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ASX ANNOUNCEMENT

30 SEPTEMBER 2021

EXTENDED REPORTING AND LODGEMENT DEADLINE

VDM Group Limited (ASX Code: VMG) ("**VDM**" or "**the Company**") advises that the entity is relying on the ASIC relief and the ASX class waiver from listing rule 4.5.1 to permit VDM to extend lodgement and to give its audited annual accounts and other documents required to be lodged with ASIC under section 319 of the Corporations Act to ASX by the earlier of:

- the date the audited annual accounts are ready to be given to ASX; and
- the date the audited annual accounts must be given to ASIC under the Amended ASIC Relief, being 4 months after year end i.e. by no later than 31 October 2021.

As required by the ASX class waiver, VDM is including its unaudited Annual Financial Report for the year ended 30 June 2021 with this Announcement.

VDM confirms that it will immediately make further announcement if it becomes aware that there will be a material difference between the unaudited Annual Financial Report and the audited Annual Financial Report.

This announcement has been authorised for release by Mr Michael Fry, Director.

For further information please contact:
Michael Fry
Company Secretary
VDM Group Limited
(08) 9221 6739

Mr Luk Hiuming
NON-EXECUTIVE CHAIRMAN

Dr Dongyi Hua
EXECUTIVE DIRECTOR
OF MINING

Mr Huadong Guo
NON-EXECUTIVE DIRECTOR

Dr Colin Noid
NON-EXECUTIVE DIRECTOR

Mr Michael Fry
DIRECTOR
COMPANY SECRETARY

REGISTERED OFFICE
Unit 88,
42 Terrace Road,
East Perth, WA 6004

POSTAL ADDRESS
PO Box 3347
East Perth, WA 6892

CONTACT DETAILS
Tel: (08) 6166 6126

WEBSITE
vdmgroup.com.au

SHARE REGISTRY
Computershare Investor
Services Pty Limited
GPO Box 2975
Melbourne, VIC 3001
Tel: 1300 850 505

ASX CODE
VMG

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VDM GROUP LIMITED

and its Controlled Entities

ABN 95 109 829 334

2021

ANNUAL REPORT

VDM GROUP LIMITED
CORPORATE INFORMATION

DIRECTORS

Mr Luk Hiuming	Non-executive Chairman
Dr Hua Dongyi	Executive Director of Mining
Mr Huadong Guo	Non-executive Director
Mr Colin Noid	Non-executive Director
Mr Michael Fry	Director

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER (ACTING)

Mr Michael Fry

REGISTERED AND PRINCIPAL OFFICE

Unit 88, 42 Terrace Road,
East Perth WA 6004
Telephone (08) 6166 6126
Facsimile (08) 9265 1199
Website www.vdmgroup.com.au

POSTAL ADDRESS

PO Box 3347
East Perth WA 6892

AUDITORS

Hall Chadwick Audit (WA) Pty Ltd
283 Rokeby Road
Subiaco WA 6008

SHARE REGISTER

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne, VIC 3001
Telephone 1300 850 505
(outside Australia) +61 3 9415 4000

VDM Group Limited shares are listed on the Australian Securities Exchange (ASX)

ASX Code	VMG
ACN	109 829 334
ABN	95 109 829 334

In this report, the following definitions apply:

"**Board**" means the Board of Directors of VDM Group Limited

"**Company**" means VDM Group Limited ABN 95 109 829 334

"**VDM**" or "**Group**" means VDM Group Limited and its controlled entities

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Dear Shareholders

Over the course of the past year VDM's main activity has been in the area of Mining, being the business sector that is expected to provide the best investment returns for shareholders and position your Company for long term success.

Business overview

VDM Mining: VDM holds two large and prospective exploration projects in Angola, providing exposure principally to copper and gold.

No on-the-ground exploration activity was possible at either project during the whole of the financial year with work suspended due to the COVID-19 pandemic. Angola has been hit hard with the presence of the delta variant having been responsible for a third wave of the COVID-19 pandemic. Land and sea borders remained closed for much of the year.

As at the date of this report, Angola's land borders remain closed with limited international air travel limited to citizens or residents of Angola, humanitarian transport, medical emergencies, and diplomatic missions.

VDM deems it currently unsafe for its personnel to travel to Angola, even were they permitted, and it is not certain when on-the-ground activities might resume.

Despite this, we remain ready to re-mobilise when government and health authority advice permits.

Cachoeiras do Binga (CdB) Copper Project

The CdB Copper Project is located in the central coastal region of Angola, approximately 385km south of the Angolan capital of Luanda and covers approximately 3,854km^2; being ~32kms from east to west and ~129kms from north to south.

Significant exploration progress has been made at the CdB Project in recent years with VDM having completed two significant phases of drilling totalling 134 holes for a total of 9,594 drilled metres.

The drilling culminated in VDM reporting in November 2020 its maiden copper Mineral Resource Estimate for CdB Copper Project of 18.4 Mt @ 1.0% Cu for 183,845t of copper.

The Phase Three drilling program at the CdB Copper Project aimed at expanding the size of the resource quickly and cost effectively remains on hold due to the COVID-19 pandemic.

Cage Bengo Gold Project

The CdB Copper Project is located in the north-west of Angola between the provinces of Uige and Bengo and is approximately 300km north-east of the Angolan capital of Luanda; and covers approximately 9,904km^2.

Whilst VDM announced the acquisition of a 55% interest in the Cage Bengo Gold Project in August 2019, it was not until 15 April 2020 that the prospecting title was issued facilitating the commencement of on-the-ground exploration activity to commence.

Unfortunately all on-the-ground exploration activity remains suspended due to the COVID-19 pandemic with a state of emergency current in Angola and access into and within Angola restricted.

Our focus areas for VDM mining over the next 12 months are to:

1) complete further drilling at CdB Copper Project in areas not previously tested to extend known copper mineralisation;
2) to expand the mineral resource estimate for CdB; and
3) undertake geological mapping and sampling at Cage Bengo prior to commencement of drilling.

The above goals will require further strong support from existing partners who understand and see the potential in the copper and gold projects retained by VDM and are able to provide the funding support that VDM requires.

I remain confident that the Company's investment in the CdB Copper Project and Cage Bengo Gold Project will provide healthy returns for our shareholders and partners.

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VDM Construction: VDM continues to retain capability and will review the situation on an ongoing basis.

VDM Trading: VDM Trading continues to have a very low-cost base while we continue to explore for partnership opportunities.

Safety and Environment

It is my pleasure to report that VDM has had another outstanding safety performance with no Lost Time Injuries in the year and a LTIFR of nil. Safety is a fundamental plank of VDM's business and we will continue to ensure that safety is a top priority.

Corporate

During the financial year, VDM restructured the organisation in order to reduce costs to a minimum as it waits for international travel to re-open in order to allow VDM to recommence on-the-ground exploration activities at its Angolan Projects, and included a suspension of director fees for myself, Dr Hua and Mr Guo.

I wish to thank my fellow directors, our employees, and all VDM stakeholders for their service and support to the Company.

Mr Luk Hiuming
Chairman
*** October 2021**

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Your directors submit their report of VDM Group Limited ("the Company") and of the Consolidated Entity, being the Company and its controlled entities ("VDM" or "the Group") for the year ended 30 June 2021.

1. DIRECTORS

Current Directors
The names and details of the directors of VDM Group Limited in office during the year and until the date of this report are as follows: Directors were in office for the entire year unless otherwise stated.

Mr Luk Hiuming
Non-Executive Chairman
Appointed Non-Executive Director on 21 March 2014, appointed Non-Executive Chairman on 29 January 2015
Member of the Audit & Risk Committee

Mr Luk has abundant experience in an extensive range of business sectors, including textile & clothing, pharmaceutical, steel, real estates, manufacturing mining, natural resources, new energy and oil and gas. Apart from businesses in mainland China, he also has extensive international experience in various industries around the globe. Mr Luk is currently Chairman of Australia Kengkong Investments Co Pty Ltd.

Dr Hua Dongyi
Executive Director of Mining
Appointed Director on 28 August 2013, appointed Executive Director of Mining on 1 March 2016.
Doctorate of Engineering
Member of the Audit & Risk Committee

Dr Hua is the former Vice President, Executive Chairman and CEO of CITIC Pacific Mining, a position he held from October 2009 until April 2013. He was previously with Beijing-based CITIC Group, which he joined in 2002. Dr Hua has held executive management positions during the past 15 years for construction and resource development projects across Asia, Africa and Latin America in countries such as China, Angola, the Philippines, Pakistan, Brazil and Algeria. Dr Hua is a former Vice President of the Australian China Business Council Western Australia. Most recently Dr Hua was Executive Director and CEO of Frontier Services Group Limited, an aviation and logistics company listed on the Hong Kong Stock Exchange, during the period July 2016 to March 2021.

Mr Huadong Guo
Non-Executive Director
Appointed Non-Executive Director on 23 February 2021
Member of the Audit & Risk Committee
Holder of an Electrical Engineering degree from the College of Electronic and Information, Tongji University of China.

Mr Guo is a highly successful businessman who has owned and operated businesses in several east Africa countries including Kenya, Uganda, Tanzania, Congo, Angola and South Sudan over the past 40 years across a range of industries including construction, mining, forestry and electronics. In 2010 Mr Guo was awarded the Republic Cross by the Congo President in recognition of his services to Congo business.

Mr Colin Noid
Non-Executive Director
Appointed Non-Executive Director on 1 April 2021, Appointed Alternate Director on 25 November 2019

Mr Noid has 25 years of construction industry experience across mining, transport, building and land development sectors. He brings strong leadership qualities, combined with well-developed design, project delivery and commercial acumen. Prior to joining VDM, he held design and construction management roles at John Holland and Henry Walker Eltin.

He holds a Bachelor of Civil Engineering degree from the University of Western Australia and a Graduate Diploma in Financial Planning from Finsia.

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Mr Michael Fry
Director, Chief Financial Officer/Company Secretary
Appointed Director on 3 June 2011, appointed Chief Financial Officer/Company Secretary on 12 February 2019.
Chairman of the Audit & Risk Committee
Bachelor of Commerce

Mr Fry is an experienced company manager across a broad range of industry sectors. Mr Fry has a background in accounting and corporate advice having worked with KPMG (Perth) where he qualified as a Chartered Accountant, Deloitte Touche Tohmatsu (Melbourne) and boutique corporate advisory practice Troika Securities Ltd (Perth). From 2006 to 2011, Mr Fry was the Chief Financial Officer and Finance Director at Swick Mining Services Limited, a publicly listed drilling services provider contracting to the mining industry in Australia and North America.

Mr Fry is Chief Financial Officer and Company Secretary of ASX-listed companies Globe Metals & Mining Limited (ASX:GBE) and Cauldron Energy Limited (ASX: CXU) and company secretary of unlisted public company GLX Digital Limited. During the past three years, Mr Fry was also a director of ASX-listed companies Cougar Metals NL and Winmar Resources Limited (ASX: WFE).

Company Secretary

Mr Michael Fry
Appointed 12 February 2018

2. INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares of the Company were:

Directors	Number of Ordinary Shares
Luk Hiuming	2,070,000,000
Hua Dongyi	1,085,110,976
Michael Fry	1,000,000
Colin Noid	-

3. DIVIDENDS

There were no dividends declared or paid during the year ended 30 June 2021 (2020: nil).

4. NATURE AND PRINCIPAL ACTIVITIES

VDM is comprised of 3 operating divisions:

VDM Mining: mining exploration, development and operation in Africa.
VDM Trading: export Australian goods to Asian markets & imports Asian goods to Australia.
VDM Construction: engineering, procurement and construction.

Business activities during the period principally related to:

1) Desk-top review of exploration and geological information in relation to the CdB Copper Project and Cage Bengo Gold Project;
2) review of trading opportunities; and
3) review of opportunities focussed primarily on supporting Chinese companies operating in Australia with construction requirements.

The business activities of the comparative period principally related to: 1) exploration at the CdB Copper Project located in the Republic of Angola; 2) acquisition o the Cage Bengo project and initial review; 3) review of trading opportunities, and 4) review of opportunities focussed primarily on supporting Chinese companies operating in Australia with construction requirements.

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5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group.

6. OPERATING AND FINANCIAL REVIEW

As stated above, no on-the-ground exploration activity was possible at either of VDM's CdB Copper Project or Cage Bengo Project during the whole of the financial year with work suspended due to the COVID-19 pandemic. Angola has been hit hard with the presence of the delta variant having been responsible for a third wave of the COVID-19 pandemic. Land and sea borders remained closed for much of the year.

Cachoeiras do Binga (CdB) Copper Project

The CdB Copper Project is located in the central coastal region of Angola, approximately 385km south of the Angolan capital of Luanda and covers approximately 3,854km^2; being ~32kms from east to west and ~129kms from north to south.

The Project is secured by Licence Number 049/01/05/ T.P/ANG/MGMI/2021 which is valid to 11 January 2026.

The CdB Project is located in the central coastal region of Angola ~385km south of the Angolan capital city of Luanda.

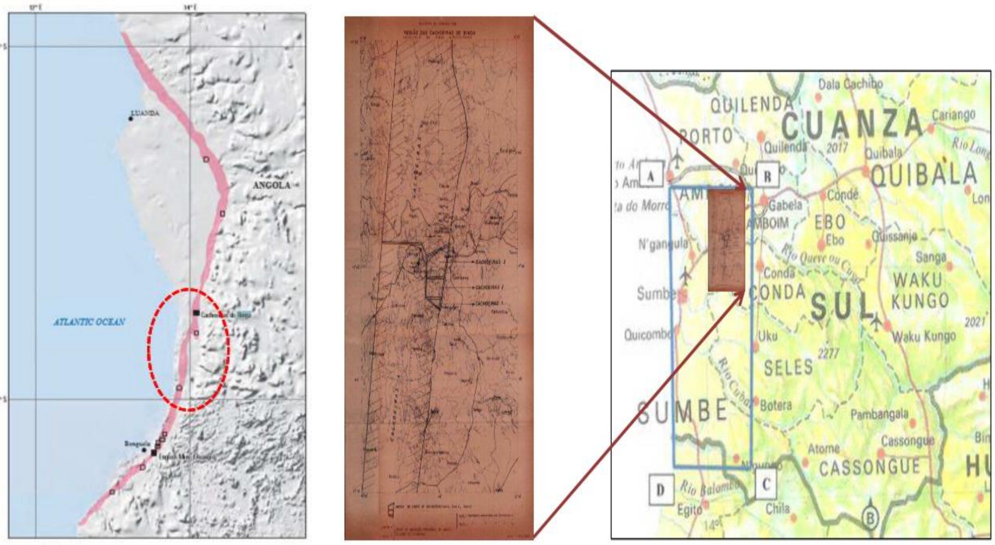

Figure 1: Location Map - CdB Project

Significant exploration progress has been made at the CdB Project in recent years with VDM having completed two significant phases of drilling totalling 134 holes for a total of 9,594 drilled metres.

The drilling culminated in VDM reporting in November 2020 its maiden copper Mineral Resource Estimate for CdB Copper Project of 18.4 Mt @ 1.0% Cu for 183,845t of copper, comprising:

- Measured + Indicated: 13.467Mt @1.02% Cu for 137,590t of copper;
- Inferred: 4.937Mt @094% Cu for 46,355t of copper.

The CdB MRE is summarised as follows:

Resource Category	Million tonnes (Mt)	Cu %	Contained Cu (t)
Measured	0.875	1.62	14,179
Indicated	12.592	0.98	123,411
Inferred	4.937	0.94	46,355
Total	**18.404**	**1.00**	**183,845**

Notes: 1. Reported above a Cu cut-off grade of 0.2%;
2. Discrepancies may occur due to rounding.

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The Phase Three drilling program at the CdB Copper Project aimed at expanding the size of the resource quickly and cost effectively remains on hold due to the COVID-19 pandemic.

Cage Bengo Gold Project

The CdB Copper Project is located in the north-west of Angola between the provinces of Uige and Bengo and is approximately 300km north-east of the Angolan capital of Luanda; and covers approximately 9,904km^2.

Cage Bengo Project is secured by Prospecting Title Number: 048/07/03/T.P/ANG-MIREMPET/2019 issued 19 July 2019 and is valid for up to 5 years.

The Cage Bengo Project is located in the north-west of Angola between the provinces of Uige and Bengo, from which it derives its name, and is approximately 300km north-east of the capital city of Luanda. Luanda is Angola's capital and its largest city. It is Angola's primary port and its major industrial, cultural and urban centre.

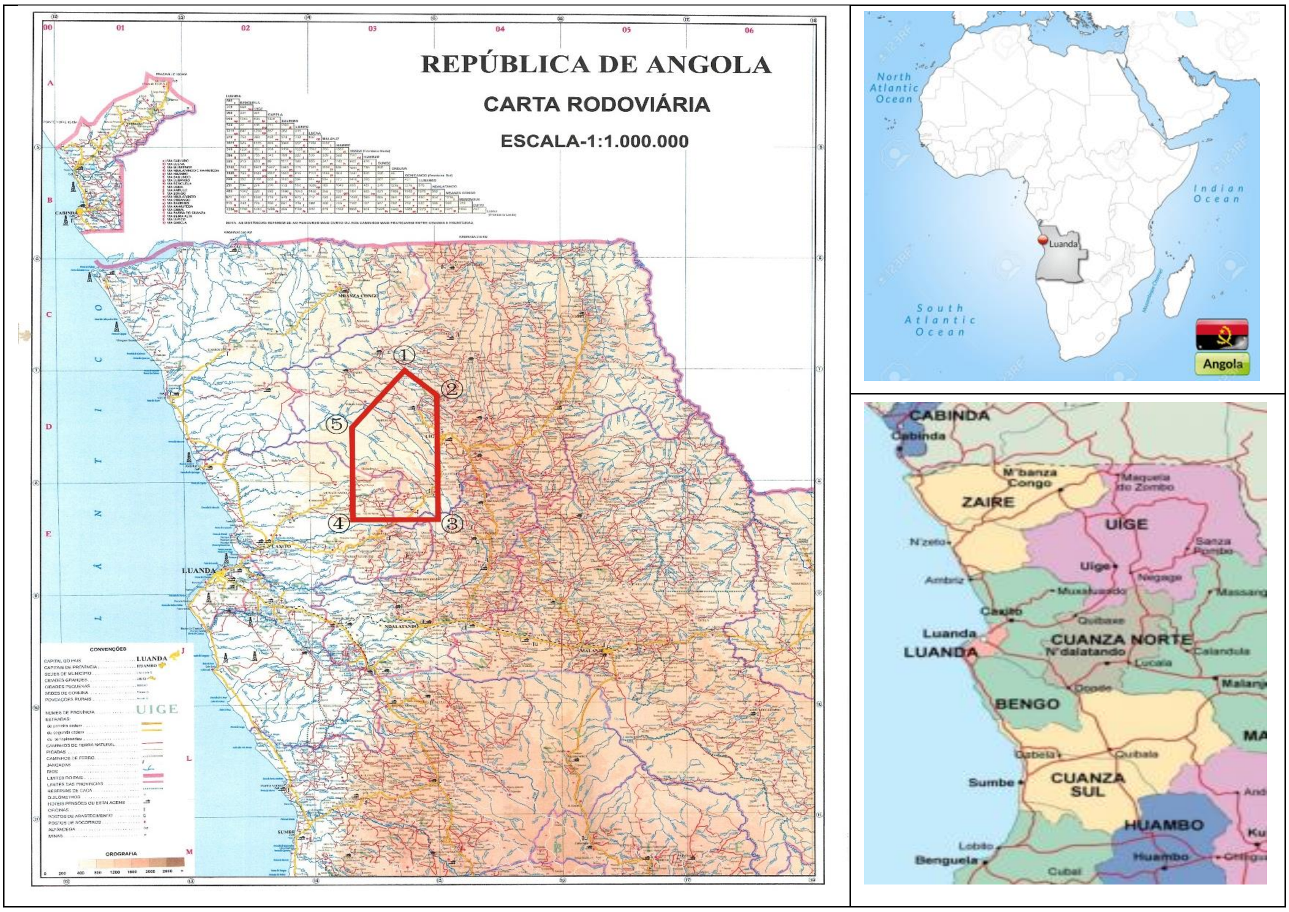

Figure 2 – Location of Cage Bengo Project

Whilst VDM announced the acquisition of a 55% interest in the Cage Bengo Gold Project in August 2019, it was not until 15 April 2020 that the prospecting title was issued facilitating the commencement of on-the-ground exploration activity to commence.

The Construction division reviewed opportunities focussed primarily on supporting Chinese companies operating in Australia with construction requirements.

Whilst the Trading division continued to assess opportunities and to search for a partner to scale the trading business to market-competitive levels.

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During the year, the Board reassessed the key risks to VDM's business, which remained unchanged, as follows:

Risk	Response
Funding for debt repayment, advancing the CdB and Cage Bengo exploration programs, and other corporate activities.	VDM has entered into a conditional heads of agreement with Jiangxi to provide funding for the CdB project and is working with other potential partners to provide additional funding.
Size and quality of CdB's contained mineralisation	This risk cannot be mitigated, however VDM will aim to avoid over-investment by undertaking a phased and well-planned exploration program.
Operating efficiently and safely in the Republic of Angola	VDM's current Executive Director of Mining has extensive experience and strong relationships in Angola. VDM will utilise Angolan-experienced and reputable exploration contractors and advisors.
Counterparty risks related CdB and Cage Bengo project investment structure and partners	VDM has maintained good relations with its CdB and Cage Bengo project partners and uses written agreements and formal decision-making processes to avoid potential misunderstandings.

Revenue from continuing operations was $551,000 (2020: $195,000) and largely related to the accounting for foreign currency translations.

The loss from continuing operations after tax of $907,000 (2020: $1,719,000) is 47.2% lower than the prior year, with expenses being in line with the prior year except for impairment expense incurred of $505,000 during 2020.

Shareholder Loan

VDM has a shareholder loan for $10,186,000 (2020: $10,110,000) with its largest shareholder, Australia Kengkong Investments Co Pty Ltd ("Kengkong") under a Framework Loan Agreement ("FLA"). The FLA contemplates the parties entering into a secured one-year 6% loan facility that will incorporate the FLA liabilities. Until that occurs, the FLA advances plus interest accrued at 6% per annum are immediately repayable in the denominated currency when demanded by Kengkong.

Competent Person Statement

Exploration Results

The information in this release that relates to exploration Results of the CDB Copper Project is extracted from reports released to the Australian Securities Exchange (ASX) on 15 March 2019 titled "Assay Results Confirm High Grade Copper Mineralisation at CdB Copper Project" and on 26 November 2020 titled "Phase 2 Assay Results Confirm Further High Grade Copper Mineralisation at CdB Project" and are available to view at www.vdmgroup.com.au and for which Competent Persons' consents were obtained. Each Competent Person's consent remains in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The Company confirms that is not aware of any new information or data that materially affects the information included in the original ASX announcements released on 15 March 2019 and 26 November 2020.

Mineral Resources

The information in this report which relates to Mineral Resources is extracted from a report released to the Australian Securities Exchange (ASX) on 26 November 2020 titled "VDM Delivers Maiden Copper Resource at CdB Copper Project" which was based on information compiled by Ms Bonnie (Yanfang) Zhao and Dr Yiefei Jia, full time employees of SRK Consulting (China) Ltd and respectively, a Member and a Fellow of the Australasian Institute of Mining and Metallurgy. Each has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves". Ms Zhao and Dr Jia consented to the reporting of the information in the form and context in which it appears. Those consents remain in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The Company confirms that is not aware of any new information or data that materially affects the information included in the original ASX announcement released on 26 November 2020, and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original ASX announcement.

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Disclaimer

This report has been prepared by VDM Group Limited ("Company"). The material contained in this report is for information purposes only. This release is not an offer or invitation for subscription or purchase of, or a recommendation in relation to, securities in the Company and nether this release nor anything contained in it shall form the basis of any contract or commitment.

This report may contain forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning VDM Group Limited's business plans, intentions, opportunities, expectations, capabilities and other statements that are not historical facts. Forward-looking statements include those containing such words as could-plan-target-estimate-forecast-anticipate-indicate-expect-intend-may-potential-should or similar expressions. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and which could cause actual results to differ from those expressed in this report. Because actual results might differ materially to the information in this report, the Company does not make, and this report should not be relied upon as, any representation or warranty as to the accuracy, or reasonableness, of the underlying assumptions and uncertainties. Investors are cautioned to view all forward-looking statements with caution and to not place undue reliance on such statements.

The report has been prepared by the Company based on information available to it, including information from third parties, and has not independently verified. No representation or warranty, express or implied, is made to the fairness, accuracy or completeness of the information or opinions contained in this report.

The Company estimates its reserves and resources in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves 2012 Edition ("JORC Code"), which governs such disclosures by companies listed on the Australian Securities Exchange.

COVID-19

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The COVID-19 virus continues to mutate and evolve. Countries continue to enforce lockdowns and social distancing strategies and to roll-out vaccination programs to seek to prevent the spread of the virus, with health authorities warning that there could be resurgences of COVID-19 for years to come. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2022.

Management has actively managed the global situation and its impact on the Group's financial condition, operations, and workforce. Due to the termination of flights, closures of borders and various measures being imposed by governments in relation to the pandemic, the Group decided in March 2020 that it is prudent to suspend its Angolan exploration activities, and in early 2021 restructured its team bidding farewell to a number of long term personnel.

Although the Group cannot fully estimate the length or gravity of the COVID-19 effect, its current assessment, the impact over the next 12 months does not appear to be significant, indicating the entity will be able to continue as a going concern.

7. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occur after 30 June 2021 date and up to the date of this report.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

VDM intends to undertake future capital raisings in the 2022 financial year. Funds raised will be used for general corporate working capital, to advance the Cachoeiras do Binga Copper Project and the Cage Bengo Gold Project, both of which are located in Angola. VDM also intends on advancing other potential business growth opportunities, and to repay the shareholder loan.

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9. ENVIRONMENTAL REGULATION AND PERFORMANCE

VDM operations are subject to environmental regulations under Commonwealth and State legislation. The Board believes that VDM has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to VDM.

10. SHARE OPTIONS

As at the date of this report, there are nil unissued ordinary shares under option (2020: 52 million options with an exercise price of 1.6 cents and an expiry date of 31 July 2021).

The options were originally granted on the 19 July 2018 to Dr Chris Yu, as part of his remuneration arrangements. Dr Yu is no longer engaged by VDM.

11. INDEMNIFICATION OF AUDITORS

To the extent permitted by law, VDM Group Limited has agreed to indemnify it auditors, Hall Chadwick Audit (WA) Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Hall Chadwick Audit (WA) Pty Ltd during or since the financial year.

12. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

VDM Group Limited has agreed to indemnify all the directors and executive officers for any costs or expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities of the consolidated entity for which they may be held personally liable.

The Company has paid a premium to insure the directors and officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

13. DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year, and the number of meetings attended by each director, were as follows:

	Board meetings	**Audit & Risk Committee meetings**
Number of meetings held:	2	-
Number of meetings attended:		
Luk Hiuming	2	-
Hua Dongyi	2	-
Huadong Guo	2	-
Colin Noid	2	-
Michael Fry	2	-

As at the date of this report, VDM Group had an audit and risk committee of the board of directors. Members acting on the audit and risk committee of the board during the year were Mr Fry (Chair), Dr Hua and Mr Luk.

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14. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received an Independence Declaration from the auditor of VDM Group Limited, attached on page 16. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Refer to note 28 of the consolidated financial statements for disclosure relating to the cost of non-audit services conducted during the year.

15. ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Instrument 2016/191. The Company is an entity to which the Instrument applies.

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REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2021 outlines the remuneration arrangements of VDM in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) of VDM. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of VDM, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' includes executive directors and other senior executives of VDM and excludes non-executive directors.

The remuneration report is presented under the following sections:

1. Individual KMP disclosures
2. Board oversight of remuneration
3. Executive remuneration arrangements
4. Executive remuneration outcomes for 2021 (including link to performance)
5. Executive contracts
6. Non-Executive Director remuneration arrangements
7. Additional statutory disclosure relating to options and shares
8. Loans to key management personnel
9. Other transactions and balances with key management personnel and their related entities

1. INDIVIDUAL KMP DISCLOSURES

Details of KMP of VDM are set out below. KMP served for the full year unless noted.

Current directors	
Luk Hiuming	*Non–Executive Chairman*
Hua Dongyi	*Executive Director of Mining*
Huadong Guo	*Non-Executive Director*
Michael Fry	*Acting Chief Financial Officer / Company Secretary*
Colin Noid	*Non-Executive Director*

2. BOARD OVERSIGHT OF REMUNERATION

The Board is responsible for the remuneration arrangements of directors and executives. Based on the Board's present composition and size, as well as the importance of remuneration decisions, the Board considers this will provide effective governance of these matters.

The board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing directors and executives.

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The Board approves the remuneration arrangements of the CEO and other executives and all awards made under the long-term incentive (LTI) and short-term incentive (STI) plans. The Board also sets the aggregate remuneration of NEDs which is then subject to shareholder approval.

In accordance with good corporate governance practice, the structure of NED and executive remuneration is separate and distinct.

Remuneration report approval at 2020 annual general meeting

The 2020 remuneration report received positive shareholder support at the Company's annual general meeting, with a vote of 99.67% in favour.

3. EXECUTIVE REMUNERATION ARRANGEMENTS

Remuneration strategy

VDM's executive remuneration strategy is designed to cost effectively attract, motivate and retain high performing individuals and align the interests of executives and shareholders.

To this end, key objectives of the Company's reward framework are to ensure that remuneration practices:

- Are aligned to the VDM's business strategy;
- Offer competitive remuneration benchmarked against the external market;
- Provide strong linkage between individual and group performance and rewards; and
- Align the interests of executives with shareholders.

Fixed remuneration

The employment contracts of executives do not include any guarantee of base pay increases. Fixed remuneration is reviewed annually by the Board. The process consists of a review of company, divisional and individual performance, relevant comparative remuneration internally and externally, and where appropriate external advice independent of management. No external advice was received in the current year.

Variable remuneration – short term incentive (STI)

VDM has Bonus Scheme STI based on the principal of rewarding operational employees from a bonus pool calculated as 30% of divisional earnings results above an annual earnings target and corporate division employees from a bonus pool calculated as the average of divisional bonuses.

The Bonus Scheme is based on the following structural components:

a) Bonus Pool: calculated as percentage of divisional earnings results above the earnings target for a calendar year;
b) Apportionment of the Bonus Pool: apportioned to employee divisional team members as proposed by the Division Head and approved by the Managing Director and the Board;
c) Payment of Bonus: to be paid after release of the Annual Financial Report;
d) Eligibility: Persons who start employment during the year are eligible for a time-adjusted bonus payment.

The total potential STI available is set at a level so as to provide sufficient incentive to executives to achieve the operational targets and such that the cost to VDM is reasonable in the circumstances.

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The financial performance measure driving the majority of the STI payment outcomes is divisional profit earnings before interest and tax (EBIT). The table below shows the Group's gross EBIT history for the past five financial years.

Financial Year	EBIT $'000	Closing share price $
2021	(465)	0.002
2020	(1,211)	0.002
2019	(1,619)	0.002
2018	(2,348)	0.002
2017	(2,777)	0.001

As a result of the negative EBIT performance in 2021, no STI awards were made in the 2021 financial year (2020: nil).

Variable remuneration — long term incentive (LTI)

VDM does not have in place a general equity-based incentive plan for employees.

From time to time, VDM may enter offer options or performance rights as a cost-effective and non-cash remuneration incentive to attract and retain key executives.

No remuneration options or rights were offered during the year ended 30 June 2021 (2020: nil).

4. EXECUTIVE REMUNERATION OUTCOMES (INCLUDING LINK TO PERFORMANCE)

Table 1: Executive remuneration for the year ended 30 June 2021

	Base Salary & Fees	Cash Bonus	Super Contri-butions	Value of Share-based Payments	Long Service Leave	Termination Benefits	Total	Performance Related
	$	$	$	$	$	$	$	%
Executive directors								
D Hua (1)	132,000	-	12,540	-	4,792	-	149,332	0%
M Fry	89,469	-	5,531	-	-	-	95,000	0%
Other KMP								
C Noid (2)	126,667	-	5,531	-	3,167	58,460	193,825	0%
C Yu (3)	48,000	-	-	-	-	-	48,000	0%
Totals	448,000	-	23,602	-	7,959	58,460	486,157	0%

(1) Dr Hua salary was suspended at end February 2021 by agreement as part of a VDM corporate initiative to preserve cash reserves.

(2) Mr Noid's role as Construction Manager ceased effective 2 April 2021. Mr Noid was appointed a non-executive director with effect from 1 April 2021 to retain his knowledge and experience.

(3) Chris Yu ceased engagement with VDM on 26 February 2021

Table 2: Executive remuneration for the year ended 30 June 2020

	Base Salary & Fees	Cash Bonus	Super Contri-butions	Value of Share-based Payments	Long Service Leave	Termination Benefits	Total	Performance Related
	$	$	$	$	$	$	$	%
Executive directors								
D Hua	198,000	-	18,810	-	3,300	-	220,110	0%
M Fry	70,719	-	5,531	-	-	-	76,250	0%
Other KMP								
C Noid	190,000	-	18,050	-	3,167	-	211,217	0%
C Yu	60,000	-	-	-	-	-	60,000	0%
Totals	518,719	-	42,391	-	6,467	-	567,577	0%

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5. EXECUTIVE CONTRACTS

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below.

Executive Director of Mining

The Executive Director of Mining, Dr Hua is employed under a rolling contract. Dr Hua's fixed remuneration is $216,810 per annum. The termination provisions of Dr Hua's employment contract are as follows:

	Notice period	Payment in lieu of notice	Treatment of STI on termination	Treatment of LTI on termination
Employer-initiated termination	6 months	6 months	Pro-rated for time and performance subject to Board discretion	Unexercised options expire
Termination for serious misconduct	None	None	None	Unexercised options expire
Employee-initiated termination	3 months	3 months	Pro-rated for time and performance subject to Board discretion	Unexercised options expire

By agreement, Dr Hua's remuneration was suspended by agreement with effect from end February 2021 as part of a VDM corporate iniative to preserve cash reserves.

CFO/Company Secretary

Permanent Acting CFO/Company Secretary, Michael Fry, is engaged by letter agreement and is entitled to a flat fee of $6,250 per quarter (or $31,250 per annum) for CFO and company secretarial assistance. This is in addition to his role as a director for which he receives an annual fee of $63,750 inclusive of superannuation.

6. NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

Remuneration policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies.

The constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2010 annual general meeting held on 19 November 2010 when shareholders approved an aggregate fee pool of $600,000 per year. This amount includes superannuation and fees paid to directors in their capacity as members of the Board and its committees.

The Board will not seek an increase of the NED fee pool at the 2021 Annual General Meeting.

Current Structure

The remuneration of NEDs consists of directors' fees only. There are no committee fees. NEDs do not receive retirement benefits, other than superannuation and they do not participate in any incentive programs.

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The table below provides the NED fees for the year ended 30 June 2021.

	Annual NED fees including superannuation
Board Chairman	$65,000
Other Non-executive Directors	$48,000

Table 3: Non-executive remuneration for the year ended 30 June 2021

	Base Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super Contri-butions	Value of Share-based Payments	Long Service Leave	Termination Benefits	Total	Performance Related
	$	$	$	$	$	$	$	$	%
Current non-executive directors									
H Luk (1)	43,333	-	-	-	-	-	-	43,333	0%
H Guo (2)	-	-	-	-	-	-	-	-	0%
Totals	43,333	-	-	-	-	-	-	43,333	0%

(1) Mr Luk offered to suspend his entitlement to directors' fees which was accepted with effect from end February 2021 as part of a VDM corporate imitative to preserve cash reserves.

(2) Mr Guo was appointed as director with effect on 22 February 2021. Mr Guo offered to suspend his entitlement to directors' fees from his appointment which was accepted as part of a VDM corporate imitative to preserve cash reserves.

Table 4: Non-executive remuneration for the year ended 30 June 2020

	Base Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super Contri-butions	Value of Share-based Payments	Long Service Leave	Termination Benefits	Total	Performance Related
	$	$	$	$	$	$	$	$	%
Current non-executive directors									
H Luk	65,000	-	-	-	-	-	-	65,000	0%
Totals	65,000	-	-	-	-	-	-	65,000	0%

7. ADDITIONAL DISCLOSURES RELATING TO OPTIONS AND SHARES

This section sets out the additional disclosures required under the *Corporations Act 2001*.

Table 5: Shareholdings of key management personnel (held directly and indirectly)

2021	Balance 1 July 2020	Granted as remuneration	Options exercised	Net change Other	Balance 30 June 2021
Current directors					
H Luk	2,070,000,000	-	-	-	2,070,000,000
D Hua	1,085,110,976	-	-	-	1,085,110,976
H Guo (1)	-	-	-	600,000,000	600,000,000
C Noid (2)	-	-	-	3,400,000	3,400,000
M Fry	1,000,000	-	-	-	1,000,000
Total shareholding	3,156,110,976	-	-	-	3,759,510,976

(1) Mr Guo was appointed as director with effect on 22 February 2021. Mr Guo's interest in shares upon his appointment is shown under the heading Net change other.

(2) Mr Noid was appointed as director with effect on 1 April 2021. Mr Noid's interest in shares upon his appointment is shown under the heading Net change other.

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Table 6: Shareholdings of key management personnel (held directly and indirectly)

2020	Balance 1 July 2019	Granted as remuneration	Options exercised	Net change Other	Balance 30 June 2020
Current directors					
H Luk	2,070,000,000	-	-	-	2,070,000,000
D Hua	1,085,110,976	-	-	-	1,085,110,976
M Fry	1,000,000	-	-	-	1,000,000
Total shareholding	3,156,110,976	-	-	-	3,156,110,976

Table 7: Compensation options granted to key management personnel

2021	Balance 1 July 2020	Granted as remuneration	Options exercised	Net change Other	Balance 30 June 2021
Other KMP					
C Yu	52,000,000	-	-	-	52,000,000
Totals	52,000,000	-	-	-	52,000,000

Option holdings of KMP

On the 19 July 2018 Dr Chris Yu was granted 52,000,000 share options with an exercise price of 1.6 cents and an expiry of 31 July 2021, valued at $104,000. The fair value of options granted as remuneration has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

The options subsequently expired on 31 July 2021.

Performance rights holdings of KMP

There were no performance rights granted to KMP during the year ended 30 June 2021 (2020: nil). There were no performance rights held by KMP as at 30 June 2021 (2020: nil).

8. LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans granted to KMP's during the year ended 30 June 2021 (2020: nil).

9. OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED ENTITIES

(a) Details and terms and conditions of other transactions with KMP and their related parties

Luk Hiuming

During the 2021 year, VDM paid $nil (2020 year: $130,000) to Mr Luk with respect to directors' fees.

Kengkong

On 27 January 2016, VDM entered into a Framework Loan Agreement ("FLA") with its largest shareholder, Australia Kengkong Investments Co Pty Ltd ("Kengkong"). At 30 June 2021, the balance of the loan was $10,186,000 (2020: $10,110,000). During the period, Kengkong had no further advances to VDM under the terms of a FLA. The FLA contemplates the parties entering into a secured one-year 6% loan facility that will incorporate the FLA liabilities. Until that occurs, the FLA advances plus interest accrued at 6% per annum are immediately repayable in the denominated currency when demanded by Kengkong. VDM's Non-executive Chairman Mr Luk controls Kengkong, refer to note 18 for full detailed disclosure on outstanding balance.

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H&H

As at 30 June 2021, VDM owes H&H Holdings Australia Pty Ltd ("H&H") $nil (2020: $75,000). The origin of the payment was underwriting commissions for the Company's December 2013 Rights Issue which were written back during the current year upon agreement, and is accordingly shown in other revenue as an expense reversal of $75,000. Dr Hua, VDM's Executive Director of Mining controls H&H.

(b) Amounts recognised at the reporting date in relation to the other transactions:

	2021 $'000	2020 $'000
Statement of Comprehensive Income		
Interest expense (i)	474	551
Total finance costs	474	551
Current Liabilities		
Trade and other payables (ii)	75	75
Interest-bearing loans and other borrowings (iii)	10,186	10,110
Total liabilities	10,261	10,185

Notes:
(i) Interest expense on Kengkong shareholder loan (6% per annum).
(ii) Underwriting commission due to H&H.
(iii) Shareholder loan due to Kengkong inclusive of accrued interest

This report is made in accordance with a resolution of the directors.

Mr Luk Hiuming
Chairman
* October 2021

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VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $000	2020 $000
Continuing operations			
Revenue	5	**551**	**195**
Expenses			
Employee benefits expense	6a	(548)	(727)
Occupancy related expenses		(41)	(51)
Depreciation and amortisation	6b	(10)	(11)
Legal expenses		6	(16)
Finance costs	6c	(475)	(553)
Other expenses	6d	(397)	(556)
Total expenses		**(1,465)**	**(1,914)**
Loss on sale of assets		(13)	-
Other income and expenses		**(13)**	**-**
Loss from continuing operations before income tax		**(927)**	**(1,719)**
Income tax expense	7	-	-
Loss from continuing operations after income tax		**(927)**	**(1,719)**
Loss for the year		**(927)**	**(1,719)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(927)**	**(1,719)**
Total comprehensive loss for the period is attributed to:			
Owners of the parent		**(927)**	**(1,719)**
		(927)	**(1,719)**
Loss per share			
Basic loss per share (cents per share)	9	**(0.01)**	(0.03)
Diluted loss per share (cents per share)	9	**(0.01)**	(0.03)
Loss per share from continuing operations			
Basic loss per share (cents per share)	9	**(0.01)**	(0.03)
Diluted loss per share (cents per share)	9	**(0.01)**	(0.03)

The accompanying notes form part of these financial statements.

VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2021 $000	2020 $000
ASSETS			
Current assets			
Cash and cash equivalents	10	1,633	2,598
Security deposits	11	20	39
Trade and other receivables	12	25	39
Total current assets		**1,678**	**2,676**
Non-current assets			
Exploration and evaluation assets	13	13,622	13,562
Development properties	14	996	996
Property, plant and equipment	15	4	20
Investment property	16	579	587
Total non-current assets		**15,201**	**15,165**
Total assets		**16,879**	**17,841**
LIABILITIES			
Current liabilities			
Trade and other payables	17	5,320	5,290
Interest-bearing loans and borrowings	18	10,186	10,110
Provisions	19	316	457
Total current liabilities		**15,822**	**15,857**
Non-current liabilities			
Provisions	19	-	-
Total non-current liabilities		**-**	**-**
Total liabilities		**15,822**	**15,857**
Net assets		**1,057**	**1,984**
Equity			
Contributed equity	20	297,360	297,360
Share options reserve	21	35	35
Equity reserve	21	457	457
Accumulated losses	21	(296,795)	(295,868)
Total equity		**1,057**	**1,984**

The accompanying notes form part of these financial statements.

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VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2021 $000	2020 $000
Cash flows from operating activities			
Receipts from customers		88	69
Payments to suppliers and employees		(1,133)	(2,863)
Interest received		13	45
GST refunded		48	112
Net cash flows used in operating activities	22	**(984)**	**(2,637)**
Cash flows from investing activities			
(Investment in) release from security deposit		19	-
Proceeds from sale of property, plant and equipment		-	-
Net cash flows from investing activities		**19**	**-**
Cash flows from financing activities			
Repayment of borrowings		-	-
Proceeds from issue of shares		-	-
Transaction costs on issue of shares		-	-
Net cash flows from financing activities		**-**	**-**
Net increase in cash and cash equivalents		(965)	(2,637)
Cash and cash equivalents at beginning of period		2,598	5,235
Cash and cash equivalents at end of period	10	**1,633**	**2,598**

The accompanying notes form part of these financial statements.

VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital Ordinary $000	Accumulated Losses $000	Equity reserve $000	Share options reserve $000	Total $000
Balance at 1 July 2020	**297,360**	**(295,868)**	**457**	**35**	**1,954**
Comprehensive loss for the year	-	(927)	-	-	(927)
Total comprehensive loss for the year	-	(927)	-	-	(927)
Transactions with owners in their capacity as owners					
Share Issue	-	-	-	-	-
Share based payments	-	-	-	-	-
Capital raising costs	-	-	-	-	-
Balance at 30 June 2021	**297,360**	**(296,795)**	**457**	**35**	**1,057**
Balance at 1 July 2019	**296,710**	**(294,149)**	**457**	**35**	**3,053**
Comprehensive loss for the year	-	(1,719)	-	-	(1,719)
Total comprehensive loss for the year	-	(1,719)	-	-	(1,719)
Transactions with owners in their capacity as owners					
Share Issue	650	-	-	-	650
Share based payments	-	-	-	-	-
Capital raising costs	-	-	-	-	-
Balance at 30 June 2020	**297,360**	**(295,868)**	**457**	**35**	**1,984**

The accompanying notes form part of these financial statements.

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1. CORPORATE INFORMATION

The consolidated financial statements of VDM Group Limited and its controlled entities ("VDM" or the "Group") for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on * October 2021.

VDM Group Limited is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

Business activities during the period principally related to:

1) Desk-top review of exploration and geological information in relation to the CdB Copper Project and Cage Bengo Gold Project;
2) review of trading opportunities; and
3) review of opportunities focussed primarily on supporting Chinese companies operating in Australia with construction requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on the historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The consolidated financial statements provide comparative information in respect of the previous year.

b) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

c) Adoption of New and Revised Standards

Standards and Interpretations applicable to 30 June 2021

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period, with none having any impact on the Company.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021.

d) Going concern

VDM incurred a net loss after tax from continuing operations for the year ended 30 June 2021 of $927,000 (2020: $1,719,000). Net cash flows used in operating activities were $984,000 (2020: $2,637,000). At 30 June 2021, VDM had net current liabilities of $14,144,000 (30 June 2020: $13,181,000). The cash position of VDM at 30 June 2021 was $1,633,000 (30 June 2020: $2,598,000) with a further $20,000 of security deposits (30 June 2020: $39,000).

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VDM will require further capital funding:

- for general corporate working capital including trade and other payables, and provisions that become due (refer to notes 17 and 19);
- to progress its business strategy including the Cachoeiras do Binga and Cage Bengo Gold exploration program;
- to pursue other business growth opportunities; and
- to settle shareholder loans once called (refer to note 18).

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

In forming this view, the directors have taken into consideration that the Group expects:

- to undertake future capital raisings sufficient to meet the above noted funding requirements and the Group is consulting with potential sophisticated investors in this regard. The directors are confident in raising the required funds successfully based on the past and recent capital raised;
- VDM's largest shareholder, Australia Kengkong Investments Co Pty Ltd will not demand repayment of amounts due under the FLA within the next twelve months from the date of signing this report, confirmation of which has been received; and
- A Cachoeiras do Binga joint venture partner will not demand repayment of the outstanding creditor balance detailed in note 17 until the Group's next significant capital raising or when the Group's financial status has a significant improvement, confirmation of which has been received.

Based on the above, the directors have prepared cashflow forecasts that indicate the Group will be cash flow positive for the next twelve months from the date of signing this report

Should VDM not achieve the matters set out above, there is material uncertainty as to whether VDM will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that may be necessary should VDM not be able to continue as a going concern.

e) Basis of consolidation

The consolidated financial statements comprise the financial statements of VDM Limited and its subsidiaries as at 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

f) Business Combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 *Financial Instruments*, is measured at fair value with changes in fair value recognised either in profit or loss. If the contingent consideration is not within the scope of AASB 9, it is measured in accordance with the appropriate Australian Accounting Standard. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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g) Joint arrangements

The Group undertakes certain business activities through joint arrangements. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. The Group's joint arrangements are of two types, either:

i. joint operations; or
ii. joint ventures.

A joint operation is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. In relation to its interests in joint operations, the financial statements of the Group includes:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly

All such amounts are measured in accordance with the terms of each arrangement which are in proportion to the Group's interest in the joint operation.

A joint venture is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method.

h) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of associates and joint ventures is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associates and joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates or joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and it's carrying

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value, then recognizes the loss as 'Share of profit of associates and joint ventures' in the statement of profit or loss.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

i) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/ non-current classification.

An asset is current when it is:
- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purposes of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.
A liability is current when:
- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax asset and liabilities are classified as non-current assets and liabilities.

j) Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances in foreign currencies
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

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Group companies
On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

k) Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue from contracts with customers is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the provision of services or for the transferring of goods to a customer (the performance obligations) under a contract. For each contract with a customer, the Group: identifies the contract with the customer; identifies the performance obligations in the contract ; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods and services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, and any other contingent parts. Such estimates are determined using 'the most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved.

Revenue from contracts with customers is derived from the major business activities as follows.

Sale of development properties
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the cost incurred or to be incurred in respect of the transaction can be measured reliably. Transfer of the risks and rewards of ownership coincides with the transfer of the legal title.

Construction and infrastructure development projects
Revenue from construction and infrastructure development projects is recognised in the financial year in which the activities are performed on a percentage of completion method or, where an independent third party provides an estimate of the stage of works completed, based on the independent third-party assessment. Where the percentage to complete method is used, it is based on the cost incurred to date over anticipated total contract costs.

Where it is probable that total contract costs will exceed total contract revenue for a contract, the excess of costs over revenue is recognised as an expense immediately. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent expenses recognised are recoverable.

Rendering of services
Revenue from consulting services is recognised by reference to the stage of completion of a contract or contracts in progress at balance sheet date or at the time of completion of the contract and billing to the customer. Stage of completion is assessed by reference to the work performed.

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent expenses recognised are recoverable.

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Other Revenue

Other types of income are recognised as follows.

Interest
Interest 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, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends
Dividend revenue is recognised when the shareholders' right to receive the payment is established.

Rental income
Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

Other income
Other income is generally recognised as received, or when the right to receive the payment has been established.

l) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation
VDM Group Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2004.

VDM Group Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. VDM Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, VDM Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets and liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in VDM Group. Details of the tax funding agreement are disclosed in note 7.

Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

m) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable. Once classified as held for sale, they are not depreciated or amortised.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

n) Property, plant and equipment

Property, plant and equipment is stated at historic cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection

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is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line and diminishing balance method over the estimated useful life of over 3 to 15 years for its plant and equipment.

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

o) Investment property

Investment property which comprised of freehold residential property is held to generate long-term rental yields. It is stated at historic cost less accumulated depreciation and any accumulated impairment losses.

p) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

At the inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use-asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight line over the term of the lease.

Initially the lease is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use-assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any indirect costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use-assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Group as a lessor

Upon entering into each contract as a lessor, the Group assesses if the lease is a finance or operating lease.

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A contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership of the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial indirect costs incurred in entering into an operating lease (for example, legal cost, costs to set up equipment) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

q) Financial instruments

Financial instruments - assets

a. Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

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- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

ii. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

From 1 January 2018, the Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial instruments - liabilities

a. Classification

From 1 January 2018, the Group classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial liabilities and the contractual terms of the cash flows.

For financial liabilities measured at FVTPL, gains and losses, including any interest expenses will be recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

For financial liabilities measured at amortised cost, the effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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b. Recognition and derecognition

Regular way purchases of financial liabilities are recognised on trade-date, the date on which the Group commits to purchase the financial liability. Financial liabilities are derecognised when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

c. Measurement

At initial recognition, the Group measures financial liabilities at its fair value plus, in the case of financial liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial liabilities. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

r) Development properties

Inventories and development properties are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Where held at cost, cost comprises all costs of purchase, cost of conversion and costs incurred bringing the inventories or development properties to their present location or condition. Inventory is measured on a first in, first out basis.

s) Exploration and evaluation expenditure:

Expenditure on acquisition, exploration and evaluation of mineral resources relating to an area of interest is partially or fully capitalised, and recognised as an exploration and evaluation asset where rights to tenure of the area of interest are current and;

iii. it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale and/or;

iv. exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

An area of interest refers to an individual geological area whereby the presence of a mineral deposit is considered favorable or has been proved to exist. It is common for an area of interest to contract in size progressively, as exploration and evaluation lead towards identification of a mineral deposit, which may prove to contain economically recoverable reserves. When this happens during the exploration for and evaluation of mineral resources, exploration and evaluation expenditures are still included in the cost of the exploration and evaluation asset notwithstanding that the size of the area of interest may contract as the exploration and evaluation operations progress. In most cases, an area of interest will comprise a single mine or deposit.

Impairment

The carrying value of exploration and evaluation assets are assessed for impairment regularly and if information becomes available suggesting that the recovery of any of the assets is unlikely or that the Group no longer holds tenure, the relevant asset amount is written off to the profit or loss in the period when the new information becomes available.

Exploration and evaluation assets are disclosed in note 13.

t) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in the statement of profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.
Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

u) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and security deposits with an original maturity of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities on the balance sheet.

v) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends);
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

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w) Provisions and employee benefits

Provisions are recognised when the has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.
Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave due to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Where a period end falls between pay dates an accrual is raised for any unpaid wages and salaries at the period end.

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Equity-settled contributions
Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. The corresponding amounts are recognised in the option reserve and statement of profit or loss and other comprehensive income respectively. The fair value of the options is determined using the Black-Scholes pricing model.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

a) Impairment of non-financial assets

Management assesses impairment of all non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment.

b) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms (for lease equipment). In addition, the condition of the assets is assessed at least once per year and considered against remaining useful life. Adjustments to useful lives are made when considered necessary.

c) Accounting for outstanding litigations

Where the Group is involved with outstanding litigation, provisions are raised where claims against the Group are probable and are able to be measured, at the best estimate of the expenditure required to settle the obligation at the reporting date. Where claims are not able to be reliably measured or are subject to future events not wholly within control of the Group.

d) Construction warranties

In determining the level of warranty obligations required for construction contracts, VDM has made judgments in respect of the expected performance of the product and the costs of fulfilling the performance of the construction obligations. Historical experience and current knowledge of the performance of products has been used in determining this provision. The related carrying amounts are disclosed in note 19.

e) Other construction contract obligations

In determining the level of other construction contract obligations VDM has made judgments in respect of the expected amount of costs, other than warranty costs, that may be incurred in relation to completed construction contracts. Historical experience and current knowledge of the construction contracts and subcontracts has been used in determining this provision. The related carrying amounts are disclosed in note 19.

f) Net realisable value of development properties

In determining the value at which the development properties is likely to be sold for, management has made judgments in respect of the estimated selling price in the ordinary course of business, benchmarked to available market data less the estimated costs necessary to make the sale and the expected timing in which the sale will take place.

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g) Joint arrangements

Judgement is required to determine when the Group has joint control, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements relate to the operating and capital decisions of the arrangement, such as: the approval of the capital expenditure program for each year, and appointing, remunerating and terminating the key management personnel of, or service providers to, the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgement is also required to classify a joint arrangement as either a joint operation or joint venture. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement.

Specifically, it considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
    - the legal form of the separate vehicle;
    - the terms of the contractual arrangement; and
    - other facts and circumstances (when relevant).

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

h) Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgements to determine whether expenditure will be capitalised and carried as exploration and expenditure assets or be written off to the profit or loss in the period.

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4. SEGMENT INFORMATION

VDM is arranged under two operating divisions: i) construction and ii) mining. Each division was a reportable segment in the current reporting period. The accounting policies adopted for the reportable segment are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2021.

The following table presents the revenue, profit and selected balance sheet information for the Group's reportable segments for the year ended 30 June 2021.

2021	**Construction & Trading $000**	**Mining $000**	**Unallocated $000**	**Total $000**
Revenue				
External revenue	-	-	551	551
Total segment revenue	**-**	**-**	**551**	**551**
Results				
Segment results before tax	**(197)**	**(187)**	**(543)**	**(927)**
Finance costs	-	-	475	475
Depreciation and amortisation	-	-	10	10
Impairment and write downs	-	-	-	-
Reconciliation of segment results before tax to net loss after tax				
Segment results before tax				(927)
Net loss after tax from continuing operations per the statement of comprehensive income				**(927)**
Total assets	**51**	**13,622**	**3,206**	**16,879**
Total liabilities	**113**	**4,679**	**11,030**	**15,822**
Other disclosures				
Exploration and evaluation asset additions	-	60	-	60

Major Customers

During 2021, VDM had no customer that contributed greater than 10% of revenue (2020: one customer contributed greater than 10% of revenue.

The following table presents the revenue, profit, and selected expenditure information for the year ended 30 June 2020 and selected balance sheet information as at 30 June 2020 for the Group's reportable segments.

2020	**Construction & Trading $000**	**Mining $000**	**Unallocated $000**	**Total $000**
Revenue				
External revenue	98	-	97	195
Total segment revenue	**98**	**-**	**97**	**195**
Results				
Segment results before tax	**(103)**	**(287)**	**(1,329)**	**(1,719)**
Finance costs	-	-	553	553
Depreciation and amortisation	-	-	11	11
Impairment and write downs	-	-	-	-
Reconciliation of segment results before tax to net loss after tax				
Segment results before tax				(1,719)
Net loss after tax from continuing operations per the statement of comprehensive income				**(1,719)**
Total assets	**60**	**13,562**	**4,219**	**17,841**
Total liabilities	**122**	**4,679**	**11,056**	**15,857**
Other disclosures				
Exploration and evaluation asset additions	-	1,805	-	1,805

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5. REVENUE

	2021 $000	2020 $000
Sales revenue		
Revenue from contracts with customers	-	97
Total sales revenue	**-**	**97**
Other revenue		
Interest	13	45
Net rental income	12	3
Foreign currency exchange gains	398	-
Expense Reversal	75	-
Cashflow Boost Incentive	50	50
Other	3	-
Total other revenue	**551**	**98**
Total revenue	**551**	**195**

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6. EXPENSES

	2021 $000	2020 $000
a) Employee benefits expense		
Wages and salaries	506	669
Superannuation expense	41	55
Other employee benefits expense	1	3
Total employee benefits expense	**548**	**727**
b) Depreciation and amortisation		
Depreciation	10	11
Total depreciation and amortisation	**10**	**11**
c) Finance costs		
Bank fees and other finance charges	1	2
Interest	474	551
Total finance costs	**475**	**553**
d) Other expenses		
Insurances	139	145
Telecommunications	10	11
Computer costs	29	32
Foreign exchange losses	-	70
Other	219	298
Total other expenses	**397**	**556**

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7. INCOME TAX

	2021 $000	2020 $000
a) The components of tax expense comprise:		
Current income tax:		
Income tax expense on adjustments in respect of current income tax of previous years	-	-
Deferred income tax:		
Relating to origination & reversal of temporary differences	-	-
Prior year tax losses no longer recognised	-	-
Adjustments in respect of deferred income tax of previous years	-	-
Income tax expense reported in the statement of comprehensive income	**-**	**-**
b) Numerical reconciliation between aggregate tax expense recognised in the income statement and the tax expense calculated in the statutory income tax return		
Accounting loss before tax	(907)	(1,719)
Total accounting loss before tax	**(907)**	**(1,719)**
Prima facie income tax expense @ 27.5%	(259)	(473)
Prior year tax over provision	-	-
Tax adjustment for non-deductible expenses	-	-
Tax adjustment for non-assessable income	(14)	(14)
Temporary differences and unrecognised tax losses	269	487
Aggregate income tax expense	**-**	**-**
Income tax expense reported in the consolidated income statement	-	-
Aggregate income tax expense	**-**	**-**

Current period income tax amounts were calculated based on a reduced corporate income tax rate of 27.5% (2020: 27.5%).

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7. INCOME TAX (CONTINUED)

c) Recognised deferred tax asset and liabilities	Statement of financial position		Statement of comprehensive income	
	2021 $000	2020 $000	2021 $000	2020 $000
Deferred tax liabilities				
Other	-	-	-	-
Gross deferred tax liabilities	**-**	**-**	**-**	**-**
Deferred tax assets				
Provision for employee entitlements	27	44	17	(7)
Provisions – other	59	81	22	97
Trade and other receivables	245	245	-	-
Trade and other payables	148	131	(17)	(8)
Contributed equity	1	1	1	1
Deferred tax assets not recognised	(480)	(502)	(23)	(83)
Gross deferred tax assets	**-**	**-**	**-**	**-**

d) Tax losses

VDM Group has recognised a deferred tax asset of $nil (2020: $nil) for Australian income tax purposes on the basis that it is not 'probable' that the carried forward revenue loss will be utilised against future assessable taxable profits.

VDM has estimated tax losses of $134,528,000 (2020: $133,496,000). Utilisation of the carried forward tax losses by the company is subject to satisfaction of the Continuity of Ownership Test ("COT") or, failing that, the Same Business Test ("SBT"). It is likely that VDM has failed COT during the 2015 financial year, therefore in order to be able to utilise the pre-2016 losses in the future, VDM may be required to satisfy the SBT. Where VDM derives assessable income in a future income year, an assessment of whether the same business has been carried on between just before the COT failure and the intervening period will determine whether the losses are available for utilisation.

e) Unrecognised temporary differences

At 30 June 2021, there were no unrecognised temporary differences associated with VDM's investments in subsidiaries, or joint ventures, as VDM has no liability for additional taxation should unremitted earnings be remitted (2020: nil).

f) Tax consolidation

Members of the tax consolidation group and the tax sharing arrangement
VDM Group Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2004. VDM Group Limited is the head entity of the tax-consolidated group. Members of Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

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8. LOSS PER SHARE

	2021 $000	2020 $000
a) Loss used in calculating loss per share		
Net loss from continuing operations attributable to ordinary equity holders of the parent	(927)	(1,719)
Net loss attributable to ordinary equity holders of the parent for basic earnings	**(927)**	**(1,719)**
b) Weighted average number of shares	**No.**	**No.**
Weighted average number of ordinary shares for basic and diluted earnings per share	**6,927,660,952**	**6,840,400,678**

9. DIVIDENDS PROPOSED AND PAID

	2021 $000	2020 $000
a) Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for 2021: nil cents per share (2020: nil cents per share)	-	-
Interim dividend for 2021: nil cents per share (2020: nil cents per share)	-	-
Dividends paid during the year	**-**	**-**
b) Dividend proposed, not recognised as a liability		
Final dividend for 2021: nil cents per share (2020: nil cents per share)	-	-
c) Franking credits:		
Franking credits available for the subsequent financial year:		
Franking account balance as at the end of the financial year at 27.5% (2020: 27.5%)	3,459	3,459
Franking debits that will arise from the refunds of income tax receivable as at the end of the financial year	-	-
Franking credits available for future periods	**3,459**	**3,459**

10. CASH AND CASH EQUIVALENTS

	2021 $000	2020 $000
Cash at bank and in hand	1,633	2,598
Cash and cash equivalents	**1,633**	**2,598**
Reconciliation to cash flow statement		
For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	1,633	2,598
Cash for reconciliation of cash flow statement	**1,633**	**2,598**

Cash at bank earns interest at floating rates or term deposit rates.

11. SECURITY DEPOSITS

	2021 $000	2020 $000
Security Deposits	**20**	**39**
Current	20	39
Non-current	-	-
Total security deposits	**20**	**39**

Security deposits are comprised of cash pledged as collateral for bank guarantees issued by the Group. The security deposits are not available for immediate use.

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12. TRADE AND OTHER RECEIVABLES

	2021 $000	2020 $000
Trade receivables	891	891
Other debtors	25	39
Impairment of trade and other receivables	(891)	(891)
Total trade and other receivables	**25**	**39**
a) Ageing of trade receivables		
0 - 30 days	-	-
31 - 60 days	-	-
> 60 days PDNI*	-	-
> 60 days IM** (expected loss rate of 100% - fully provided for)	891	891
Total trade receivables	**891**	**891**
b) Allowance for impairment loss		
Balance at 1 July 2020	891	891
Charge for the year	-	-
Write-back over provision	-	-
Write offs	-	-
Balance at 30 June 2021	**891**	**891**

** PDNI – past due not impaired*
*** IM - impaired*

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The loss allowance provision as at 30 June 2021 is determined based on the expected credit losses, incorporating forward-looking information.

The amounts written off are all due to customers declaring bankruptcy, or receivables that have now become unrecoverable.

c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair values.

The maximum exposure to credit risk is the fair value of receivables.

d) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in note 24.

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13. EXPLORATION AND EVALUATION ASSETS

	2021 $000	2020 $000
Cachoeiras do Binga (CdB) Copper Project		
Balance as at 1 July	12,912	11,757
Additions	60	1,155
Balance as at 30 June	**12,972**	**12,912**
Cage Bengo Gold Project		
Balance as at 1 July	650	-
Additions	-	650
Balance as at 30 June	**650**	**650**
Total as at 30 June	**13,622**	**13,562**

There has been $60,000 of additions in the period for exploration and evaluation (30 June 2020: $1,805,000).

Ultimate recoupment of the exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

Impact of COVID 19

The country in which the Company's exploration projects are located, Angola, declared a state of emergency on 27 March 2020 after experiencing its first confirmed cases of COVID 19; putting in place an immediate 2-week lockdown and along with other restrictive measures. Despite the lockdown and other measures taken, the numbers of Angolans contracting COVID 19 have steadily climbed and at the time of this report approach 2,000 confirmed cases and 100 deaths. The state of emergency has been revised and extended multiple times and remains in effect.

The existence of the COVID 19 virus in Angola and the measures taken by the Angolan government have prevented VDM from continuing with its exploration activities at this time. With the raining season due to commence in November it is unlikely that VDM will be in a position to re-commence exploration at its Angolan projects until the raining season is over, generally by mid-April, and provided that COVID 19 is under control.

14. DEVELOPMENT PROPERTIES

	2021 $000	2020 $000
Development properties	996	996
Total development properties - NRV	**996**	**996**
Reconciliation of carrying amounts		
Balance at 1 July	996	996
Additions	-	-
Disposals	-	-
Write down of development properties	-	-
Balance at 30 June	**996**	**996**

Development property is stated at the lower of cost and net realisable value.

Independent valuations for all development properties are conducted at least annually by suitably qualified valuers, and the Directors make reference to these independent valuations when determining net realisable value.

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The valuer must have no pecuniary interest that could conflict with the valuation of the property, must be suitably indemnified, and must comply with the Australian Property Institute (API) Code of Ethics and Rules of Conduct (or foreign equivalent).

As at 30 June 2021 the region in which the Company's development properties are located is experiencing the positive impacts of a strong iron ore price and record volumes of iron ore exports. Notwithstanding, the real estate markets to which the Group's development properties belong were not immune to the uncertainty caused by the COVID-19 pandemic; causing valuation uncertainty.

Valuation uncertainty has also arisen from an inactive property investment market. An inactive market means a lack of transactional evidence demonstrating current market pricing.

In these circumstances, the only inputs and metrics available to reliably estimate fair market value relate to the market before COVID-19 occurred and the impact of COVID-19 on prices cannot be known with certainty until the market stabilises. As a result of these uncertainties, the Group's independent valuers expressed difficulty in undertaking valuations at this time and, in the absence of relevant market evidence, they were unable to support a change to their previous opinion on selling price.

Taking all of the above into account, the Company has elected to maintain the value as is.

15. PROPERTY, PLANT AND EQUIPMENT	**2021 $000**	**2020 $000**
Leasehold improvements at cost	14	14
Accumulated depreciation	(10)	(8)
Total leasehold improvements	**4**	**6**
Plant & equipment at cost	29	68
Accumulated depreciation	(29)	(54)
Total plant & equipment	**-**	**14**
Total property, plant and equipment	**4**	**20**
Reconciliation of carrying amounts		
Leasehold Improvements		
Balance at 1 July net of accumulated depreciation	6	7
Additions	-	-
Disposals	-	-
Depreciation	(2)	(1)
Balance at 30 June	**4**	**6**
Plant and equipment		
Balance at 1 July net of accumulated depreciation	14	16
Additions	-	-
Disposals	(14)	-
Impairment	-	-
Depreciation	-	(2)
Transfer from plant and equipment under lease	-	-
Balance at 30 June	**-**	**14**
Total property, plant and equipment	**4**	**20**

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16. INVESTMENT PROPERTIES

	2021 $000	2020 $000
Investment properties	579	587
Total investment properties	**579**	**587**
Reconciliation of carrying amounts		
Balance at 1 July	587	595
Depreciation	(8)	(8)
Impairment provision	-	-
Balance at 30 June	**579**	**587**

At 30 June 2021, management assessed the fair value of the investment property at approximate $579,000 based on comparable sales of similar properties and market.

At 30 June 2021, the Company has sought and obtained an independent property valuation that indicates that the value of the investment property lies in the range of $850,000 to $950,000. The independent valuer did express caution around value and noted that the market is being impacted by uncertainty caused by the COVID-19 pandemic. In light of this uncertainty, the Company has not adjusted upwards the value to reflect the independent valuer's assessment, preferring to maintain the carrying value at $579,000, consistent with the prior year assessment.

17. TRADE AND OTHER PAYABLES

	2021 $000	2020 $000
Trade payables and accruals	640	606
Employee related payables	1	5
Other payables	4,679	4,679
Total trade and other payables	**5,320**	**5,290**

Other payables includes $4,875,000 of purchase consideration due to a Cachoeiras do Binga joint venture partner less the share of exploration costs of $196,000 incurred by the Group in accordance with the terms of the joint venture agreement (30 June 2020: $4,875,000 less share of exploration costs of $196,000). Under the terms of the cash consideration agreement VDM shall pay the full remaining balance to the Cachoeiras do Binga joint venture partner within 21 days of completion of VDM's next significant capital raising or when VDM's financial status has a significant improvement.

a) Fair values

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

b) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is disclosed in note 24.

c) Entities subject to class order relief

VDM Group Limited provides financial guarantees to its subsidiaries by way of a Deed of Cross Guarantee (refer to note 26(c)).

18. INTEREST BEARING LOANS AND OTHER BORROWINGS

	2021 $000	2020 $000
Shareholder loan (AUD denominated)	5,288	5,018
Shareholder loan (USD denominated)	4,898	5,092
Total interest bearing loans and other borrowings	**10,186**	**10,110**

a) Fair values

The carrying amount of current interest-bearing loans approximates their fair value.

b) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is disclosed in note 24.

c) Financing facilities

Credit cards	20	20
Bank guarantees	-	19
Balance at 30 June 2021	**20**	**39**

The bank guarantee facility limit is equal the amount of bank guarantees issued and outstanding in favour of VDM. The credit card facility is available subject to annual review.

d) Shareholder loans

During the period VDM's largest shareholder, Australia Kengkong Investments Co Pty Ltd ("Kengkong"), had no further advances to VDM under the terms of a Framework Loan Agreement ("FLA") (2020: Nil). At 30 June 2021, $10,186,000 (2020: $10,110,000) shareholder loans were due. The FLA contemplates the parties entering into a secured one-year 6% per annum loan facility that will incorporate the FLA liabilities. Until that occurs, the FLA advances, plus accrued interest of 6% per annum are immediately repayable in the denominated currency when demanded by Kengkong. An interest rate of 20% per annum applies if VDM defaults on the loan.

The 30 June 2021 shareholder loan balances include $474,000 of interest accrued in the year (2020: $551,000 of accrued interest) and $398,000 of unrealised foreign exchange gains recorded in the year (2020: $98,000 of unrealised foreign exchange losses). As part of the AGM held on November 28 2016, Kengkong is entitled to first ranking security over the assets and properties of the Group.

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19. PROVISIONS

	2021 $000	2020 $000
Current		
Employee entitlements	99	160
Construction warranties	11	20
Other construction contract obligations	74	74
Other provisions	132	203
Total current provisions	**316**	**457**
Non-Current		
Employee entitlements	-	-
Total non-current provisions	**-**	**-**
Total provisions	**316**	**457**

a) Movement in provisions

2021	Balance 1 Jul 2020 $000	Arising during the year $000	Utilised during the year $000	Unused amounts reversed $000	Balance 30 Jun 2021 $000
Employee entitlements	159	31	(50)	(42)	99
Construction warranties	20	-	-	(9)	11
Other construction contract obligations	75	-	-	(1)	74
Other provisions	203	-	-	(71)	132
Total provisions	**457**	**31**	**(50)**	**(122)**	**316**

2020	Balance 1 Jul 2019 $000	Arising during the year $000	Utilised during the year $000	Unused amounts reversed $000	Balance 30 Jun 2020 $000
Employee entitlements	132	59	(32)	-	159
Construction warranties	340	-	(301)	(19)	20
Other construction contract obligations	153	-	-	(78)	75
Other provisions	251	-	(48)	-	203
Total provisions	**876**	**59**	**(381)**	**(97)**	**457**

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19. PROVISIONS (CONTINUED)

b) Nature and timing of provisions

Construction warranties are estimated costs for warranty claims on completed construction projects based on past experience. It is estimated that these costs will be incurred in the next financial year.

Other construction contract obligations are estimated costs, other than warranty claims, related to construction contracts.

Other provisions are mainly comprised of remaining deductibles under insurance claims. The insurance deductible portion is estimated to be incurred in the next financial year.

Provisions estimated to be settled after the end of the next financial year are classified as non-current. Provisions estimated to be settled in the next financial year are classified as current.

20. CONTRIBUTED EQUITY

	2021 $000	2020 $000
a) Ordinary shares		
Issued and fully paid	297,360	297,360
	Number of Shares	**$000**
Balance at 1 July 2019	**6,277,660,952**	**296,710**
Share Issues	650,000,000	650
Capital raising costs	-	-
Balance at 1 July 2020	**6,927,660,952**	**297,360**
Share Issues	-	-
Capital raising costs	-	-
Balance at 30 June 2021	**6,927,660,952**	**297,360**

b) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

c) Capital Management

When managing capital, the Board's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

In the short to medium term the Company is focussed on maintaining an appropriate level of working capital. Until achievement of profitable operations and positive cash flow, the Directors do not anticipate paying dividends.

The level of dividends paid by the Company in the future will depend upon the availability of distributable earnings, the Company’s franking credit position, operating results, available cash flow, financial condition, taxation position, future capital requirements, as well as general business and financial conditions and any other factors the Directors may consider relevant.

VDM is not subject to any externally imposed capital requirements.

21. ACCUMULATED LOSSES AND RESERVES

	2021 $000	2020 $000
a) Movement in accumulated losses		
Balance at 1 July	(295,868)	(294,149)
Net loss attributable to members of VDM Group Limited	(927)	(1,719)
Balance at 30 June	**(296,795)**	**(295,868)**
b) Share options reserve		
Balance at 1 July	35	35
Arising during the year	-	-
Balance at 30 June	**35**	**35**
c) Movement in equity reserve		
Balance at 1 July	457	457
Balance at 30 June	**457**	**457**

Option reserve
The option reserve records items recognised as expenses on valuation of employee share options.

Equity reserve
The equity reserve is used to record differences between the carrying value of non-controlling interests and the consideration paid/received, where there has been a transaction involving non-controlling interests that did not result in a loss of control. The reserve is attributable to the equity of the parent.

22. CASHFLOW STATEMENT INFORMATION

Reconciliation of net profit after tax to the net cash flows from operations

	2021 $000	2020 $000
Net loss after tax	(927)	(1,719)
Non-cash items:		
Depreciation and amortisation	10	11
Loss on disposal of property, plant and equipment	13	-
Share based payment	-	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	14	(4)
Increase/(decrease) in trade and other creditors	47	(505)
Decrease in provisions	(141)	(420)
Net cash flows used in operating activities	**(984)**	**(2,637)**

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23. RELATED PARTY DISCLOSURE

Note 29 provides the information about VDM's structure including details of the subsidiaries and the parent company.

a) Ultimate parent

VDM Group Limited is the ultimate Australian parent entity.

b) Due from associates

At 30 June 2021, the amount due from associates is Nil (2020: Nil)

c) Transactions with key management personnel

Luk Hiuming
During the 2021 year, VDM paid $nil (2020 year: $130,000) to Mr Luk in relation to directors' fees.

Kengkong
On 27 January 2016, VDM entered into a Framework Loan Agreement ("FLA") with its largest shareholder, Australia Kengkong Investments Co Pty Ltd ("Kengkong"). The FLA contemplates the parties entering into a secured one-year 6% loan facility that will incorporate the FLA liabilities. Until that occurs, the FLA advances plus interest accrued at 6% per annum are immediately repayable in the denominated currency when demanded by Kengkong. VDM's Non-executive Chairman Mr Luk controls Kengkong, refer to note 18 for full detailed disclosure on outstanding balance. Interest relating to the FLA advances of $474,000 has been recognised for the current year (2020: $551,000)

H&H
As at 30 June 2021, VDM owes H&H Holdings Australia Pty Ltd ("H&H") $nil (2020: $75,000). The origin of the payment was underwriting commissions for the Company's December 2013 Rights Issue which were written back during the current year upon agreement, and is accordingly shown in other revenue as an expense reversal of $75,000. Dr Hua, VDM's Executive Director of Mining controls H&H.

d) Transactions with related parties other than key management personnel

There were no transactions entered into with related parties other than key management personnel during the years ended 30 June 2021, and 30 June 2020, except for those noted above.

	2021 $	2020 $
e) Compensation for key management personnel		
Short term	439,469	583,719
Long term	7,959	6,467
Post employment	23,602	42,391
Share-based payments	-	-
Termination benefits	58,460	-
Total compensation	**529,490**	**632,577**

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24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES	2021 $000	2020 $000
a) Financial assets		
Cash and cash equivalents (note 10)	1,633	2,598
Security deposits (note 11)	20	39
Trade and other receivables (note 12)	25	39
Total Financial Assets	**1,678**	**2,676**
b) Financial liabilities		
Current interest-bearing loans and borrowings		
6% secured interest-bearing loan from Kengkong (note 18)	**10,186**	**10,110**
Total current interest-bearing loans and borrowings	**10,186**	**10,110**
c) Other financial liabilities		
Other financial liabilities, other than interest-bearing loans and borrowings		
Trade and other payables (note 17)	**5,320**	**5,290**
Total other financial liabilities	**5,320**	**5,290**

d) Financial instruments risk management objectives and policies

The Group's principal financial liabilities, comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables, and cash and security deposits that derive directly from its operations.

Credit, liquidity and market risk (including interest rate and foreign exchange risk) arise in the normal course of VDM's business. VDM manages its exposure to these key financial risks in accordance with VDM's financial risk management policy. The objective of the policy is to support the delivery of VDM's financial targets whilst protecting future financial security. VDM's principal financial instruments comprise receivables, payables, loans, hire purchase liabilities, cash and security deposits.

VDM uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Audit and Risk Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Interest rate risk

Interest rate risk is the risk that the Group's financial position will be adversely affected by movements in interest rates that will increase the cost of floating rate debt or opportunity losses that may arise on fixed rate borrowings in a falling interest rate environment. Shareholder loans bear a fixed interest rate therefore they are not exposed to any interest rate risk.

	2021 $000	2020 $000

24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

The following table summarises the sensitivity on the interest rate exposures (excluding opportunity cost of fixed rate borrowings) in existence at the balance sheet date. The sensitivity is based on foreseeable changes over a financial year.

	2021 $000	2020 $000
Post-tax gain / (loss)		
+ 1% (100 basis points)	17	26
- 1% (100 basis points)	(17)	(26)

The movement in profit is due to lower/higher interest income from variable rate cash balances. Other than retained earnings, there is no impact on equity in the consolidated entity.

Credit risk

Credit risk arises from the financial assets of VDM, which comprises cash and cash equivalents and trade and other receivables. VDM's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

VDM manages its credit risk by trading only with recognised, creditworthy third parties, and as such collateral is not requested nor is it VDM's policy to securitise its trade and other receivables. Customers are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Receivables balances are monitored on an ongoing basis. VDM has a concentration trade receivables credit risk with its major customer (refer to "major customers" in note 4). Financial instruments are held amongst reputable financial institutions thus minimising the risk of default of these counterparties.

The maximum exposure to credit risk at the reporting date was as follows:

	2021 $000	2020 $000
Cash and cash equivalents (note 10)	1,633	2,598
Security deposits (note 11)	20	39
Trade and other receivables (note 12)	25	39
	1,678	**2,676**

Foreign currency risk

Foreign currency risk arises from transactions, assets and liabilities that are denominated in a currency that is not the functional currency of the transacting entity. Measuring the exposure to foreign currency risk is achieved by regularly monitoring and performing sensitivity analysis on VDM's financial position. Currently there is no foreign exchange hedge programme in place.

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	2021 $000	2020 $000

24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

The financial instruments exposed to US dollar foreign exchange rate risk are as follows:

Financial assets		
Cash and cash equivalents	-	152
Balance at the end of the year	**-**	**152**
Financial liabilities		
Interest bearing loans and other borrowings (note 18)	**4,898**	**5,092**

The following table summarises the sensitivity on US dollar foreign exchange rate exposures, in existence at the balance sheet date. The sensitivity is based on foreseeable changes over a financial year.

Post-tax gain / (loss)		
+ 10% (100 basis points)	(490)	(494)
- 10% (100 basis points)	490	494

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting its commitments concerning its financial liabilities. As a result, the liquidity position of VDM Group is managed to ensure sufficient liquid funds are available to meet our financial commitments in a timely and cost-effective manner.

VDM continually monitors its liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The objective of VDM is to have sufficient cash and finance facilities to meet short term commitments, and to fund capital and exploration expenditures through operating cash flow and equity capital raisings.

The table below reflects all contractually fixed payments for settlement, repayments and interest resulting from recognised financial assets and liabilities and does not recognise any cash for unresolved claims against projects which have not been recognised as income. The table also excludes contractual commitments classified as operating leases (refer to note 26). The obligations presented are the undiscounted cash flows for the respective upcoming fiscal years. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2021.

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24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Repayment obligations in respect of loans and trade and other payables are as follows:

	2021 $000	2020 $000
Not later than one year	15,486	15,400
Later than one year but not later than two years	-	-
Later than two years but not later than three years	-	-
Later than three years	-	-
	15,486	**15,400**

The following table reflects a maturity analysis of financial liabilities.

	Total $000	0-60 Days $000	61 Days - 1 Year $000	1- 5 Years $000	>5 Years $000
Year ended 30 June 2021					
Financial liabilities					
Trade and other payables (note 17)	5,320	641	4,679	-	-
Interest bearing loans and other borrowings (note 18)	10,186	10,186	-	-	-
Total financial liabilities	**15,486**	**10,807**	**4,679**	**-**	**-**
Year ended 30 June 2020					
Financial liabilities					
Trade and other payables (note 17)	5,290	611	4,679	-	-
Interest bearing loans and other borrowings (note 18)	10,110	10,110	-	-	-
Total financial liabilities	**15,400**	**10,721**	**4,679**	**-**	**-**

e) Fair value

At 30 June 2021 there are no financial assets or financial liabilities which are accounted for at fair value. Carrying amounts approximate the fair value of financial assets and financial liabilities presented in the Consolidated Statement of Financial Position.

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24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

f) Changes in liabilities arising from financial activities

	1 Jul 2020	Cash flows	Foreign exchange movement	Other	30 Jun 2021
	$000	$000	$000	$000	$000
Year ended 30 June 2021					
Current interest-bearing loans and borrowings	10,110	-	(398)	474	10,186
Total liabilities from financing activities	**10,110**	**-**	**(398)**	**474**	**10,186**

	1 Jul 2019	Cash flows	Foreign exchange movement	Other	30 Jun 2020
	$000	$000	$000	$000	$000
Year ended 30 June 2020					
Current interest-bearing loans and borrowings	9,461	-	98	551	10,110
Total liabilities from financing activities	**9,461**	**-**	**98**	**551**	**10,110**

25. PARENT ENTITY INFORMATION

	2021	2020
	$000	$000
Current assets	1,625	2,614
Total assets	15,830	16,783
Current liabilities	14,773	14,131
Total liabilities	14,773	14,131
Issued capital	297,360	297,360
Accumulated loss	(296,795)	(295,868)
Option reserve	492	492
Total shareholders' equity	**1,057**	**1,984**
Loss of parent entity	(927)	(1,719)
Total comprehensive loss of the parent entity	**(927)**	**(1,719)**

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26. COMMITMENTS	2021 $000	2020 $000
a) Operating leases		
Within one year	-	17
One year or later but no later than 5 years	-	-
After more than 5 years	-	-
Total minimum lease payments	**-**	**17**

b) Bank guarantees

As at 30 June 2021, VDM Group Limited had no bank guarantees on issue as security for leased properties (2020: $19,000).

As at 30 June 2021, VDM Group Limited was exposed contingent liabilities of AOA 53,313,000 related to bank guarantees provided to the Angolan government for contractual obligations under the Cachoeiras do Binga Mining Investment Contract. AOA is the currency of the Republic of Angola and the 30 June 2021 contingent amount translates to AUD $107,473 (2020: AUD $133,800).

c) Guarantees in relation to debts of subsidiaries

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 VDM Group Limited and the Closed Group entered into a Deed of Cross Guarantee on 1 February 2010. The effect of the deed is that VDM Group Limited has guaranteed to pay any deficiency in the event of winding up of controlled entities or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

d) Property, plant and equipment commitments

VDM has no capital expenditure commitments at 30 June 2021 (2020: nil).

e) Legal claims

The following matters could lead to VDM incurring material losses if the claimants are successful with their claims:

Structural design service claim
VDM have a claim from an overseas customer relating to a structural design service contract for services provided in 2010. As a result VDM has provided an amount equal to its maximum exposure of $150,000 relating to this matter under its insurance policy less legal costs to date of $51,000.

Mechanical services consulting claim
VDM have a claim from a customer relating to consulting work on the installation of mechanical services for two commercial buildings located in Western Australia during 2008 and 2009. As a result VDM has provided an amount equal to its maximum exposure of $250,000 relating to this matter under its insurance policy less legal costs to date of $146,000.

27. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occur after 30 June 2021 date and up to the date of this report.

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28. AUDITOR'S REMUNERATION	2021 $	2020 $
Amount received or receivable for:		
Auditing financial statements – Hall Chadwick	23,650	28,874
Non audit fees (tax compliance & other advisory)	-	-
Total auditor's remuneration	**23,650**	**28,874**

29. CLOSED GROUP CLASS ORDER DISCLOSURES

The consolidated financial statements include the financial statements of VDM Group Limited and the subsidiaries listed in the following table.

	Subsidiary Name	Country of Incorporation	% equity interest 2021	2020
*	VDM Trading Pty Ltd	Australia	**100%**	100%
*	VDM Mining Pty Ltd	Australia	**100%**	100%
*	VDM Equipment Pty Ltd	Australia	**100%**	100%
*	VDM Construction Pty Ltd	Australia	**100%**	100%
*	Keytown Constructions Pty Ltd	Australia	**100%**	100%
*	VDM Developments Pty Ltd	Australia	**100%**	100%
*	VDM Engineering (Eastern Operations) Pty Ltd	Australia	**100%**	100%
*	Burchill VDM Pty Ltd	Australia	**100%**	100%
*	VDM Group Limited International (Dubai Branch) Pty Ltd	Australia	**100%**	100%
*	BCA Consultants Pty Ltd	Australia	**100%**	100%
	VDM Africa Holidings Ltd	British Virgin Islands	**100%**	100%
	The EB Trust	Australia	**100%**	100%

a) Entities subject to class order relief

* The annotated companies and VDM Group Limited entered into a Deed of Cross Guarantee on 1 February 2010 (the "Closed Group"). The effect of the deed is that VDM Group Limited has guaranteed to pay any deficiency in the event of winding up of controlled entities or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that VDM Group Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

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29. CLOSED GROUP CLASS ORDER DISCLOSURES (CONTINUED)

The consolidated statement of comprehensive income and statement of financial position of the entities that are members of the Closed Group are as follows:

b) Statement of comprehensive income

	Closed Group	
	2021	**2020**
	$000	**$000**
Loss from continuing operations before income tax	(927)	(1,719)
Income tax expense	-	-
Loss from continuing operations after income tax	**(927)**	**(1,719)**
Loss from discontinued operations after income tax	**-**	**-**
Loss for the year	**(927)**	**(1,719)**
Non-controlling interest	-	-
Dividends paid	-	-
Accumulated losses at the beginning of the year	(296,866)	(295,147)
Accumulated losses at the end of the year	**(297,793)**	**(296,866)**

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29. CLOSED GROUP CLASS ORDER DISCLOSURES (CONTINUED)

c) Statement of financial position

	Closed Group	
	2021	**2020**
	$000	**$000**
ASSETS		
Current Assets		
Cash and cash equivalents	1,631	2,596
Security deposits	20	39
Trade and other receivables	25	39
Total Current Assets	**1,676**	**2,674**
Non-Current Assets		
Exploration and evaluation assets	13,662	13,562
Property, plant and equipment	4	20
Investment properties	579	587
Total Non-Current Assets	**14,205**	**14,169**
Total Assets	**15,881**	**16,843**
Liabilities		
Current Liabilities		
Trade and other payables	5,320	5,212
Interest-bearing loans and borrowings	10,186	10,110
Provisions	316	535
Total Current Liabilities	**15,822**	**15,857**
Non-Current Liabilities		
Provisions	-	-
Total Non-Current Liabilities	**-**	**-**
Total Liabilities	**15,822**	**15,857**
Net Assets	**59**	**986**
Equity		
Contributed equity	297,360	297,360
Share options reserve	35	35
Equity reserve	457	457
Accumulated losses	(297,793)	(296,866)
Total Equity	**59**	**986**

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In accordance with a resolution of the directors of VDM Group Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the group are in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b);

(c) subject to the satisfactory achievement of the matters described in note 2(d), there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable;

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2021; and

(e) subject to the satisfactory achievement of the matters described in note 2(d), as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 29 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Mr Luk Hiuming
Chairman
Perth, Western Australia
* October 2021

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Additional information required by ASX Listing Rules and not shown elsewhere in the report is set out below. The information is current as of 28 September 2021.

TWENTY LARGEST SHAREHOLDERS

Shareholder	Number of ordinary fully paid shares held	% held of shares
Australia Kengkong Investments Co Pty Ltd	2,070,000,000	29.88
H & H Holdings Australia Pty Ltd	1,085,110,976	15.66
Seabank Resources LDA	650,000,000	9.38
CF International Development Limited	600,000,000	8.66
Thriving Treasure Limited	520,000,000	7.51
Sino Plant Holding Limited	250,000,000	3.61
Briston Holdings Limited	200,000,000	2.89
Seawire Limited	130,000,000	1.88
Citicorp Nominees Pty Limited	126,259,394	1.82
Golden Bloom Investments Pty Ltd	125,000,000	1.80
BNP Paribas Nominees Pty Ltd ACF CLEARSTREAM	50,040,785	0.72
MYOORA PTY LTD	42,193,804	0.61
Miss Xiaoli Jia	40,892,000	0.59
Miss Shan He	33,502,126	0.48
M&C COGHLAN PTY LTD	25,000,000	0.36
BNP Paribas Nominees Pty Ltd	22,080,184	0.32
Ms Chang Li	22,000,000	0.32
Mr Brian Hon Leung Lee	19,000,000	0.27
Mr Van Tuan Vo	17,938,358	0.26
Miss Fang Ning Du	17,020,353	0.25
Total	**6,046,037,980**	**87.27**

SHARES IN VOLUNTARY ESCROW

There are no shares in voluntary escrow

SUBSTANTIAL SHAREHOLDINGS

The following shareholders have declared a relevant interest in the number of voting shares at the date of giving notice under Part 6C.1 of the Corporations Act.

Shareholder	Number of ordinary fully paid shares held	% held of shares
Australia Kengkong Investments Co Pty Ltd	2,070,000,000	29.88
H & H Holdings Australia Pty Ltd	1,085,110,976	15.66
Seabank Resources LDA	650,000,000	9.38
CF International Development Limited	600,000,000	8.66
Thriving Treasure Limited	520,000,000	7.51

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DISTRIBUTION OF SHAREHOLDINGS

Range of holding	Number of shareholders	Number of ordinary shares	% of shares
1 - 1,000	173	17,059	-
1,001 - 5,000	100	311,736	-
5,001 - 10,000	78	622,104	0.01
10,001 - 100,000	471	26,268,717	0.38
100,001 - 9,999,999,999	703	6,900,441,696	99.61
Total	**1,524**	**6,927,660,952**	**100.00**

The number of shareholders with less than a marketable parcel is 1,022 holding in total 60,242,865 shares.

VOTING RIGHTS

All ordinary shares issued by VDM Group Limited carry one vote per share without restriction.