



**VIMY**  
RESOURCES

**ANNUAL REPORT  
2020**



# CORPORATE DIRECTORY

## BOARD OF DIRECTORS

**The Hon. Cheryl Edwardes, AM**  
Non-Executive Chairman

**Mike Young**  
Managing Director & CEO

**David Cornell**  
Non-Executive Director

**Tony Chamberlain**  
Non-Executive Director

**Luca Giacobazzi**  
Non-Executive Director

**Marcel Hilmer**  
Company Secretary

## REGISTERED & PRINCIPAL OFFICE

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This report is released for and on behalf of the Board of Vimy Resources Limited

## AUDITOR

**KPMG Australia**  
235 St Georges Terrace  
Perth WA 6000

## SHARE REGISTRY

**Automic Group**  
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## TRANSACTIONAL BANKER

**ANZ Banking Group Limited**  
1275 Hay Street  
West Perth WA 6005

## AUSTRALIAN SECURITIES EXCHANGE

Shares in Vimy Resources Limited are quoted on the Australian Securities Exchange.

ASX CODE: VMY



# CHAIRMAN'S LETTER

The coronavirus pandemic has recalibrated priorities for governments, companies and individuals wanting to maintain business operations and to ensure delivery of the essentials of life. At the forefront and a key plank of this effort, is the need for the supply of reliable, uninterrupted power.

This year COVID-19 has disrupted life and markets across the planet. The pandemic has had many consequences for the uranium industry including the forced closure of some mines and the curtailment of production at others to comply with government safety requirements. Several development projects ceased activities temporarily, adding to the impending supply shortage. This resulted in a sharp spike to the uranium spot price amid fears of supply shortages and led key uranium producers to purchase material quantities of uranium in the spot market. The spot price has since flattened but the important message is that any disruption to the supply of uranium may have severe consequences for reactor operators and that an increase in secure and economic uranium supply must occur.

It's worth noting that the pandemic shone a light on Australia as a safe and reliable producer of commodities, including our uranium producers. The rest of the world paid close attention to the Australian mining industry's ability to continue operating through the pandemic due to close co-operation between mining companies and the Australian and State Governments and by implementing appropriate and functional health and safety measures. One of the reasons we believe the Mulga Rock Project will be at the forefront in the next wave of worldwide uranium projects is the security of supply assured by its Australian location.

At Vimy, we made the decision this year to preserve cash and implemented cost-cutting measures such as a Salary Sacrifice Plan by which the Board and staff, at their discretion, accepted ordinary shares in lieu of cash salaries. All Board and staff members participated, allowing the Company to retain staff that would have otherwise been stood down. Keeping our team safe has been our highest priority and this required a temporary closure of the office with all staff working from home. It was pleasing that Vimy remained fully functional and that strategic outcomes were achieved. The Vimy team showed great flexibility during what was a very uncertain and testing time and I would like to thank them for their persistence.

We held a successful strategy session with the Board and executive team by Zoom during the depths of the COVID-19 lockdown. The outcome of this session was to reaffirm our commitment to the development of the Mulga Rock and Alligator River Projects and to consider other opportunities if they arise. There are of course many factors at play including commodity market and economic conditions, availability of funding and potential strategic partners. As a result of this, we announced in September 2020 the appointment of KPMG as a corporate advisor to structure, manage and execute a formal process to pursue strategic partnerships for our projects. We were also very pleased to announce the appointment of Luca Giacobazzi as a Non-Executive Director just before the release date of this report. His position as Head of Wyloo Metals, a company of the private investment group Tattarang, and his experience make him well-suited at this stage of our development.

What sets Vimy apart from many of the other uranium juniors is that its team members are recognised as mine builders and value creators. Their experience and associations will allow us to advance quickly to construction and then into production, once the market conditions improve and project funding is confirmed.

I want to thank the executive team for achieving a number of significant milestones this past year. These achievements included the Mulga Rock Project DFS Refresh and receiving approval of all seven of the Conditional Environmental Management Plans.

In closing, the environmental guidelines that govern the Mulga Rock Project are world-class and EPA Services at the WA Department of Water and Environmental Regulations did an excellent job of reviewing and processing the complex plans. As a former Minister for the Environment, I am proud to see the extremely high standard of environmental stewardship we have in Western Australia and thank the government departments for their professional work.

**The Hon. Cheryl Edwardes AM**  
Chairman



# CEO'S REVIEW OF ACTIVITIES



As I reflect on how COVID-19 has disrupted our lives and livelihoods, both in Australia and globally, I am proud of the way that Vimy was able to manage and continue to operate with relatively low disruption. This is thanks to our systems which provided stringent and appropriate safety measures with the highest emphasis on maintaining the health of our staff. Clearly, plans were disrupted, and our staff made personal sacrifices, but the spirit of Vimy lifted us through the worst of it and we were able to retain the team and morale during these difficult times.

As you would well know, Vimy lives and breathes uranium. Chief Nuclear Officer, Julian Tapp, has a very appropriate analogy which compares the uranium market to the game of musical chairs. As with a game of musical chairs, the participants (in this case the utilities) dance around the chairs (suppliers) until the music stops when they all scramble for seats. Historically, there have been more seats than players, but with operations being suspended or impacted by COVID, and prior significant supply-side discipline, the number of seats is now less than the number of players.

This year alone, the world consumes 50% more uranium than it is mining. Up till now, the utilities have been able to stay out of the market by managing their strategic inventories. Still those inventories are, by definition, depleting and the depth of supply on the spot market is also diminishing. With the emerging structural supply gap, there could be up to one-third of the chairs missing when the music stops. And those chairs aren't cheap, and they can't be built overnight.

Vimy's Mulga Rock Project is one of only three First World uranium projects on the World Nuclear Association's 'Planned Mines' list. Mulga Rock's recently refreshed DFS and environmental approvals, combined with the simple mining and metallurgy

processes confirmed in the original DFS, put us at the forefront of the next wave of world-wide uranium projects. Angularli, and the other potential deposits at our Alligator River Project, also provide the security of long-term supply that nuclear utilities require.

Today's shareholders have access to more real-time data and commentary than ever before. Many of our shareholders are extremely knowledgeable about the Company and the uranium market through social media and other channels. Vimy is part of an engaging uranium community active on Twitter, where many people with in-depth technical and investment knowledge of the uranium market, debate issues that affect nuclear power, the global uranium market, the merits of the various uranium companies and projects, and much more. The group includes industry insiders, uranium company executives, shareholders of Vimy and there's never a lack of opinion. I recommend to shareholders that they have a look at Twitter and also make sure they are signed up to our mailing list.

To encourage a wider readership of this report, rather than summarising the year's ASX announcements, I am including a Q&A section containing some questions asked by shareholders during the year.

### **Why was it necessary to refresh the original Mulga Rock DFS?**

We conducted an external peer review of the original DFS late in 2019. That review confirmed that the original 2018 DFS was of a very high standard, yet could benefit from an update of the capital and operating expenditure inputs, to reflect price and FX movements. We also wanted to take full advantage of the experience of our then recently-appointed CFO, Marcel Hilmer, who has a great deal of experience in project evaluation and in optimising costs. And lastly, we believed it was worth investigating any advances in technology to reduce costs further.

No changes were recommended or made to the Mineral Resource Estimate, Ore Reserves, mine plan and schedule, technical design and metallurgical flowsheet.

As a result of the review, we recommissioned GR Engineering Services (GRES) to conduct the refresh including re-costing all major capital and operating estimates. Vimy and GRES again worked with Piacentini & Son Pty Ltd, the Bunbury-based earth-moving contractor who successfully excavated the test pits integral to the original DFS, and we also brought in Thinking Human Resources and Office Solutions IT.

We are very pleased with the results of the DFS Refresh, which were announced on 26 August 2020. The updated DFS reinforces the global importance of the Project and demonstrates that Mulga Rock will generate even stronger financial returns than we had previously forecast.

The DFS Refresh reported average annual free cashflow of \$61 million (up 22% over 2018), IRR of 31% (up 19%) and a significant increase in the NPV<sub>8</sub> to A\$605M using a price of US\$55/lb U<sub>3</sub>O<sub>8</sub>. At a price of A\$65/lb U<sub>3</sub>O<sub>8</sub>, which some people believe is achievable, the NPV<sub>8</sub> is close to A\$1B. The study assumed a foreign exchange rate of 0.65 AUD:USD. The 2018 DFS used 0.70 AUD:USD and US\$60/lb U<sub>3</sub>O<sub>8</sub>.

### **Where did the DFS cost savings come from?**

The single biggest saving to total capital expenditure came from a change to a contract mining contract with Piacentini & Son. We agreed to a unique hybrid contract mining model whereby we would buy fit-for-purpose mining equipment from them, which they would run on a cost-plus basis. Rather than making equipment purchases for Life of Mine as per the 2018 DFS, this hybrid model involves additional equipment purchases during the LoM but importantly as sustaining capital. The outcome is a much-reduced upfront capital cost of A\$393M with sustaining mining fleet costs of A\$45M over the Life of Mine.

All major capital cost areas and operating cost inputs were reviewed and savings achieved in many areas. Workforce numbers were reduced without compromising safety or productivity. Having a reduced workforce resulted in lower capital and operating costs as a result of reduced accommodation, aerodrome requirements and general support costs. Further savings came from advances in communications, IT and water pipeline technology.

### **How does Mulga Rock rate in terms of costs in comparison to other global uranium projects?**

What really stands out for Mulga Rock now is the All in Sustaining Cost (AISC), which is the cash operating costs (C1), plus sustaining capital and royalties. Mulga Rock's AISC for the Life of Mine is US\$31.22/lb U<sub>3</sub>O<sub>8</sub> which, for the first time, makes it comparable to the upper end of the Kazakh operations, seen by many as the world's cheapest mines, and particularly competitive for the first five years at US\$28.00/lb U<sub>3</sub>O<sub>8</sub>.

### **How are the environmental approvals progressing at Mulga Rock?**

The announcement of the approval of all seven of the Condition Environmental Management Plans (CEMPs), associated with the facilities that will be built and their impacts, on 2 September 2020, was a significant milestone for the Mulga Rock Project. The CEMPs describe the environmental conditions which must be complied with over the life of the Project and which needed to be authorised before the commencement of ground-disturbing activities at Mulga Rock. Progress has been slower than we would have liked but reflects the very precautionary nature of the WA regulators in a 'post-Roe 8 world', rather than anything specific to uranium approvals.

We are currently preparing the secondary applications for a Works Approval for licensed premises, as well as the Mining Proposal and associated Mine Closure Plan. These are relatively straight-forward and are expected to have been approved before the end of March next year.

Mulga Rock is one of four projects given the go-ahead by the Western Australian State government.



### **What work has been done at Alligator River and is it worth continuing to explore there?**

It cannot be understated that offtake customers attach a lot of importance to the certainty of long-term supply and by that they mean up to thirty years. Mulga Rock has an economic life of fifteen years with the potential for adding another five, and Alligator River has the potential for another ten years.

The Alligator River Project is a very exciting project in a highly prospective area. One of the attractions for Vimy is the fact that the area was largely unexplored during the twenty years of Australia's Three Mine Policy, while exploration in Canada's Athabasca Basin, which has a very similar geological setting, uncovered huge high-grade deposits like Cigar Lake and McArthur River. With the large Ranger and Jabiluka projects and the smaller Nabarlek deposit in the Alligator River Uranium Province providing over 750Mlbs U<sub>3</sub>O<sub>8</sub> in mineral endowment (current resources and mined) there is a proven discovery track record which serves to highlight the potential of the region.

While access to the Alligator River Project site has been severely limited this year, work has definitely continued. In September we announced the excellent results of an ore sorting trial from the Angularli deposit. We worked with TOMRA, a leading sorting systems supplier, to investigate the potential of ore sorting to lower project costs, using a composite of mineralised material from Angularli. The proof of concept trial results indicated the potential for feed grade enhancement through ore sorting, and there is also the potential to recover high-value by-products associated with the uranium mineralisation. Further ore sorting trials are warranted including optimisation of the process flow for different ore types and grade or size fractions. As the Project moves towards pre-feasibility, an infill drilling program will provide larger quantities of ore for further testing.

### **Why mandate KPMG as a corporate advisor?**

We have now reached a point where we need sizeable funds to approve and commence construction of Mulga Rock and, to a lesser extent, to advance Alligator River and release a more advanced technical study. To this end, we have assessed the need for a large partner and/or strategic investor to assist with funding at the project level. We mandated KPMG because of their global reach and strong metals and mining expertise. We are always looking for the best outcome for our shareholders and believe that KPMG will maximise the selection of potential strategic investors or partners.

### **What's happening at Vélo Resources?**

Activities for the Great Victoria Desert project focused on planning for surface work programs (biogeochemical, passive seismic and ultrafine soil geochemistry), to be complemented by airborne geophysical surveys. A review of the project has highlighted its potential for a broader range of deposit styles than identified initially, including copper and gold mineralisation, in addition to base metals. Vimy has revised its exploration strategy for the GVD project to better reflect its multi-commodity prospectivity and expanded its search for a project partner accordingly.

### **Vélo Tenements – Great Victoria Desert Project at 30 June 2020**

Mt Margaret Field, Western Australia

| Tenement | Nature of Interest |
|----------|--------------------|
| E38/3202 | Granted            |
| E39/2012 | Granted            |
| E39/2013 | Granted            |
| E29/2115 | Granted            |

**Mike Young**  
CEO and Managing Director

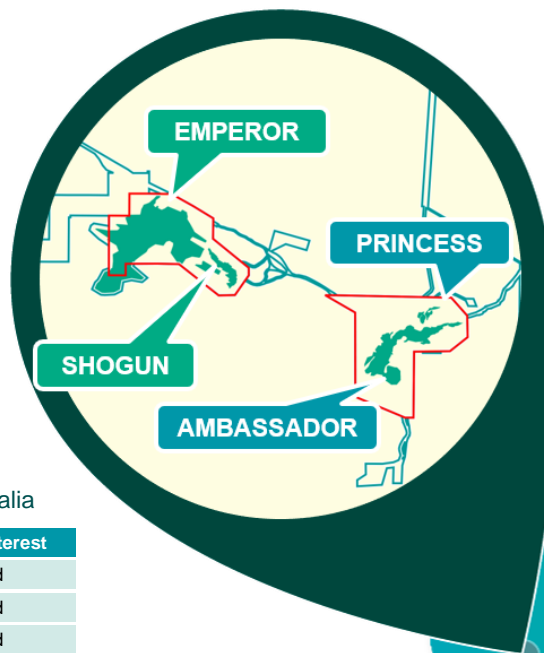


# MULGA ROCK PROJECT

## WESTERN AUSTRALIA

### MULGA ROCK PROJECT

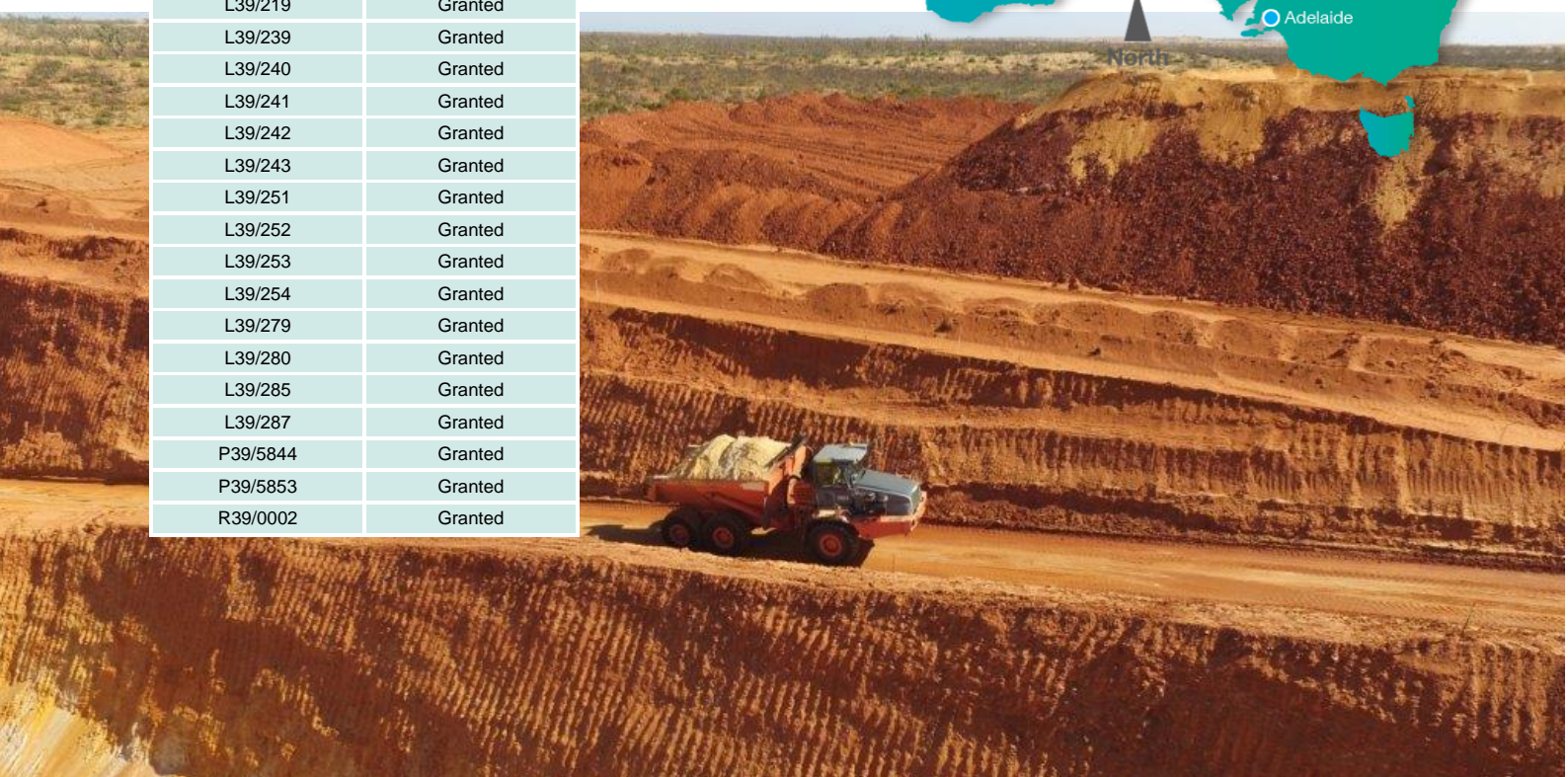
- Located in the Great Victoria Desert, Western Australia.
- Comprises four Mineral Resources: **Ambassador** and **Princess**, which form the Mulga Rock East Mining Centre, and **Shogun** and **Emperor**, which form the Mulga Rock West Mining Centre, approximately 20km away.
- The Project is situated on two granted Mining Leases (M39/1104 and M39/1105).
- Vimy holds title to approximately 28 square kilometres of exploration ground across the Mulga Rock Project and shares road access with the Tropicana Gold Mine.



### Mulga Rock Tenements at 30 June 2020

Mt Margaret Field, Western Australia

| Tenement | Nature of Interest |
|----------|--------------------|
| M39/1104 | Granted            |
| M39/1105 | Granted            |
| E39/2049 | Granted            |
| L39/193  | Granted            |
| L39/219  | Granted            |
| L39/239  | Granted            |
| L39/240  | Granted            |
| L39/241  | Granted            |
| L39/242  | Granted            |
| L39/243  | Granted            |
| L39/251  | Granted            |
| L39/252  | Granted            |
| L39/253  | Granted            |
| L39/254  | Granted            |
| L39/279  | Granted            |
| L39/280  | Granted            |
| L39/285  | Granted            |
| L39/287  | Granted            |
| P39/5844 | Granted            |
| P39/5853 | Granted            |
| R39/0002 | Granted            |

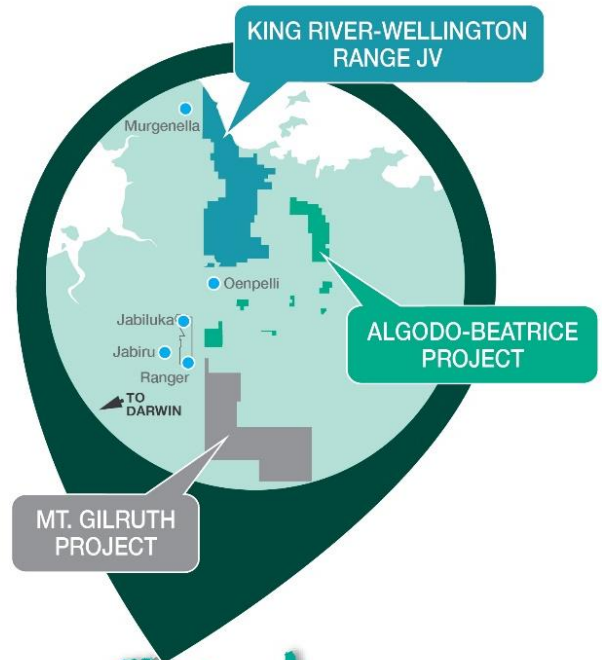


# ALLIGATOR RIVER PROJECT

## NORTHERN TERRITORY

### ALLIGATOR RIVER PROJECT

- Located in Arnhem Land, Northern Territory
  - Covering a total area of 3,865km<sup>2</sup>
- Comprises three projects:
- **Wellington Range-King River**
    - 1,600km<sup>2</sup> of granted tenure
    - Vimy (JV manager) 79%: Rio Tinto 21%
    - Highly prospective with limited sandstone cover
  - **Algodo-Beatrice Project (100%)**
    - A group of tenement applications to the east of the Ranger and Jabiluka deposits
  - **Mt Gilruth Project (100%)**
    - A group of tenement applications to the southeast of the Ranger and Jabiluka deposits



### Alligator River Tenements at 30 June 2020

| Tenement | Nature of Interest |      |
|----------|--------------------|------|
| EL22430  | Granted            | 100% |
| EL24920  | Granted            | 100% |
| EL26089  | Granted            | 100% |
| EL24017  | Granted            | 79%  |
| EL25064  | Granted            | 79%  |
| EL25065  | Granted            | 79%  |
| EL27059  | Granted            | 79%  |
| EL5893   | Granted            | 79%  |





# MINERAL RESOURCES AND ORE RESERVE UPDATES

## MULGA ROCK PROJECT

The Mineral Resources and Ore Reserves for the Mulga Rock Project have not changed from those quoted in the 2019 Annual Report.

### MULGA ROCK PROJECT TOTAL MINERAL RESOURCE

Reported at a 150ppm cut-off grade

| Deposit / Resource     | Classification | Tonnes (Mt) <sup>1</sup> | U <sub>3</sub> O <sub>8</sub> (ppm) <sup>2</sup> | U <sub>3</sub> O <sub>8</sub> (Mlbs) |
|------------------------|----------------|--------------------------|--|--------------------------------------|
| <b>Mulga Rock East</b> |                |                          |  |                                      |
| Princess               | Indicated      | 2.0                      | 820  | 3.6                                  |
|                        | Inferred       | 1.3                      | 420  | 1.2                                  |
| Ambassador             | Measured       | 5.2                      | 1,100  | 12.6                                 |
|                        | Indicated      | 14.8                     | 800  | 26.0                                 |
|                        | Inferred       | 14.2                     | 420  | 13.1                                 |
| <b>Sub-total</b>       |                | <b>37.4</b>              | <b>680</b>                                       | <b>56.4</b>                          |
| <b>Mulga Rock West</b> |                |                          |  |                                      |
| Emperor                | Inferred       | 30.8                     | 440  | 29.8                                 |
| Shogun                 | Indicated      | 2.2                      | 680  | 3.2                                  |
| Shogun                 | Inferred       | 0.9                      | 290  | 0.6                                  |
| <b>Sub-total</b>       |                | <b>33.8</b>              | <b>450</b>                                       | <b>33.6</b>                          |
| <b>Total Resource</b>  |                | <b>71.2</b>              | <b>570</b>                                       | <b>90.1</b>                          |

- 1 t = metric dry tonnes; appropriate rounding has been applied and rounding errors may occur.
  - 2 Using cut combined U<sub>3</sub>O<sub>8</sub> composites (combined chemical and radiometric grades).
- The information in this table is extracted from ASX announcement entitled 'Significant Resource Update – Mulga Rock Cracks 90Mlbs' released on 12 July 2017 and available to download from www.asx.com.au ASX:VMY. The Company is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

### MULGA ROCK PROJECT TOTAL ORE RESERVE

Reported at a 150ppm cut-off grade

| Deposit / Resource     | Classification | Tonnes (Mt) <sup>3</sup> | U <sub>3</sub> O <sub>8</sub> (ppm) <sup>4</sup> | U <sub>3</sub> O <sub>8</sub> (Mlbs) |
|------------------------|----------------|--------------------------|--|--------------------------------------|
| <b>Mulga Rock East</b> |                |                          |  |                                      |
| Ambassador             | Proved         | 5.3                      | 1,055  | 12.3                                 |
| Ambassador             | Probable       | 14.1                     | 775  | 24.0                                 |
| Princess               | Probable       | 1.7                      | 870  | 3.3                                  |
| <b>Sub-total</b>       |                | <b>21.1</b>              | <b>850</b>                                       | <b>39.6</b>                          |
| <b>Mulga Rock West</b> |                |                          |  |                                      |
| Shogun                 | Probable       | 1.6                      | 760  | 2.7                                  |
| <b>Sub-total</b>       |                | <b>1.6</b>               | <b>760</b>                                       | <b>2.7</b>                           |
| <b>Total Reserves</b>  |                | <b>22.7</b>              | <b>845</b>                                       | <b>42.3</b>                          |

- 1 Tonnages and grades are reported including mining dilution.
  - 2 t = metric dry tonnes; appropriate rounding has been applied and rounding errors may occur.
  - 3 Using cut combined U<sub>3</sub>O<sub>8</sub> composites (combined chemical and radiometric grades).
  - 4 Metallurgical plant recovery factors are not applied to Total Metal content.
- The information in this table is extracted from ASX announcement entitled 'Major Ore Reserve Update – Moving to the go line' released on 4 September 2017 and available to download from www.asx.com.au ASX:VMY. The Company is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

## ALLIGATOR RIVER PROJECT

The maiden Inferred Mineral Resource for the Angularli Deposit was announced to the ASX on 20 March 2018. There has been no change to this Resource during the reporting period.

### ALLIGATOR RIVER PROJECT MINERAL RESOURCE

| Classification           | Cut-off Grade (% U <sub>3</sub> O <sub>8</sub> ) | Tonnes (Mt) <sup>1</sup> | U <sub>3</sub> O <sub>8</sub> (%) <sup>2</sup> | U <sub>3</sub> O <sub>8</sub> (Mlbs) <sup>3</sup> |
|--------------------------|--|--------------------------|--|---|
| <b>Angularli Project</b> |  |                          |  |   |
| Inferred                 | 0.10   | 0.95                     | 1.24   | 26.0  |
|                          | 0.15   | 0.91                     | 1.29   | 25.9  |
|                          | 0.20   | 0.88                     | 1.33   | 25.8  |
|                          | 0.25   | 0.77                     | 1.49   | 25.2  |
|                          | 0.30   | 0.72                     | 1.58   | 24.9  |

- 1 t = metric dry tonnes; appropriate rounding has been applied and rounding errors may occur.
  - 2 Using chemical U<sub>3</sub>O<sub>8</sub> composites from drill core
  - 3 Vimy 79% / Rio Tinto 21%
- The information in this table is extracted from ASX announcement entitled 'Maiden Mineral Resource at Angularli Deposit, Alligator River Project' released on 20 March 2018 and available to download from www.asx.com.au ASX:VMY. The Company is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

# BOARD OF 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**  
LLM, 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.*

## BOARD OF DIRECTORS



**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*



**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 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 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.*

# 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](http://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

## 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 2019, 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 2019, 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 2019, the Company held an Extraordinary General Meeting whereby all resolutions were carried.
- On 30 October 2019, 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 23 October 2019.
- On 25 November 2019, 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 28 October 2019.
- On 11 June 2020, 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 9 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) was 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 2019, 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 2019, 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 2019, the Company announced the completion of the termitaria geochemical program. The results defined several coherent and distinct uranium anomalies in an area with a geological setting similar to the world class Jabiluka and Ranger deposits.

# DIRECTORS' REPORT

for the year ended 30 June 2020

## 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 is expensed.

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.

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.

# DIRECTORS' REPORT

for the year ended 30 June 2020

## 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' 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.

# DIRECTORS' REPORT

for the year ended 30 June 2020

## 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 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.



# DIRECTORS' REPORT

for the year ended 30 June 2020

## (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         |

## 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.

| Directors                                     |      | Short-term benefits  |            |                       | Post-employment benefits | Share-based payments      | Total   |
|---|------|----------------------|------------|-----------------------|--------------------------|---------------------------|---------|
|   |      | Cash salary and fees | Cash bonus | Share-based payments  | Superannuation           | Value of shares / options |         |
| <b>Non-executive</b>                          |      |                      |            |                       |                          |                           |         |
| C. Edwardes                                   | 2020 | 36,000               | -          | 46,687 <sup>(1)</sup> | 7,695                    | 20,956                    | 111,338 |
| Chairman                                      | 2019 | 81,000               | -          | -                     | 7,695                    | -                         | 88,695  |
| D. Cornell                                    | 2020 | 32,400               | -          | 4,397 <sup>(1)</sup>  | 3,420                    | -                         | 40,217  |
|   | 2019 | 36,000               | -          | -                     | 3,420                    | -                         | 39,420  |
| T. Chamberlain<br>(appointed 1 February 2019) | 2020 | 18,000               | -          | 18,675 <sup>(1)</sup> | 3,420                    | 31,931                    | 72,026  |
|   | 2019 | 16,425               | -          | -                     | -                        | 11,770                    | 28,195  |
| A. Haslam<br>(resigned 30 November 2018)      | 2020 | -                    | -          | -                     | -                        | -                         | -       |
|   | 2019 | 16,425               | -          | -                     | -                        | -                         | 16,425  |
| M. James<br>(resigned 7 May 2019)             | 2020 | -                    | -          | -                     | -                        | -                         | -       |
|   | 2019 | 33,592               | -          | -                     | -                        | -                         | 33,592  |
| V. Guthrie<br>(resigned 30 November 2018)     | 2020 | -                    | -          | -                     | -                        | -                         | -       |
|   | 2019 | 15,000               | -          | -                     | 1,425                    | -                         | 16,425  |

## DIRECTORS' REPORT

for the year ended 30 June 2020

| Directors                   |      | Short-term benefits  |            |                        | Post-employment benefits | Share-based payments      | Total   |
|-----------------------------|------|----------------------|------------|------------------------|--------------------------|---------------------------|---------|
|                             |      | Cash salary and fees | Cash bonus | Share-based payments   | Superannuation           | Value of shares / options |         |
| <b>Executive</b>            |      |                      |            |                        |                          |                           |         |
| M. Young                    | 2020 | 318,750              | -          | 114,143 <sup>(1)</sup> | 25,000                   | 135,554                   | 593,447 |
| CEO and MD                  | 2019 | 346,464              | 25,500     | 25,500                 | 25,000                   | 24,497                    | 446,961 |
| J. Tapp                     | 2020 | -                    | -          | -                      | -                        | -                         | -       |
| (resigned 30 November 2018) | 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 |

<sup>(1)</sup> 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 the Company as at 30 June 2020.

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

<sup>(1)</sup> 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 the 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.

# DIRECTORS' REPORT

for the year ended 30 June 2020

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 |
| <b>Directors</b>                |                    |      |                                 |      |                                |      |
| <b>Non-executive</b>            |                    |      |                                 |      |                                |      |
| C. Edwardes                     | 39%                | 100% | 42%                             | -    | 19%                            | -    |
| D. Cornell                      | 89%                | 100% | 11%                             | -    | -                              | -    |
| T. Chamberlain                  | 30%                | 58%  | 26%                             | -    | 44%                            | 42%  |
| <b>Executive</b>                |                    |      |                                 |      |                                |      |
| M. Young                        | 58%                | 88%  | 19%                             | 6%   | 23%                            | 6%   |
| <b>Key Management Personnel</b> |                    |      |                                 |      |                                |      |
| M. Hilmer                       | 68%                | 100% | 13%                             | -    | 19%                            | -    |

## C. Service agreements

Remuneration and other terms of employment for certain Key Management Personnel 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.

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 |
|---------------------------------|------------------------------------|-------------------------|----------------|---------------------|----------------------------------|
| <b>30 June 2020</b>             |                                    |                         |                |                     |                                  |
| <b>Directors</b>                |                                    |                         |                |                     |                                  |
| 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                        |
| <b>Key Management Personnel</b> |                                    |                         |                |                     |                                  |
| 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 shares 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 Personnel 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 |
|---------------------------------|------------------------------------|-------------------------|-----------|----------------------------------|--|
| <b>Directors</b>                |                                    |                         |           |                                  |  |
| 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                        | -                                      |
| <b>Key Management Personnel</b> |                                    |                         |           |                                  |  |
| M. Hilmer                       | -                                  | 2,846,000               | -         | 2,846,000                        | -                                      |
|                                 | -                                  | 2,846,000               | -         | 2,846,000                        | -                                      |

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

## DIRECTORS' REPORT

for the year ended 30 June 2020

### Vesting Profiles

Details of the vesting profiles of employee share plans held at 30 June 2020 by each Key Management Personnel 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 |
|------------------|------------------|-------------|------------------|---------------------|---------------------------|-------------------------------------|
| <b>Directors</b> |                  |             |                  |                     |                           |                                     |
| 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 shares 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 Personnel 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 |
|---------------------------------|-------------------|-------------|------------------|---------------------|---------------------------|-------------------------------------|
| <b>Directors</b>                |                   |             |                  |                     |                           |                                     |
| 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         |             |                  |                     |                           |                                     |
| <b>Key Management Personnel</b> |                   |             |                  |                     |                           |                                     |
| 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').

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 |
|---------------------------------|------------------|---------------------------|--------------------|------------------|
| <b>Directors (or associate)</b> |                  |                           |                    |                  |
| M. Young                        | 22 November 2016 | 1,666,667                 | \$407,500          | up to 5 years    |
| T. Chamberlain                  | 20 November 2015 | 1,000,000                 | \$340,800          | up to 5 years    |
| T. Chamberlain                  | 20 July 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.

# DIRECTORS' REPORT

for the year ended 30 June 2020

## *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.

## *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 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<br>30 June 2020<br>\$ | Year ended<br>30 June 2019<br>\$ |
| <b>1. Audit services</b>   |                                  |                                  |
| Audit of financial reports and other audit work under the <i>Corporations Act 2001</i> :<br>KPMG | 41,362                           | 45,629                           |
| <b>2. Non-audit services</b>   |                                  |                                  |
| 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                           |
| <b>Total auditor's remuneration</b>  | <b>112,482</b>                   | <b>119,223</b>                   |

## 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

|  | Note | Consolidated           |                        |
|--|------|------------------------|------------------------|
|  |      | 2020<br>\$             | 2019<br>\$             |
| 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)              |
| <b>Loss before income tax</b>  |      | <b>(6,296,514)</b>     | <b>(6,864,312)</b>     |
| Income tax expense   |      | -                      | -                      |
| <b>Loss attributable to members of the Company</b>   |      | <b>(6,296,514)</b>     | <b>(6,864,312)</b>     |
| Other comprehensive income, net of tax   |      | -                      | -                      |
| <b>Total comprehensive loss attributable to members of the Company</b>                               |      | <b>(6,296,514)</b>     | <b>(6,864,312)</b>     |
|  |      |                        |                        |
| Loss per share from continuing operations attributable to the ordinary equity holder of the Company: |      | <b>Cents per share</b> | <b>Cents per share</b> |
| 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<br>\$                           | 2019<br>\$   |                   |                  |
| <b>CURRENT ASSETS</b>          |                                      |              |                   |                  |
|                                | 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          |
|                                | <b>Total Current Assets</b>          |              | <b>7,743,047</b>  | <b>2,343,577</b> |
| <b>NON-CURRENT ASSETS</b>      |                                      |              |                   |                  |
|                                | 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        |
|                                | <b>Total Non-Current Assets</b>      |              | <b>6,628,486</b>  | <b>6,320,481</b> |
|                                | <b>TOTAL ASSETS</b>                  |              | <b>14,371,533</b> | <b>8,664,058</b> |
| <b>CURRENT LIABILITIES</b>     |                                      |              |                   |                  |
|                                | Trade and other payables             | 14           | 2,304,911         | 2,900,780        |
|                                | Provisions                           | 15           | 276,434           | 259,482          |
|                                | <b>Total Current Liabilities</b>     |              | <b>2,581,345</b>  | <b>3,160,262</b> |
| <b>NON-CURRENT LIABILITIES</b> |                                      |              |                   |                  |
|                                | Trade and other payables             | 14           | 2,605,291         | 2,038,523        |
|                                | Provisions                           | 15           | 907,079           | 905,433          |
|                                | <b>Total Non-Current Liabilities</b> |              | <b>3,512,370</b>  | <b>2,943,956</b> |
|                                | <b>TOTAL LIABILITIES</b>             |              | <b>6,093,715</b>  | <b>6,104,218</b> |
|                                | <b>NET ASSETS</b>                    |              | <b>8,277,818</b>  | <b>2,559,840</b> |
| <b>EQUITY</b>                  |                                      |              |                   |                  |
|                                | 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)    |
|                                | <b>TOTAL EQUITY</b>                  |              | <b>8,277,818</b>  | <b>2,559,840</b> |

*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<br>equity<br>\$ | Accumulated<br>losses<br>\$ | Reserves<br>\$   | Total<br>\$      |
|--|-----------------------------|-----------------------------|------------------|------------------|
| <b>CONSOLIDATED</b>  |                             |                             |                  |                  |
| <b>Balance at 1 July 2018</b>                                | 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)      |
| <b>Transactions with owners in their capacity as owners:</b> |                             |                             |                  |                  |
| Issue of ordinary shares net of issue costs                  | 2,796,407                   | -                           | -                | 2,796,407        |
| Share based payments expense                                 | -                           | -                           | 143,762          | 143,762          |
| <b>Balance at 30 June 2019</b>                               | <b>102,271,967</b>          | <b>(104,178,998)</b>        | <b>4,466,871</b> | <b>2,559,840</b> |
| <b>Balance at 1 July 2019</b>                                | 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)      |
| <b>Transactions with owners in their capacity as owners:</b> |                             |                             |                  |                  |
| 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)      | -                |
| <b>Balance at 30 June 2020</b>                               | <b>113,677,114</b>          | <b>(106,687,623)</b>        | <b>1,288,327</b> | <b>8,277,818</b> |

*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<br>\$   | 2019<br>\$  |
| <b>Cash Flows from Operating Activities</b>                      |      |              |             |
| 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)   |
| <b>Net cash used in Operating Activities</b>                     | 23   | (4,205,196)  | (7,060,122) |
| <b>Cash Flows from Investing Activities</b>                      |      |              |             |
| 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) |
| <b>Net cash used in Investing Activities</b>                     |      | (1,022,738)  | (1,493,149) |
| <b>Cash Flows from Financing Activities</b>                      |      |              |             |
| Proceeds from issue of ordinary shares                           |      | 12,212,703   | 3,000,000   |
| Share issue costs  |      | (780,794)    | (203,593)   |
| <b>Net cash provided by Financing Activities</b>                 |      | 11,431,909   | 2,796,407   |
| <b>Net increase/(decrease) in cash and cash equivalents held</b> |      | 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<br>\$  | 2019<br>\$  |
| <b>Result</b>                                       |             |             |
| 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) |
| <b>Reconciliation to Consolidated Loss</b>          |             |             |
| 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) |
| <b>Total assets</b>                                 |             |             |
| Exploration Segment assets                          | 6,276,287   | 6,539,019   |
| Sales and Marketing Segment assets                  | -           | 1,009       |
|   | 6,276,287   | 6,540,028   |
| <b>Reconciliation to Consolidated Total Assets</b>  |             |             |
| 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   |



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

|   | Segments           |                    |
|---|--------------------|--------------------|
|   | 2020<br>\$         | 2019<br>\$         |
| <b>Total liabilities</b>                                |                    |                    |
| Exploration Segment liabilities                         | (4,790,172)        | (5,499,078)        |
| Sales and Marketing liabilities                         | (2,773)            | -                  |
|   | <b>(4,792,946)</b> | <b>(5,499,078)</b> |
| <b>Reconciliation to Consolidated Total Liabilities</b> |                    |                    |
| 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<br>\$       | 2019<br>\$       |
| <b>Financial assets</b>                   |                  |                  |
| 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          |
|   | <b>7,929,446</b> | <b>2,417,534</b> |
| <b>Financial liabilities</b>              |                  |                  |
| 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        |
|   | <b>4,910,202</b> | <b>4,895,728</b> |

#### (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    |

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

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:

|                          | <i>Current</i>                 |                                  | <i>Non-current</i>            |                                    |
|--------------------------|--------------------------------|----------------------------------|-------------------------------|------------------------------------|
|                          | <i>Within Six Months</i><br>\$ | <i>Six - Twelve Months</i><br>\$ | <i>One - Five Years</i><br>\$ | <i>Later than Five Years</i><br>\$ |
| <b>30 June 2020</b>      |                                |                                  |                               |                                    |
| Trade and other payables | 906,643                        |                                  | 316,842                       | -                                  |
| Loans and borrowings     |                                | 1,398,268                        | 2,288,449                     | -                                  |
| <b>Total</b>             | <b>906,643</b>                 | <b>1,398,268</b>                 | <b>2,605,291</b>              | <b>-</b>                           |

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

|                          | <i>Current</i>                 |                                  | <i>Non-current</i>            |                                    |
|--------------------------|--------------------------------|----------------------------------|-------------------------------|------------------------------------|
|                          | <i>Within Six Months</i><br>\$ | <i>Six - Twelve Months</i><br>\$ | <i>One - Five Years</i><br>\$ | <i>Later than Five Years</i><br>\$ |
| <b>30 June 2019</b>      |                                |                                  |                               |                                    |
| Trade and other payables | 532,276                        | -                                | -                             | -                                  |
| Loans and borrowings     | -                              | 2,324,929                        | 2,038,523                     | -                                  |
| <b>Total</b>             | <b>532,276</b>                 | <b>2,324,929</b>                 | <b>2,038,523</b>              | <b>-</b>                           |

# NOTES TO THE FINANCIAL STATEMENTS

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## (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 |

|  | Consolidated |            |
|--|--------------|------------|
|  | 2020<br>\$   | 2019<br>\$ |
| <b>(b) Directors and Key Management Personnel compensation</b> |              |            |
| 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  |

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## (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 |
|---------------------------------|------------------|---------------------------|--------------------|------------------|
| <b>Directors (or associate)</b> |                  |                           |                    |                  |
| M. Young                        | 22 November 2016 | 1,666,667                 | \$407,500          | up to 5 years    |
| T. Chamberlain                  | 20 November 2015 | 1,000,000                 | \$340,800          | up to 5 years    |
| T. Chamberlain                  | 20 July 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) 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.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## *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 Personnel 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 |
|------------------|------------------|-------------|------------------|---------------------|---------------------------|-------------------------------------|
| <b>Directors</b> |                  |             |                  |                     |                           |                                     |
| 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        |             |                  |                     |                           |                                     |

## **6. OTHER INCOME**

|  | Consolidated |            |
|--|--------------|------------|
|  | 2020<br>\$   | 2019<br>\$ |
| 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<br>\$   | 2019<br>\$ |
| <b>(a) Expenses</b>   |              |            |
| Depreciation expense  | 203,690      | 180,505    |
| Audit and review fees | 41,362       | 45,629     |
|                       | 245,052      | 226,134    |

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

|   | Consolidated     |                  |
|---|------------------|------------------|
|   | 2020<br>\$       | 2019<br>\$       |
| <b>(b) Employee benefits expense</b>            |                  |                  |
| 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           |
|   | <b>3,249,266</b> | <b>3,351,319</b> |

### 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<br>\$   | 2019<br>\$  |
| 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<br>(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<br>income tax benefits | 1,493,339    | 1,441,103   |
|   | -            | -           |

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

### (c) Unrecognised deferred tax assets and liabilities

|  | Consolidated        |              |
|--|---------------------|--------------|
|  | 2020<br>\$          | 2019<br>\$   |
| Deferred tax assets and liabilities are attributable to the following: |                     |              |
| 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   | <b>27,976,781</b>   | 26,208,539   |
| Unrecognised tax assets  | <b>(27,976,781)</b> | (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<br>\$       | 2019<br>\$     |
| Cash at bank and in hand | 1,181,734        | 477,759        |
| Short-term deposits      | 6,000,000        | 500,000        |
|                          | <b>7,181,734</b> | <b>977,759</b> |

- (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<br>\$     | 2019<br>\$       |
| <b>Current</b>                     |                |                  |
| 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           |
|                                    | <b>391,454</b> | <b>1,155,542</b> |
| <b>Non-Current</b>                 |                |                  |
| Security deposit <sup>(a)</sup>    | 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

30 June 2020

## 11. PREPAYMENT

|                                    | Consolidated |            |
|------------------------------------|--------------|------------|
|                                    | 2020<br>\$   | 2019<br>\$ |
| <b>Current</b>                     |              |            |
| Deposits for tenement applications | 31,058       | 69,712     |
| Other prepayments                  | 138,801      | 140,564    |
|                                    | 169,859      | 210,276    |

## 12. PLANT AND EQUIPMENT

|   | Consolidated |             |
|---|--------------|-------------|
|   | 2020<br>\$   | 2019<br>\$  |
| <b>Office equipment</b>                       |              |             |
| Cost  | 244,024      | 241,990     |
| Accumulated depreciation                      | (222,934)    | (202,449)   |
| Total office equipment                        | 21,090       | 39,541      |
| <b>Exploration equipment</b>                  |              |             |
| Cost  | 1,606,047    | 1,605,341   |
| Accumulated depreciation                      | (1,540,424)  | (1,448,896) |
| Total exploration equipment                   | 65,623       | 156,445     |
| <b>Total office and exploration equipment</b> | 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:

|   |          |           |
|---|----------|-----------|
| <b>Office equipment</b>                             |          |           |
| 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    |
| <b>Exploration equipment</b>                        |          |           |
| 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   |
| <b>Total carrying amount at the end of the year</b> | 86,713   | 195,986   |



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 13. EXPLORATION AND EVALUATION

|                       | Consolidated |            |
|-----------------------|--------------|------------|
|                       | 2020<br>\$   | 2019<br>\$ |
| Exploration Tenements | 5,788,237    | 5,768,237  |
|                       | 5,788,237    | 5,768,237  |

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 U<sub>3</sub>O<sub>8</sub> 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<br>\$   | 2019<br>\$ |
| <b>Current</b>                        |              |            |
| Trade payables and accruals           | 906,643      | 575,851    |
| Deferred consideration <sup>(a)</sup> | 1,398,268    | 2,324,929  |
|                                       | 2,304,911    | 2,900,780  |
| <b>Non-Current</b>                    |              |            |
| Other payables                        | 316,842      | -          |
| Deferred consideration <sup>(a)</sup> | 2,288,449    | 2,038,523  |
|                                       | 2,605,291    | 2,038,523  |

- (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.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 15. PROVISIONS

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 2020<br>\$     | 2019<br>\$     |
| <b>CURRENT</b>  |                |                |
| <b>Employee entitlement: Annual Leave</b>   |                |                |
| 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        |
| <b>Employee entitlement: Long Service Leave</b>   |                |                |
| Opening balance   | 73,851         | 110,873        |
| Employee entitlements provided for / (used)   | 49,359         | (37,022)       |
| Closing balance   | 123,210        | 73,851         |
| <b>Rehabilitation</b>   |                |                |
| Opening balance   | -              | 535,669        |
| Reclassification from/(to) non-current  | -              | (535,669)      |
| Closing balance   | -              | -              |
| <b>Total current provision</b>  | <b>276,434</b> | <b>259,482</b> |
| <b>NON-CURRENT</b>  |                |                |
| <b>Employee entitlement: Long Service Leave</b>   |                |                |
| Opening balance   | 76,331         | 81,246         |
| Employee entitlements provided for  | (15,905)       | (4,915)        |
| Closing balance   | 60,426         | 76,331         |
| <b>Rehabilitation</b>   |                |                |
| 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 |                |                |
| <b>Total non-current provision</b>  | <b>907,079</b> | <b>905,433</b> |

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 16. CONTRIBUTED EQUITY

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

|  | Consolidated       |                    |
|--|--------------------|--------------------|
|  | Number             | \$                 |
| <b>Ordinary shares</b>                                     |                    |                    |
| <b>At 1 July 2018</b>                                      | 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)          |
| <b>Balance at 30 June 2019</b>                             | <b>484,671,912</b> | <b>102,271,967</b> |
| <b>At 1 July 2019</b>                                      |                    |                    |
| 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)          |
| <b>Balance at 30 June 2020</b>                             | <b>766,286,743</b> | <b>113,677,114</b> |

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 17. RESERVES

### *Employee Share Option Reserve*

|   | Consolidated |            |
|---|--------------|------------|
|   | 2020<br>\$   | 2019<br>\$ |
| 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<br>\$       | 2019<br>\$       |
| Reserve comprises the following:                       |                  |                  |
| Balance as at start of financial year                  | 3,047,845        | 2,829,383        |
| 1,666,667 shares issues and vesting <sup>(a)</sup>     | 6,435            | (91,330)         |
| 4,030,000 shares issued and vesting <sup>(b)</sup>     | 46,159           | 129,211          |
| 900,000 shares issued and vesting <sup>(c)</sup>       | 12,929           | 22,749           |
| 19,790,000 options issued and vesting <sup>(d)</sup>   | 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        |
| <b>Total Reserves</b>                                  | <b>1,288,327</b> | <b>4,466,871</b> |

- (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 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

30 June 2020

## 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 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                     |

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

### (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<br>\$   | 2019<br>\$ |
| 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<br>\$    | 2019<br>\$    |
| 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:   | Consolidated |            |
|---|--------------|------------|
|   | 2020<br>\$   | 2019<br>\$ |
| 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  |

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 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<br>(previously Camuco Pty Ltd)                                  | Australia                | 100%             | 100% |
| Viva Resources Pty Ltd<br>(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<br>\$     | 2019<br>\$     |
| <b>1. Audit services</b>   |                |                |
| Audit of financial reports and other audit work under the <i>Corporations Act 2001</i> : |                |                |
| KPMG   | 41,362         | 45,629         |
| <b>2. Non-audit services</b>   |                |                |
| 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         |
| <b>Total auditor's remuneration</b>  | <b>112,482</b> | <b>119,223</b> |

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 23. CASH FLOW INFORMATION

|   | Consolidated |             |
|---|--------------|-------------|
|   | 2020<br>\$   | 2019<br>\$  |
| <b>(a) Reconciliation of Loss after tax to net cash outflow from Operating Activities</b> |              |             |
| 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<br>\$    | 2019<br>\$    |
| 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)   |



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## **(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 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.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## **(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.

## **(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.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## **(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.

## **(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.

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

### **(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.

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   | How the matter was addressed in our audit   |
| <p>Exploration and evaluation expenditure capitalized (E&amp;E) is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the activity to the Group’s business and the balance (being 40% of total assets); and</li> <li>• The greater level of audit effort to evaluate the Group’s application of the requirements of the industry specific accounting standard <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>, 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&amp;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.</li> </ul> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating the Group’s accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard;</li> <li>• 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;</li> <li>• 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;</li> </ul> |





|   |   |
|---|---|
| <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"><li>• 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&amp;E activities;</li><li>• The ability of the Group to fund the continuation of activities; and</li><li>• Results from latest activities regarding the existence or otherwise of economically recoverable reserves/commercially viable quantity of reserves.</li></ul> | <ul style="list-style-type: none"><li>• We evaluated Group documents, such as minutes of Board meetings, for consistency with their stated intentions for continuing E&amp;E in certain areas. We corroborated this through interviews with key operational and finance personnel; and</li><li>• 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.</li></ul> |
|---|---|

## 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](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 16 to 22 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

## ADDITIONAL INFORMATION

as at 16 October 2020

### Capital structure

The capital structure of the Company at the date of this report is **778,667,069** ordinary shares on issue.

### Distribution of listed ordinary fully paid shares

| Size of holding    | Number of shareholders | Number of ordinary shares |
|--------------------|------------------------|---------------------------|
| 1 - 1,000          | 449                    | 155,122                   |
| 1,001 - 5,000      | 438                    | 1,133,867                 |
| 5,001 - 10,000     | 210                    | 1,708,304                 |
| 10,001 - 100,000   | 992                    | 44,235,594                |
| 100,001 - and over | 690                    | 731,434,182               |
|                    | <b>2,779</b>           | <b>778,667,069</b>        |

The number of shareholders holding less than a marketable parcel of ordinary shares was 1,240.

### Twenty largest shareholders of listed ordinary shares

|    | Name  | Ordinary shares held | % of total    |
|----|---|----------------------|---------------|
| 1  | HSBC Custody Nominees (Australia) Limited               | 138,109,446          | 17.74%        |
| 2  | Citicorp Nominees Pty Limited                           | 52,673,675           | 6.76%         |
| 3  | BNP Paribas Nominees Pty Ltd                            | 40,080,793           | 5.15%         |
| 4  | Lexband Pty Ltd   | 30,000,000           | 3.85%         |
| 5  | Sandhurst Trustees Ltd <Collins St Value Fund>          | 26,822,503           | 3.44%         |
| 6  | Sumico (WA) Pty Ltd                                     | 24,684,508           | 3.17%         |
| 7  | Mr Peter Sarantzouklis                                  | 20,444,445           | 2.63%         |
| 8  | Olive Tree Group Pty Ltd                                | 14,646,455           | 1.88%         |
| 9  | Mr Jiahuang Zhang                                       | 11,200,000           | 1.44%         |
| 10 | Equity Trustees Limited <Lowell Resources Fund>         | 10,016,667           | 1.29%         |
| 11 | Miss Lihan Huang  | 9,600,000            | 1.23%         |
| 12 | Forrest Family Investments Pty Ltd                      | 9,096,758            | 1.17%         |
| 13 | J P Morgan Nominees Australia Pty Limited               | 8,328,722            | 1.07%         |
| 14 | Rookharp Capital Pty Limited                            | 6,850,000            | 0.88%         |
| 15 | Jojo Enterprises Pty Ltd                                | 6,188,738            | 0.79%         |
| 16 | UBS Nominees Pty Ltd                                    | 6,000,000            | 0.77%         |
| 17 | Mr Michael Edward Fewster & Mrs Suzanne Theresa Fewster | 5,138,571            | 0.66%         |
| 18 | Mr Michael Young & Mrs Jocelyn Young                    | 5,125,536            | 0.66%         |
| 19 | JH Nominees Australia Pty Ltd                           | 4,900,000            | 0.63%         |
| 20 | M & K Korkidas Pty Ltd                                  | 4,847,976            | 0.62%         |
|    |   | <b>434,754,793</b>   | <b>55.83%</b> |

### Voting rights of ordinary shares (ASX Code: VMY)

At a general meeting, on a show of hands, every ordinary shareholder present in person or by proxy has one vote. On the taking of a poll, every ordinary shareholder present in person or by proxy, and whose shares are fully paid, has one vote for each of his or her shares.

## ADDITIONAL INFORMATION

as at 16 October 2020

### Substantial shareholders

|   | Name                                   | Ordinary shares held | % of total |
|---|--|----------------------|------------|
| 1 | Tattarang Pty Ltd                      | 66,239,615           | 8.51%      |
| 2 | Paradice Investment Management Pty Ltd | 41,000,000           | 5.27%      |

### On-market buy back

There is no current on-market buy back of the Company's shares in place.

### Investor Relations

Shareholders and investors seeking information on the Company should visit the Australian Securities Exchange website [www.asx.com.au](http://www.asx.com.au) and search announcements under the Company's ASX symbol VMY, or contact the Chief Executive Officer or Company Secretary at:

Vimy Resources Limited  
First Floor, 1209 Hay Street  
West Perth WA 6005

Telephone: +61 8 9389 2700  
Email: [info@vimyresources.com.au](mailto:info@vimyresources.com.au)  
Website: [www.vimyresources.com.au](http://www.vimyresources.com.au)

### Shareholder enquiries

Enquiries relating to shareholding, tax file number and notification of change of address should be directed to:

Automic Group  
GPO Box 5193  
SYDNEY NSW 2001

Telephone: 1300 288 664 (within Australia)  
+61 2 9698 5414 (outside Australia)  
Email: [hello@automic.com.au](mailto:hello@automic.com.au)  
Website: [www.automic.com.au](http://www.automic.com.au)

# CORPORATE GOVERNANCE STATEMENT

## STATEMENT

Vimy Resources Limited ('Company') has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations Third Edition ("Principles and Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

This statement is current as at 16 October 2020.

## DISCLOSURE – PRINCIPLES AND RECOMMENDATIONS

The Company reports below on how it has followed (or otherwise departed from) each of the Principles and Recommendations during the 2020 financial year ('Reporting Period').

### Principle 1 – Lay solid foundations for management and oversight

A listed entity should establish and disclose the respective roles and responsibilities of Board and management and how their performance is monitored and evaluated.

#### Recommendation 1.1:

A listed entity should disclose:

- (a) the respective roles and responsibilities of Board and management; and
- (b) those matters expressly reserved to the Board and those delegated to management.

#### *Disclosure:*

The Company has established functions reserved to the Board and has set out these functions in its Board Charter.

A copy of the Company's Board Charter is made available on the Company's website.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Chief Executive Officer and Managing Director and assisting him or her in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director and Chief Executive Officer or, if the matter concerns the Managing Director and Chief Executive Officer, then directly to the Chairman of the Board.

#### Recommendation 1.2:

A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director

#### *Disclosure:*

When the Board determines that changes are required to the Board or indeed, if a Director resigns from the Board, in determining candidates for the Board, the Board will follow a prescribed procedure whereby it considers the balance of independent Directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

# CORPORATE GOVERNANCE STATEMENT

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Directors are rotated on the basis of: "At each annual general meeting one-third of the Directors for the time being, or, if their number is not a multiple of three, then the whole number nearest one-third, shall retire from office and based on that calculation the Directors to retire at an annual general meeting are those who have been longest in office since their last election. A retiring Director is eligible for re-election. Re-appointment of Directors is not automatic."

The Company Policy and Procedure for the Selection and (Re)/Appointment of Directors requires that shareholders shall be informed of the names of candidates submitted for election as Directors at a general meeting of shareholders. In order to enable shareholders to make an informed decision regarding the election, the following information shall be supplied to shareholders:

- biographical details (including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate);
- details of material business relationships between the candidate and the Company; and the candidate and Directors of the Company;
- Directorships held;
- the term of office currently served by any Directors subject to re-election; and
- any other particulars required by law.

A copy of the Company's Policy and Procedure for the Selection and (Re)/Appointment of Directors is made available on the Company's website.

## **Recommendation 1.3:**

A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.

### *Disclosure:*

Remuneration and other terms of employment for key management personnel are formalised in service agreements which are disclosed in the Remuneration Report which forms part of the Directors' Report. Non-Executive Directors sign a formal letter of appointment.

## **Recommendation 1.4:**

The company secretary of a listed entity should be accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

### *Disclosure:*

The Company Secretary fulfils other management responsibilities in addition to company secretarial duties. The formal reporting line of the Company Secretary is to the Managing Director and Chief Executive Officer. For any matter relevant to the company secretarial duties or conduct of the Board, the Company Secretary has an indirect reporting line, and is accountable, to the Chairman of the Board.

## **Recommendation 1.5:**

A listed entity should:

- (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them and either:
  - the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
  - if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "gender equality indicators", as defined in and published under that Act.

### *Notification of departure:*

The Company does not have a diversity policy.

# CORPORATE GOVERNANCE STATEMENT

## *Explanation for departure:*

The Company has not established a formal diversity policy and has not developed measurable objectives for achieving gender diversity at this point in time due to the relatively small size of the Company and the limited scope of work activities. The Company is committed to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees to enhance the Company's performance.

At 30 June 2020, the Board comprised four members with one woman; being the Non-Executive Chairman, The Hon. Cheryl Edwardes AM. The Company had ten employees at 30 June 2020, with five women which represented 50% of the total employees. There are no women in senior executive roles which have been defined as the Executive Directors and key management personnel of the Company as disclosed in the Remuneration Report which forms part of the Directors' Report.

## **Recommendation 1.6:**

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

## *Disclosure:*

The Company has formalised a policy relating to the Process for Performance Evaluation, and a copy is made available on the Company's website.

The assessment process used by the Board requires each Director to complete a questionnaire relating to the role, composition, procedures, practices and behaviour of the Board and its members. Senior executives having most direct contact with the Board may also be invited to complete similar questionnaires. Responses to the questionnaires are confidential and provided direct to the Company Secretary with the results individually and in aggregate then communicated to the Chairman of the Board.

During the Reporting Period, a formal evaluation of the Board did not take place. The composition of the Board was last reviewed at the time of appointing Dr Tony Chamberlain a Non-Executive Director on 1 February 2019.

## **Recommendation 1.7:**

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

## *Disclosure:*

The performance of all senior executives is reviewed at least annually. The Board evaluates the performance of senior executives having regard to such things as: the responsibilities of the executive; performance against budget and goals that have been set; any communicated key performance indicators; and qualitative as well as quantitative measures.

No senior executive is involved with their own evaluation, and the Board evaluates such parties without such parties being present. An evaluation of senior executives was undertaken during the 2020 financial year in accordance with this process.

The Company's policy on remuneration is contained in the Remuneration Report which forms part of the Directors' Report.

# CORPORATE GOVERNANCE STATEMENT

## Principle 2 – Structure the Board to add value

A listed entity should have a Board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

### Recommendation 2.1:

The Board of a listed entity should:

- (a) have a nomination committee which:
  - o has at least three members, a majority of whom are independent Directors; and
  - o is chaired by an independent Director,and disclose:
  - o the charter of the committee;
  - o the members of the committee; and
  - o as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

#### *Notification of departure:*

The Board has not established a Nomination Committee.

#### *Explanation for departure:*

The full Board assumes the role of the Nomination Committee.

A separate Nomination Committee has not been formed due to the relatively small size and structure of the Board. The Board considers that at this stage no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. The Board discusses nomination-related matters on an ongoing basis, as required. When considering matters of nomination, the Board functions in accordance with its Nomination Committee Charter. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the Director with conflicting interests is not party to the relevant discussions.

A copy of the Company's Nomination Committee Charter is made available on the Company's website.

### Recommendation 2.2:

A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

#### *Disclosure:*

During the 2019 financial year the Board completed a Board skills matrix to more formally disclose the mix of skills and diversity of the current Board. There were no changes to the board or assessment criteria during the 2020 financial year. The matrix focussed on professional skills, industry skills, personal attributes, diversity and non-skills based criteria.

The professional skills assessed were strategy, financial performance, risk and compliance oversight, corporate governance, information technology strategy and governance, executive management, and commercial experience.

The industry skills assessed were technical, management, project, permitting and approvals, legal, finance and funding, uranium industry and marketing, investor and community relations.

The personal attributes that all directors on the Company's Board are expected to possess are integrity (ethics), effective listener and communicator, constructive questioner, contributor and team player, commitment, influencer and negotiator, critical and innovative thinker, and leader.

The non-skills based criteria assessed were previous Board experience and conflicts of interest.

A detailed analysis of individual Director skills and experience confirmed that the Board currently has the appropriate level of experience and skills necessary to meet its responsibilities.

A profile of each Director containing their skills, experience, expertise and term of office is set out in the Directors' Report.



# CORPORATE GOVERNANCE STATEMENT

## **Recommendation 2.3:**

A listed entity should disclose:

- (a) the names of the Directors considered by the Board to be independent Directors;
- (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the Principles and Recommendations, but the Board is of the opinion that it does not compromise the independence of the Director; the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and
- (c) the length of service of each Director.

### *Disclosure:*

The Company has formalised a policy relating to Assessing the Independence of Directors, and a copy is made available on the Company's website.

During the reporting period, the Board comprised four members, with two independent, being The Hon. Cheryl Edwardes AM and Mr David Cornell.

These Directors are independent as they are non-executive Directors who are not members of management and they are free of any material business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The Director's interest, position, association or relationship and length of service is set out in the Directors' Report.

## **Recommendation 2.4:**

A majority of the Board of a listed entity should be independent Directors.

### *Notification of departure:*

During the reporting period, the Board comprised two independent Directors, being The Hon Cheryl Edwardes AM and Mr David Cornell and two non-independent Directors, being Mr Michael Young, the Managing Director and Chief Executive Officer, and Dr Tony Chamberlain, who was employed by the Company as Chief Operating Officer until 31 January 2019.

### *Explanation for departure:*

The Board considers that the composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business.

## **Recommendation 2.5:**

The chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the Managing Director and Chief Executive Officer of the entity.

### *Disclosure:*

The Hon. Cheryl Edwardes AM is the independent Non-Executive Chairman and Mr Michael Young is the Managing Director and Chief Executive Officer of the Company.

## **Recommendation 2.6:**

A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

### *Disclosure:*

The formal letter of appointment and induction pack provided to Directors contains sufficient information to allow the new Director to gain an understanding of:

- the rights, duties and responsibilities of Directors;
- the role of Board Committees;
- the roles and responsibilities of the senior executives; and
- the Company's financial, strategic, and operational risk management position.

# CORPORATE GOVERNANCE STATEMENT

New Directors undertake an induction program which comprises:

- an information pack which includes a copy of the Company's constitution; Board and Committee charters; most recent annual report; most recent monthly performance report; the Company's strategic plan; organisational chart; deed of access, insurance and indemnity and details of the Company's Director and officers' insurance policy; and a copy of the register of the Company's most significant risks;
- a program of meetings with members of the Company's senior executives; and
- visits to the Company's projects.

The Company actively encourages Directors to participate in continuing professional education opportunities to update and enhance their relevant skills and knowledge.

## Principle 3 – Act ethically and responsibly

A listed entity should act ethically and responsibly.

### Recommendation 3.1:

A listed entity should:

- (a) have a code of conduct for its Directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

#### Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is made available on the Company's website.

## Principle 4 – Safeguard integrity in financial reporting

### Recommendation 4.1:

The Board of a listed entity should:

- (a) have an audit committee which:
  - has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and
  - is chaired by an independent Director, who is not the Chairman of the Board,and disclose:
  - the charter of the committee;
  - the relevant qualifications and experience of the members of the committee; and
  - in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

#### Disclosure:

The Company has an Audit and Risk Committee.

For the reporting period, Mr David Cornell was the independent Chairman of the Audit and Risk Committee.

The Committee comprised three members during the reporting period, with two independent, being The Hon. Cheryl Edwardes AM and Mr David Cornell.

The Audit and Risk Committee Charter is made available on the Company's website.

The number of Audit and Risk Committee meetings held during the 2020 financial year and the qualifications of the Directors are disclosed in the Directors' Report.

# CORPORATE GOVERNANCE STATEMENT

## Recommendation 4.2:

The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its Managing Director and Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that this opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### *Disclosure:*

The Managing Director and Chief Executive Officer and Chief Financial Officer have provided the declaration to the Board in accordance with section 295A of the *Corporations Act 2001*.

This declaration is that:

- the financial records of Vimy Resources Limited for the financial year ended 30 June 2020 have been properly maintained in accordance with section 286 of the Australian Corporations Act 2001; and
- the financial statements, and the notes referred to in paragraph 295(3)(b) of the Australian Corporations Act 2001, for the financial year ended 30 June 2020 comply with the accounting standards; and
- the financial statements and notes for the financial year ended 30 June 2020 give a true and fair view (section 297 of the Australian Corporations Act 2001); and
- any other matters that are prescribed by the regulations in relation to the financial statements and the notes for the financial year ended 30 June 2020 are satisfied.

The consolidated financial statements comply with International Financial Reporting Standards.

## Recommendation 4.3:

A listed entity that has an Annual General Meeting ('AGM') should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

### *Disclosure:*

The external auditor attends the Company's AGM. Shareholders may submit written questions to the auditor to be considered at the meeting in relation to the conduct of the audit and the preparation and content of the Independent Audit Report by providing the questions to the Company at least five business days before the day of the meeting. Shareholders are also given a reasonable opportunity at the meeting to ask the auditor questions relevant to the conduct of the audit, the Independent Audit Report, the accounting policies adopted by the Company and the independence of the auditor.

## Principle 5 – Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

### Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

### *Disclosure:*

The Company has formalised policies relating to ASX Listing Rule Compliance and Compliance Procedures, and a summary of both policies is made available on the Company's website.

The written policies are designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

## Principle 6 – Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

### Recommendation 6.1:

A listed entity should provide information about itself and its governance to investors via its website.

# CORPORATE GOVERNANCE STATEMENT

## *Disclosure:*

The Company has formalised a policy relating to Shareholder Communication, and a copy is made available on the Company's website. The Company has a website "vimyresources.com.au" providing information about itself and its governance to investors.

## **Recommendation 6.2:**

A listed entity should design and implement an investor relations program to facilitate effective two way communication with investors.

## *Disclosure:*

The Shareholder Communication policy includes promotion of effective communication with investors and encourages shareholder participation at general meetings.

## **Recommendation 6.3:**

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

## *Disclosure:*

Notices of meeting sent to the Company's shareholders comply with the ASX Listing Rules. In relation to AGMs, shareholders are invited to submit questions before the meeting.

The Chairman also encourages shareholders at the AGM to ask questions and make comments about the Company's operations and the performance of the Board and senior executives.

New Directors or Directors seeking re-election are given the opportunity to address the AGM and to answer questions from shareholders.

## **Recommendation 6.4:**

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

## *Disclosure:*

Shareholders have the option of electing to receive all shareholder communications by email. The Company provides a printed copy of the annual report only to those shareholders who have specifically elected to receive a printed copy. The annual report is available on the Company website.

All announcements made to the ASX are available to shareholders by email notification when a shareholder provides the Company with an email address and elects to be notified of all the Company's ASX announcements. In addition to this, the ASX announcements are made available on the Company's website.

The Company share register is managed and maintained by the Automic Group. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), via the Computershare Investor Services investor centre [www.automic.com.au](http://www.automic.com.au) or by emailing <https://www.automicgroup.com.au/contact-us/>.

## Principle 7 – Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

## **Recommendation 7.1:**

The Board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
  - o has at least three members, a majority of whom are independent Directors; and
  - o is chaired by an independent Director,and disclose:
  - o the charter of the committee;
  - o the members of the committee; and
  - o as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

# CORPORATE GOVERNANCE STATEMENT

## *Disclosure:*

The Board established an Audit and Risk Committee on 6 October 2017, with Mr David Cornell as the independent Committee Chairman.

During the reporting period the Audit and Risk Committee comprised three members, with two independent, being The Hon. Cheryl Edwardes AM and Mr David Cornell.

The Audit and Risk Committee Charter is made available on the Company's website.

The number of Audit and Risk Committee meetings held during the 2020 financial year and the qualifications of the Directors are disclosed in the Directors' Report.

## **Recommendation 7.2:**

The Board or a committee of the Board should:

- review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- disclose, in relation to each reporting period, whether such a review has taken place.

## *Disclosure:*

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board has delegated day-to-day management of risk to the Managing Director and Chief Executive Officer, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director and Chief Executive Officer is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director and Chief Executive Officer has unrestricted access to Company employees, contractors and records. The Managing Director and Chief Executive Officer may obtain independent expert advice on any matter believed appropriate within established authority limits, or with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

A summary of the Risk Management Policy is made available on the Company's website.

Management have the responsibility to design, implement and maintain the risk management and internal control systems to manage the Company's business risks and provide regular reporting.

During the 2019 financial year the Audit and Risk Committee reviewed the adequacy of the Company's processes to identify, analyse, evaluate, treat, monitor and review risk. Management have developed a risk register which includes details of the risks identified, risk assessments and mitigation plans. There has been no material change to the operating segments since 2019 and a review of the Company's risks is scheduled for the 2021 financial year.

## **Recommendation 7.3:**

A listed entity should disclose:

- if it has an internal audit function, how the function is structured and what role it performs; or
- if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes

## *Notification of departure:*

The Company has not established an internal audit function.

## *Explanation for departure:*

The Managing Director and Chief Executive Officer and Chief Financial Officer are responsible for evaluating and continually improving the effectiveness of its risk management and internal control processes.

# CORPORATE GOVERNANCE STATEMENT

An annual declaration is provided to the Board by the Managing Director and Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001*.

This declaration is:

- founded on a sound system of risk management and internal control; and
- that the system is operating effectively in all material respects in relation to financial reporting risks.

In making the declaration the Managing Director and Chief Executive Officer and Chief Financial Officer consider the size of the Company, its complexity, number of personnel and its financial resources, to ensure the system of risk management and internal control is appropriate.

The Audit and Risk Committee monitors and reviews the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

## **Recommendation 7.4:**

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

### *Disclosure:*

The Board monitors all material risks that the Company is exposed to and actively seeks to mitigate them, using resources reasonably available to control those risks.

The activities of the Company are focused on the Mulga Rock and Alligator River Projects. Uranium exploration, evaluation and project development has inherent risks which the Company, utilising its own professional employees and consultants and working in partnership with communities and authorities, actively seeks to mitigate against.

The material risks which the Company is exposed include, but are not limited to, the following:

- global uranium market, including commodity price and sales contracts
- the ability to raise additional funding, both equity and debt finance
- anti-nuclear energy industry activism
- world economy, along with foreign exchange and interest rate markets
- inherent risks associated with project construction, commissioning and ongoing production
- recruiting and retaining qualified personnel

These risks are disclosed on a regular basis on Company presentations on the ASX or Company website.

The Board is responsible to oversee the risk management function and the Managing Director and Chief Executive Officer is in charge of implementing an appropriate level of control to mitigate these risks within the Company. The Board reviews all major strategies and decisions and takes appropriate actions on a continuous basis.

## Principle 8 – Remunerate fairly and responsibly

A listed entity should pay Director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

### **Recommendation 8.1:**

The Board of a listed entity should:

- (a) have a remuneration committee which:
  - has at least three members, a majority of whom are independent Directors; and
  - is chaired by an independent Director,and disclose:
  - the charter of the committee;
  - the members of the committee; and
  - as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

# CORPORATE GOVERNANCE STATEMENT

*Disclosure:*

The Company has a Remuneration Committee.

For the reporting period the Hon Cheryl Edwardes AM was the independent Chairman.

During the reporting period the Remuneration Committee comprised three members, with two independent, being The Hon. Cheryl Edwardes AM and Mr David Cornell.

The Remuneration Committee Charter is made available on the Company's website.

The number of Remuneration Committee meetings held during the 2020 financial year and the qualifications of the Directors are disclosed in the Directors' Report.

**Recommendation 8.2:**

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.

*Disclosure:*

Non-executive Directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive Directors is not linked to individual performance.

Pay and rewards for executive Directors and senior executives consists of a base salary and performance incentives. Short term performance incentives in the form of an annual bonus are dependent upon the Company's performance in safety, Company share price performance compared to a peer group, and specific individual and Group work program achievements. Long term performance incentives may include securities granted at the discretion of the Board and subject to specific time or Group work program achievements. Senior executives are offered a competitive level of base pay at market rates which are reviewed annually to ensure market competitiveness.

Details of remuneration, including the Company's policy on remuneration, are contained in the Remuneration Report which forms part of the Directors' Report.

**Recommendation 8.3:**

A listed entity which has an equity-based remuneration scheme should:

- have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- disclose that policy or a summary of it.

*Disclosure:*

The Board has adopted a Policy for Trading in Company Securities. The Policy prohibits short term speculative trading of the Company's securities. Directors, officers and employees are required to first obtain clearance prior to undertaking any share trading.

A summary of the Company's Policy for Trading in Company Securities is made available on the Company's website.