

ASX Announcement

19 November 2021



Vimy Responds to Deep Yellow's ASX Release in Relation to a Low Premium Acquisition Proposal

The Board of Vimy Resources Limited (ASX:VMY, OTCQB:VMRSF) (**Vimy** or **Company**) notes the ASX release dated 19 November 2021 by Deep Yellow Limited (**Deep Yellow**). The release refers to a now lapsed merger proposal from Deep Yellow for the acquisition of 100% of Vimy fully paid ordinary shares (via scheme of arrangement) by the issuance of one Deep Yellow ordinary share for every 3.74 Vimy ordinary shares which was outlined in a confidential proposal dated 15 November 2021 (**Proposal**).

Vimy provides the following comments in relation to the unsolicited, unconventionally structured and non-market premium Proposal provided by Deep Yellow.

1. Proposal required Vimy to commit to a binding transaction within 72 hours without due diligence.

Deep Yellow's unsolicited Proposal unconventionally required Vimy to accept the Proposal within 72 hours and sign a Binding Merger Term Sheet and make a public announcement without any due diligence by Vimy on Deep Yellow. The Proposal also committed Vimy to exclusivity with an associated approximate \$3 million break fee liability.

2. Proposal did not provide an appropriate control premium.

While the Proposal was labelled a 'merger of equals', it was for the acquisition of 100% of the shares in Vimy. The Proposal implied a 10% premium to Vimy's last close¹ which the Vimy Board deemed did not reflect an appropriate control premium.

3. Proposal did not appropriately reflect Vimy's contribution to the expanded Deep Yellow.

Deep Yellow's Proposal provided Vimy shareholders with approximately 43% of the combined company. In the Board's opinion, Vimy's ownership interest in the combined group should be materially higher than the proportion offered in the Proposal;

Vimy's response to Deep Yellow dated 17 November 2021 is attached to this release. Vimy is disappointed that Deep Yellow has publicly announced its lapsed Proposal after Vimy offered to engage privately in good faith with Deep Yellow to explore a meaningful and value led transaction. Earlier engagement from 17 September 2021 referred to in Deep Yellow's ASX release was in relation to an incomplete and **conditional zero premium acquisition** concept which the Vimy Board did not view as warranting engagement at that time.

¹ As at 12 November 2021, the date that Deep Yellow referenced in its Proposal.



Vimy Chairperson, Cheryl Edwardes said:

“The Vimy Board assessed the unconventionally structured proposal and found it deficient on many points. Expecting any Board to sign a binding merger term sheet within 72 hours of receipt with exclusivity and break fee liabilities without due diligence is unrealistic and uncommercial. The Vimy Board is committed to maximising value for our shareholders and are open to engaging with all parties in a professional and respectful manner, including Deep Yellow, under appropriate confidentiality arrangements to create a level playing field for all parties that have interest in a corporate transaction.”

Vimy will continue with its strategic review process announced to the ASX on 18 November 2021 to consider the value that may be achieved through potential corporate transactions with recognised industry participants as an alternative to advancing Mulga Rock on a 100% Vimy basis. Vimy has appointed Macquarie Capital Australia Limited as financial adviser and MinterEllison as legal adviser to assist the Board of Vimy with the Strategic Review Process.

Steven Michael
Interim CEO
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John Stanning
Division Director, Macquarie
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Released for and on behalf of the Board of Vimy Resources Limited.

About Vimy Resources

Vimy Resources Limited (ASX: VMY, OTCQB: VMRSF) is a Perth-based resource development company. Vimy's flagship project is the Mulga Rock Project (100%), one of Australia's largest undeveloped uranium resources, which is located 290km by road ENE of Kalgoorlie in the Great Victoria Desert of Western Australia.

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

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

Directors and Management

The Hon. Cheryl Edwardes AM
Non-Executive Chairman

Wayne Bramwell
Non-Executive Director

David Cornell
Non-Executive Director

Dr Tony Chamberlain
Non-Executive Director

Steven Michael
Interim Chief Executive Officer

Paula Arthur
Manager Approvals and ESG

Shannon Coates
Company Secretary

Scott Hyman
Vice President Sales and Marketing

Xavier Moreau
General Manager, Geology and Exploration

Matthew Owen
Chief Financial Officer

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

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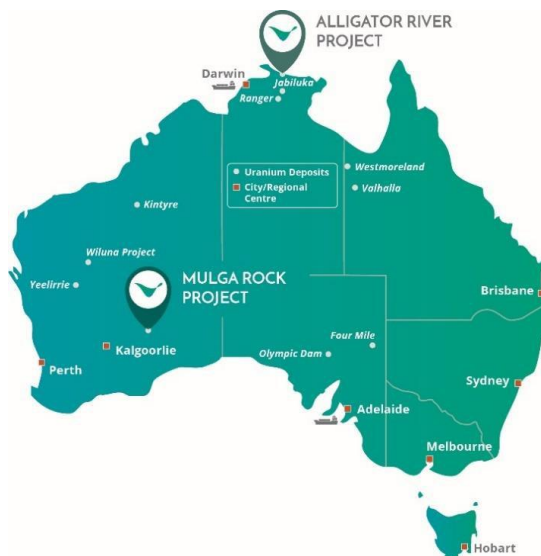
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Share Registry

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

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

Committed to:



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

64 million tonnes



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



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17 November 2021

Deep Yellow Limited
Unit 17, Spectrum Building
100 – 104 Railway Road
Subiaco, Western Australia 6008
Australia

Attn: Mr John Borshoff

Strictly Private and Confidential

Dear John,

Deep Yellow's Binding Merger Term Sheet Proposal

1. Proposal

Thank you for your letter dated 15 November 2021 and accompanying proposed binding term sheet (**Proposal**) in relation to a potential merger via scheme of arrangement for the acquisition of 100% of Vimy Resources Limited (**Vimy**) fully paid ordinary shares by the issuance of one Deep Yellow Limited (**Deep Yellow**) ordinary share for every 3.74 Vimy ordinary shares.

This proposed merger ratio represents a 10% premium to Vimy's last close on 12 November 2021 (per the date used in the Proposal), with the proposal that Vimy shareholders would receive circa 42.5% of the merged company.

2. Strategic Decision

As you know from our recent discussions, Vimy's Board and the management team are committed to maximising value for our shareholders. As part of this process, Vimy has appointed Macquarie Capital Australia Limited (**Macquarie**) to act as its financial adviser and MinterEllison as legal adviser to assist the Board of Vimy to assess various strategic options available to Vimy, including but not limited to corporate alternatives to a 100% Vimy development of its Mulga Rock Uranium Project (**Mulga Rock**).

3. Structure of Proposal

The nature of Deep Yellow's Proposal is relatively unique, and we have not seen this type of structure proposed for public market ASX merger transactions, ie. you have provided Vimy with 72 hours to respond to Deep Yellow's Proposal and sign a Binding Merger Term Sheet which would be publicly announced and commit both parties to exclusivity with associated break fees.

This proposal is executed and binding prior to any due diligence being undertaken by Vimy on Deep Yellow and vice versa. Following the public announcement, the Proposal contemplates the parties having a 10-day period to conduct all necessary mutual due diligence before using reasonable endeavours to enter a more detailed long form Scheme Implementation Deed within 15 days of signing the Binding Merger Term Sheet.

4. Our Position

The Board of Vimy, with the assistance of its advisers, has carefully considered the Proposal and provides the following feedback:

- **Structure:** The accelerated timeline (requiring Vimy to commit to the Binding Merger Term Sheet publicly within 72 hours prior to completing due diligence on Deep Yellow) does not provide the Vimy Board appropriate time to make a fully informed assessment of the Proposal, including whether the transaction is in the best interests of all its shareholders. Given the proposed Scheme of Arrangement structure, the Vimy Board will also need to form a view that an appropriate Independent Expert will endorse the Proposal;
- **Offer Premium:** While we note that the Proposal is framed as a 'merger of equals', it is ultimately for the acquisition of 100% of the shares in Vimy. In regards to current merger and acquisition metrics in Australia, the implied 10% premium to last close does not reflect the value of benefits that current Deep Yellow shareholders would secure through effective control of the combined entity and may have an impact on the Independent Expert's opinion;
- **Underlying Value and Merger Split:** The Vimy Board is focused on assessing the underlying value of the Proposal relative to the standalone value of Vimy. Based on current definitive feasibility study metrics adjusted for the macroeconomic assumptions disclosed by Deep Yellow (so that the projects are on a like-for-like basis), the NPV which Vimy contributes to a merged group appears to be substantially higher than the proforma ownership 43% interest being offered to Vimy shareholders in the Proposal;
- **Timing of the Proposal:** Vimy is continuing to progress Mulga Rock. It has commenced its Early Works Program following approval of the Mining Proposal, Project Management Plan and Conditional Environment Management Plans, moving toward achieving Substantial Commencement within the next few weeks. This process is the prime focus of Vimy's executive team and achieving this milestone is likely to see a material re-rating of Vimy in the market. As such and with a view to not distracting our team at this critical time, the timetable proposed by Deep Yellow is unachievable;
- **Exclusivity:** The Vimy Board does not consider exclusivity to be in the best interests of Vimy shareholders at this juncture as the broader market interest in Vimy and Mulga Rock is very high.

5. Moving Forward

For the reasons above, the Vimy Board thanks Deep Yellow for its interest and wishes to continue discussions with you on a non-exclusive basis as to structuring a proposal that reflects the true value of Vimy and the Mulga Rock Project.

To facilitate this Vimy will provide Deep Yellow with access to confidential due diligence information on Vimy once a standardised mutual confidentiality agreement (replacing the existing confidentiality agreement) is in place.

6. Due Diligence and Adviser Engagement

Vimy's Board is comfortable with accepting Deep Yellow's suggestion that Macquarie liaise with Houlihan Lokey to better understand the synergies that Deep Yellow believes the merger will unlock

Once the value proposition is clearly defined Vimy will also request time and access to due diligence information on Deep Yellow to enable the Vimy Board to effectively quantify the risk versus return proposition that a merger with Deep Yellow presents.

Many thanks and please feel free to contact me to discuss how we advance these discussions further.

Yours Sincerely,



Steven Michael
Interim Chief Executive Officer
Vimy Resources Limited

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