses the entire fuel cycle as conversion and enrichment market prices have also increased dramatically as Russian EUP supply accounts for about 20% in the US and 30-35% in Western Europe. While still legal for import into the US and Europe, transportation of Russian origin material has become increasingly challenging to arrange with commercial shipping companies which could lead to bottlenecks in delivery scheduling.

With the rapid rise in the spot price combined with several new term deals transacted, the long-term market closed the quarter up at an average month-end reported price of US\$49/lb. Prior to the recent global geopolitical events, the uranium market was already facing supply shortages and a limited number of production companies. The strengthening price and increased geopolitical risks is likely to result in utility action to re-evaluate long-term contract coverage as well as a reassessment of supplier and origin diversity within their portfolios. Globally, longer term contract requirements remain largely open and the gap between contracted uranium and forecasted annual requirements continues to widen out in time.

While the lingering effects for potential lack of Russian availability continue to play out in the supply sector, overall investor interest in nuclear remains strong. The prolonged growth in nuclear energy investment is viewed as critical to aid in the advancement of next generation technologies, expanded and new production capacity to meet demand, and providing a vital, stable energy mix component for achieving carbon emission goals.



Corporate

Proposed Merger with Deep Yellow

On 31 March 2022, Vimy and Deep Yellow Limited (**Deep Yellow**) (ASX: DYL) announced their agreement to a merger by a Scheme of Arrangement (**Scheme**), under which Deep Yellow will acquire 100% of the Vimy shares on issue.

On implementation of the Scheme, the merger of Deep Yellow and Vimy (Merger) will combine the two companies to form a merged group (**Merged Group**) with complementary asset bases, leveraging Deep Yellow's development, construction and operational expertise to assist with the development of the Mulga Rock Project. Combined with the future development of Deep Yellow's Tumas Project in Namibia, the Merged Group is expected to have the scale to rapidly advance its pipeline of organic growth opportunities and be well positioned to pursue additional disciplined value accretive growth.

Under the terms of the Scheme, each shareholder of Vimy will receive 0.294 Deep Yellow ordinary fully paid shares for every ordinary fully paid Vimy share held on the Scheme record date. If the Scheme is approved and implemented, Vimy shareholders will hold 47% of the Merged Group and Deep Yellow shareholders will hold 53% of the Merged Group, in both cases on a fully diluted basis.

The Vimy Board unanimously recommends that Vimy shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert opining (and continuing to opine) that the Scheme is in the best interest of Vimy Shareholders. Subject to those same qualifications, each Vimy director intends to vote all Vimy Shares they control in favour of the Scheme.

The Scheme Booklet is expected to be provided to Vimy shareholders in late-May/early-June with the Vimy Scheme meeting to be held in early July.

Capital Raising

On 9 March 2022, Vimy announced the completion of a \$17 million capital raising to institutional and sophisticated investors (**Placement**). The Placement was well supported by existing shareholders and several new Australian and overseas institutional investors seeking exposure to strategic uranium assets in Tier 1 jurisdictions.

The funds will be used to complete the Mulga Rock Bankable Feasibility Study, including mining studies and base metal recovery testwork, and to advance pre-development site works at Mulga Rock including water infrastructure, communications tower and the main camp. The funds will also be used for the Alligator River Project drilling program, as described above.

100 million ordinary fully paid shares were issued at 17 cents per share, representing approximately 9.5% of the shares currently on issue (on a pre-Placement basis). Morgans Corporate Limited and Euroz Hartleys Limited acted as Joint Lead Managers and bookrunners to the Placement.

Appointment of Managing Director and CEO

On 25 January 2022, Vimy announced the appointment of Mr Steven Michael as Managing Director and Chief Executive Officer commencing 1 March 2022. Mr Michael had been acting as Interim CEO since 30 August 2021 and joined the Vimy board as an Executive Director in November 2021.



Mr Michael has over 25 years' experience in the global resources sector, specialising in corporate finance and equity capital markets and was a Managing Director at FTI Consulting, an independent global business advisory firm, where he specialised in business transformation for mining companies.

Prior to joining FTI Consulting, Mr Michael spent nine years as Managing Director of an ASX-listed exploration company with a portfolio of assets in Australia and Africa. He has previously worked in the natural resources divisions of Macquarie Bank, Rothschild & Co, and Royal Bank of Canada, in global mining equities research and sales, corporate finance and investment banking.

Appointment of Chief Operating Officer

On 13 January 2022, Vimy announced the appointment of Dr Tony Chamberlain as Chief Operating Officer. Dr Chamberlain first joined Vimy as an executive in 2014, where he successfully took the Mulga Rock Project from concept to a Definitive Feasibility Study in under four years. During this time, he led the overall management of environmental approvals for the Mulga Rock Project and was instrumental in the acquisition of the Alligator River Project in March 2018. Dr Chamberlain joined the Vimy Board as a Non-Executive Director in February 2019.

Dr Chamberlain holds a PhD in Metallurgy and has over a decade of uranium experience and brings a wealth of project experience in guiding the Mulga Rock Project into operation.

Dr Chamberlain commenced his executive role at the beginning of February 2022. He will step down from the Vimy Board on the completion of the proposed merger with Deep Yellow.

Cash at Bank

Cash at 31 March 2022 amounted to \$26.4 million.

Expenditure

Cash spent on operating activities including development, exploration and evaluation, staff costs, administration and corporate costs and uranium marketing activities in the March 2022 Quarter amounted to \$6.3 million, including \$3.6 million of development activities at Mulga Rock.

Pursuant to ASX Listing Rule 5.3.5, the Company notes that during the December quarter, \$486k was paid to FTI Consulting, an associate of Ms Edwardes and Mr Michael, for providing CEO, COO and advisory services. Non-executive director fees of \$22k were paid to Sabre Ventures Pty Ltd, a related party to Mr Bramwell.

Tenements

Tenement details for the Mulga Rock Project (Narnoo Mining Pty Ltd), Alligator River Project (Viva Resources Pty Ltd) and Kingston Project (Vélo Resources Pty Ltd) are shown in Table 1.

Steven Michael
Managing Director and CEO

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Released for and on behalf of the Board of Vimy Resources Limited

Table 1: Tenement details at 31 March 2022

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%
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	100%	100%
EL25064	Granted	100%	100%
EL25065	Granted	100%	100%
EL27059	Granted	100%	100%
EL5893	Granted	100%	100%
Kingston Project (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%



Competent Person Statement

Information in this announcement that relates to the Mulga Rock or Alligator River Mineral Resources and Production Targets that are a product of these estimates is extracted from ASX announcements entitled 'Significant Resource Upgrade for Mulga Rock Project' announced to ASX on 23 June 2016 (Mulga Rock Base Metal Mineral Resource); 'Significant Resource Update – Mulga Rock Cracks 90 Mlbs' announced to ASX on 12 July 2017 (Mulga Rock Uranium Mineral Resource), the release entitled 'Maiden Mineral Resource at Angulari Deposit Alligator River Project' announced to ASX on 20 March 2018 (Alligator River Mineral Resource) and the release entitled 'Major Ore Reserve Update – Moving to the Go Line' announced to ASX on 4 September 2017 which are available to view on <https://www.vimyresources.com.au/> or www2.asx.com.au. Vimy confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters continue to apply and have not materially changed.

Information in this announcement that relates to Deep Yellow Mineral Resources and Production Targets are extracted from DYL ASX announcements released to the market on 10 February 2021 entitled 'Deep Yellow Proceeding with Tumas DFS Following Positive PFS'; on 3 February 2022 entitled 'Tumas DFS Firmly On Track and Improving on PFS Assumptions'; on 22 December 2021 entitled 'New Potential for Basement Uranium Discoveries at Omahola'; and on 4 November 2021 entitled 'Omahola Basement Project Resource Upgrade to JORC (2012)' which are available to view on <https://deepyellow.com.au/> or www2.asx.com.au.



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 (100%), 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 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

Wayne Bramwell
Non-Executive Director

Steven Michael
Managing Director & CEO

Dr Tony Chamberlain
Executive Director & COO

Paula Arthur
Manager Approvals and ESG

Shannon Coates
Company Secretary

Scott Hyman
Vice President Sales and Marketing

Xavier Moreau
General Manager, Geology and Exploration

Matthew Owen
Chief Financial Officer

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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Share Registry

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Vimy has adopted
Towards Sustainable Mining®
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