



VDM GROUP LIMITED

and its Controlled Entities

ABN 95 109 829 334

**INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2020**

VDM GROUP LIMITED

CORPORATE INFORMATION

DIRECTORS

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

COMPANY SECRETARY

Mr Michael Fry

REGISTERED AND PRINCIPAL OFFICE

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East Perth WA 6004
Telephone (08) 9265 1100
Website <http://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

VDM GROUP LIMITED
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VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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 half year ended 31 December 2020.

1. BOARD COMPOSITION

The names and details of the directors of VDM Group Limited in office during the half year and until the date of this report are set out below. Each director was in office for this entire period unless stated otherwise.

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

Dr Hua Dongyi

Executive Director of Mining

Appointed Director on 28 August 2013, appointed Managing Director on 9 September 2013, appointed Executive Chairman and Interim CEO on 29 November 2013, appointed Managing Director and CEO on 29 January 2015, appointed Executive Director of Mining on 1 March 2016.

Member of the Audit & Risk Committee

Mr Michael Fry

Non-executive Director (independent)

Appointed 3 June 2011

Chairman of the Audit & Risk Committee

Mr Colin Noid

Alternate Director, Construction Manager

Appointed Alternate Director on 25 November 2019

Mr Huadong Guo

Non-executive Director

Appointed Non-executive director on 23 February 2021

COMPANY SECRETARY:

Mr Michael Fry

Appointed 9 February 2018

2. NATURE AND PRINCIPAL ACTIVITIES

VDM is comprised of 3 operating divisions:

VDM Mining: mining exploration, development and operation in Africa and Latin America.

VDM Construction: engineering, procurement and construction.

VDM Trading: procurement and trading of raw materials and commodities.

Business activities during the period principally related to:

- exploration of the Cachoeiras do Binga copper project located in the Republic of Angola (**Cachoeiras do Binga**) supported by VDM's project partners and the Government of Angola;
- exploration of the Cage Bengo Project located in the Republic of Angola (**Cage Bengo**) supported by VDM's project partners and the Government of Angola; and
- investigation of other project opportunities connected with VDM's Mining, Construction and Trading divisions.

The business activities of the comparative period principally related to: 1) exploration of the Cachoeiras do Binga; 2) due diligence, negotiation and acquisition of a 55.25% interest in the Cage Bengo Project located in the Republic of Angola; and 3) investigation of other project opportunities connected with VDM's Mining, Construction and Trading divisions.

VDM GROUP LIMITED DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

3. OPERATING AND FINANCIAL REVIEW

Cachoeiras do Binga Copper Project

During the half year to 31 December 2021, the Company received the assay results from its Phase 2 Drilling Program at its Cachoeiras do Binga Copper Project (65% owned by VDM) in Angola.

Phase 2 drill-holes were largely to a depth of about 60 metres and were targeting near to surface mineralisation. Of the 93 holes drilled, four holes were of between 120m and 150m in length and were drilled for structural and hydrological purposes.

Seven hundred and seventy-nine (779) samples were prepared for assay and despatched to a Chinese laboratory.

Assay results from the Phase 2 Drill Program were received and reported to ASX on 26 November 2020, and the highlights were:

- Fifty-four (54) of the ninety-three (93) holes returned assays grading better than 0.5% Cu.
- High-grade mineralisation generally intersected in a 40m zone that extends from ~40m below surface to ~80m beneath surface.
- Results overall were better for Phase 2 with 13.9% of samples returning grades of more than 1% copper, as compared to 5.7% under Phase 1.

Better assays include:

- 8.64m @ 2.60% Cu from 53.961m, including 1.1m @ 4.98% Cu from 61.47m in Hole 10 (located in Area 3);
- 3.15m @ 3.60% Cu from 35.20, including 1.08m @ 5.5% Cu from 37.27m in Hole 25 (located in Area 3); and
- 4m @t 2.13% Cu from 34m in Hole 16 (located in Area 3).
- A map illustrating the grade distribution of assay results from both Phase 1 and 2 is set out as Figure 1 below:

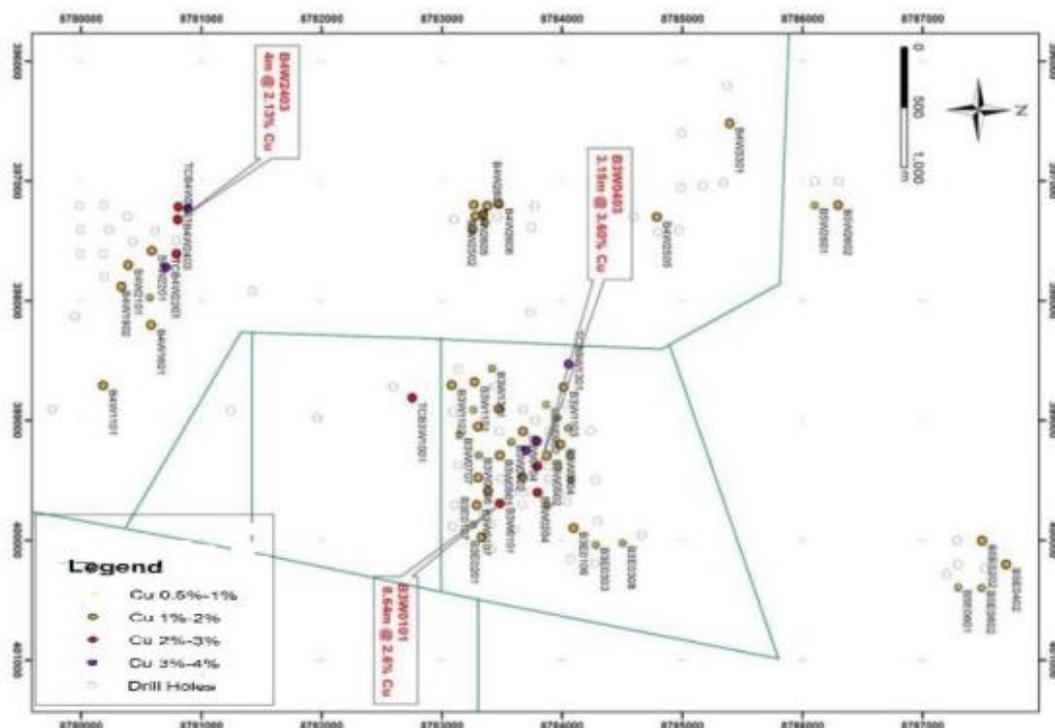


Figure 1: Map illustrating assay results for Phases 1 and 2

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On 26 November 2020, VDM announced 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 @0.94% 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.

The exploration database used for the resource estimation consists of 134 diamond coreholes and 7 trenches. A total of 1,658 intervals were sampled at the deposit. All the available data was input into a Geovia Surpac (Surpac) database for the estimation procedure.

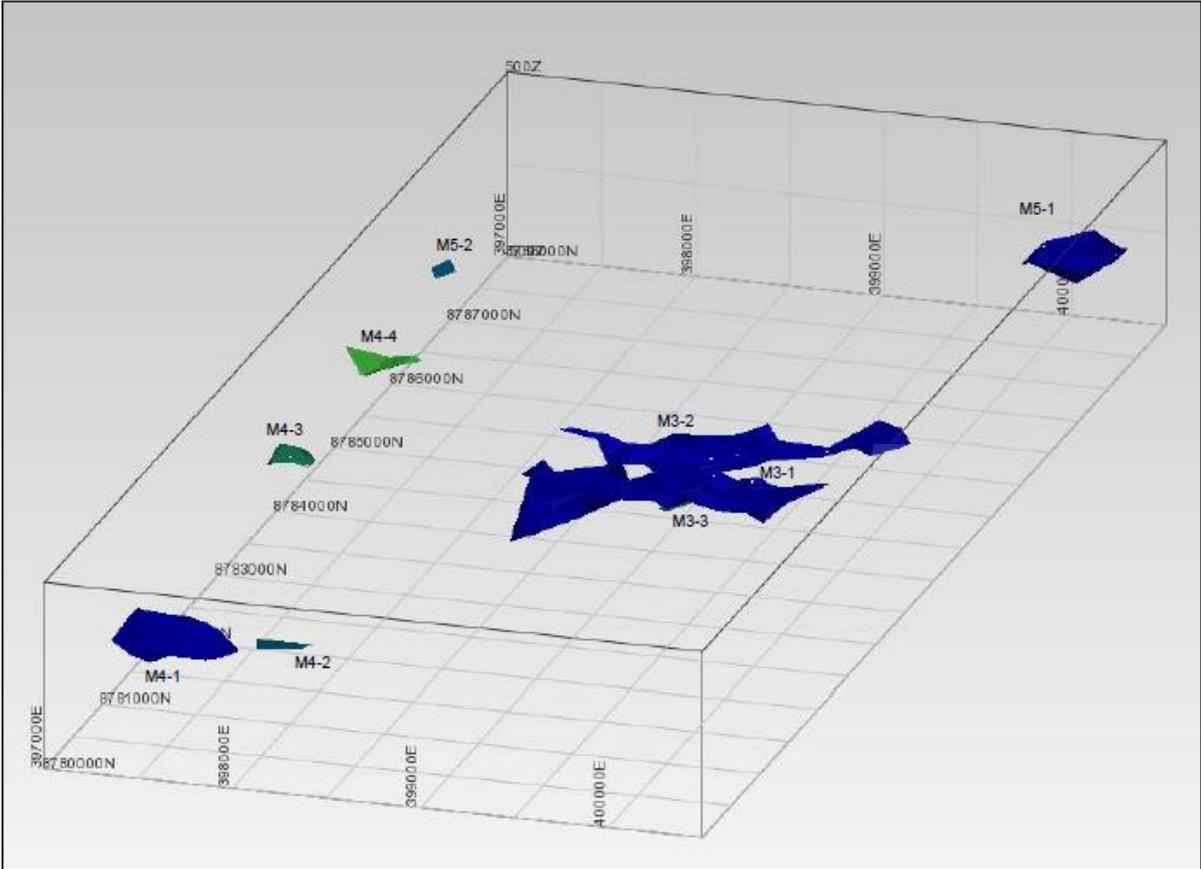


Figure 2: Three-Dimensional View of Mineralised Bodies, of which M3-1 is the largest

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DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

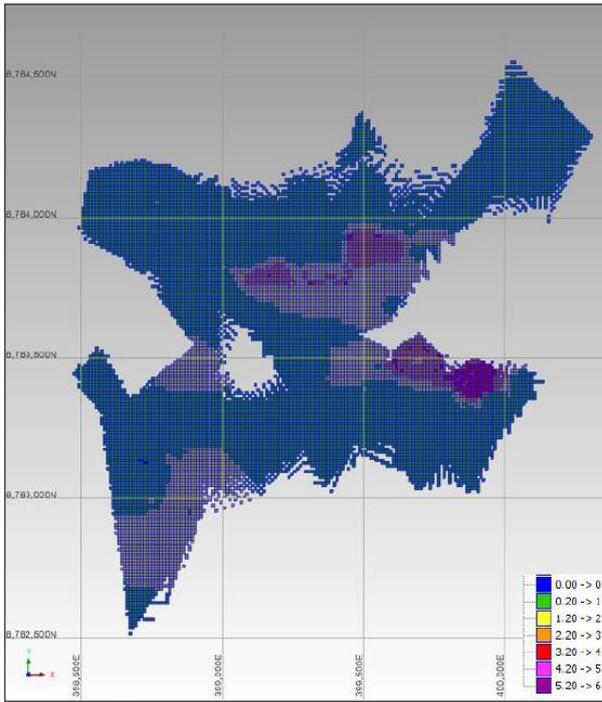


Figure 3: Plan View of Block Model for Mineralised Body 3-1

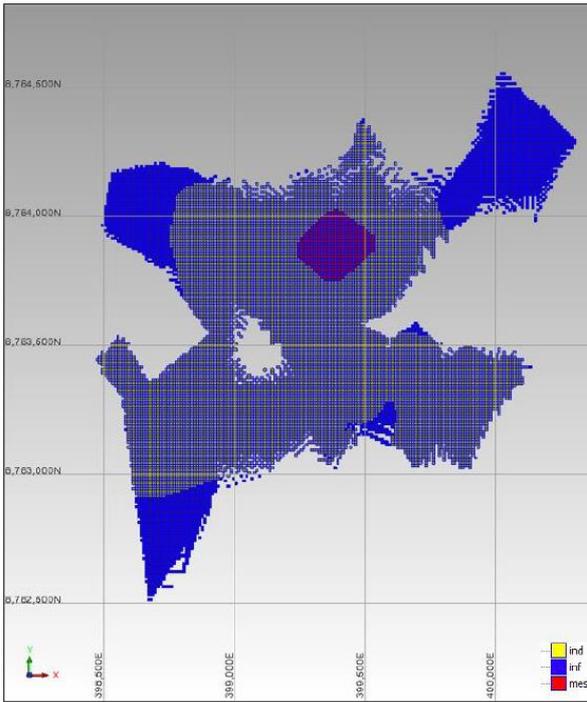


Figure 4: Resource Categories of Mineralised Body M3-1

On-the-ground activity at the CdB Project presently is suspended due to travel restrictions and safety concerns arising from the COVID-19 pandemic.

Cage Bengo Project

In August 2019, the Company executed a Mining Investment Contract providing exclusive rights to explore for gold and other minerals at the Cage Bengo Project located in the Republic of Angola.

By entering into the Mining Investment Contract, VDM acquired a 55.25% ownership interest. On 20 August 2019, VDM issued to Seabank Resources Ltd 650 million fully paid shares in relation to the acquisition of its ownership interest.

On 15 April 2020, Prospecting Title 048/07/03 over the Cage Bengo Project was issued by the Angolan Government, allowing work to commence.

However, since the Prospecting Title was issued, no on-the-ground activity at the Cage Bengo Project has been possible with all activities remaining suspended due to travel restrictions and safety concerns arising from the COVID-19 pandemic.

Work presently is limited to planning and desk-top studies.

Other

The Construction division took on no new work during the half-year with efforts focussed on review of new opportunities.

The Trading division remained inactive whilst the Company searches for a partner to scale the trading business to market-competitive levels.

Financial Review

Revenue from continuing operations of \$560,000 (2019: \$29,000) is 117.2% higher than the comparative period mainly due to increased rental income earned from Mandurah investment property.

Total expenses from continuing operations of \$768,000 (2019: \$886,000) reflect a decrease of 69.4% from the comparative period.

Cash decreased by \$650,000 in the half year with negative cash flow from operating activities of \$650,000.

VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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 full impact of the COVID-19 outbreak continues to evolve at the date of this report. 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 FY2021.

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.

Although the Group cannot fully estimate the length or gravity of the COVID-19 effect, from its initial 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.

Competent Person Statements

The information in this report which relates to Exploration Results is based on information compiled by Mr Pengfei Xiao from SRK Consulting China Ltd, a Member of the Australasian Institute of Mining and Metallurgy and extracted from a report released to the Australian Securities Exchange on 26 November 2020 titled "Phase 2 Assay Results Confirm Further High Grade Copper Mineralisation at CdB Project" and available to view at www.vdmgroup.com.au and for which a Competent Person consent was obtained. The Competent Person 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 information in this report which relates to Mineral Resources is 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 and is extracted from a report released to the Australian Securities Exchange (ASX) on 26 November 2020 titled "VDM Delivers Maiden Copper Mineral Resource Estimate at CdB Project" and 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 26 November 2020 titled "Phase 2 Assay Results Confirm Further High Grade Copper Mineralisation at CdB Project" and "VDM Delivers Maiden Copper Mineral Resource Estimate at CdB Project" 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 announcements.

4. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, except for the following:

Appointment of Non-Executive Director

Mr Huadong Guo was appointed as non-executive Director of the Company on 23 February 2021. Mr Guo is a qualified electrical engineer who is highly successful businessman and who has owned and operated several businesses in east African in 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.

VDM GROUP LIMITED DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Cost Reduction Plan

During March 2021, the Company has instigated a cost reduction plan aimed at reducing corporate overheads. As a consequence, measures are currently being taken to reduce staffing levels and office costs, to ensure that a large proportion of existing cash resources are available to support planned exploration efforts at the Company's Angolan projects when activities re-commence.

5. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2020.

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.

Signed in accordance with a resolution of the directors.



Dr Hua Dongyi
Executive Director of Mining
Perth, Western Australia
16 March 2021

AUDITOR'S INDEPENDENCE DECLARATION VDM GROUP LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence to the directors of VDM Group Limited.

As lead audit partner for the review of the financial report of VDM Group Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Michael Hillgrove
Director

Dated 16 March 2021

VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		31 Dec 2020	31 Dec 2019
	Notes	\$000	\$000
Continuing operations			
Revenue and other income	3	560	29
Expenses			
Employee benefits expense	4a	(338)	(353)
Occupancy related expenses		(23)	(22)
Depreciation and amortisation	4b	(5)	(7)
Legal expenses		-	(16)
Finance costs	4c	(203)	(273)
Other expenses	4d	(199)	(215)
Total expenses		(768)	(886)
Loss from continuing operations before income tax		(208)	(857)
Income tax expense	5	-	-
Loss from continuing operations after income tax		(208)	(857)
Loss for the period		(208)	(857)
Other comprehensive income		-	-
Total comprehensive loss for the period		(208)	(857)
Total comprehensive loss for the period is attributed to:			
Owners of the parent		(208)	(857)
		(208)	(857)
Loss per share			
Basic loss per share (cents per share)		(0.003)	(0.013)
Loss per share from continuing operations			
Basic loss per share (cents per share)		(0.003)	(0.013)

The accompanying notes form part of these financial statements.

VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	31 Dec 2020 \$000	30 Jun 2020 \$000
ASSETS			
Current assets			
Cash and cash equivalents	6	1,948	2,598
Security deposits	7	39	39
Trade and other receivables		40	39
Other assets	8	71	-
Total current assets		2,098	2,676
Non-current assets			
Exploration and evaluation assets	9	13,622	13,562
Development properties	10	996	996
Property, plant and equipment	11	19	20
Investment property	12	583	587
Total non-current assets		15,220	15,165
Total assets		17,318	17,841
LIABILITIES			
Current liabilities			
Trade and other payables	13	5,313	5,290
Interest-bearing loans and borrowings	14	9,814	10,110
Provisions	15	415	457
Total current liabilities		15,542	15,857
Total liabilities		15,542	15,857
Net assets/(liabilities)		1,776	1,984
Equity			
Contributed equity	16	297,360	297,360
Share options reserve		35	35
Equity reserve		457	457
Accumulated losses		(296,076)	(295,868)
Total equity		1,776	1,984

The accompanying notes form part of these financial statements.

VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Notes	31 Dec 2020 \$000	31 Dec 2019 \$000
Cash flows from operating activities			
Receipts from customers		62	-
Payments to suppliers and employees		(748)	(1,816)
Interest received		8	25
GST refunded		28	92
Net cash flows used in operating activities		(650)	(1,699)
Cash flows from investing activities			
Release from security deposit		-	-
Proceeds from sale of property, plant and equipment		-	-
Net cash flows (used in)/from investing activities		-	-
Cash flows from financing activities			
Repayment of borrowings		-	-
Proceeds from issue of shares		-	-
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(650)	(1,699)
Cash and cash equivalents at beginning of period		2,598	5,235
Cash and cash equivalents at end of period	6	1,948	3,536

VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 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	1,984
Comprehensive loss for the period	-	(208)	-	-	(208)
Total comprehensive loss for the period	-	(208)	-	-	(208)
Transactions with owners in their capacity as owners					
Share Issue	-	-	-	-	-
Balance at 31 December 2020	297,360	(296,076)	457	35	1,776
Balance at 1 July 2019	296,710	(294,149)	457	35	3,053
Comprehensive loss for the period	-	(857)	-	-	(857)
Total comprehensive loss for the period	-	(857)	-	-	(857)
Transactions with owners in their capacity as owners					
Share Issue	650	-	-	-	650
Balance at 31 December 2019	297,360	(295,006)	457	35	2,846

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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VDM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Corporate information

The interim consolidated financial statements of VDM Group Limited (the "Company") and its controlled entities ("VDM" or the "Group") for the half year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 16 March 2021.

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

Business activities during the period principally related to:

- exploration of the Cachoeiras do Binga copper project located in the Republic of Angola supported by VDM's project partners and the Government of Angola;
- exploration of the Cage Bengo Project located in the Republic of Angola (**Cage Bengo**) supported by VDM's project partners and the Government of Angola; and
- investigation of other project opportunities connected with VDM's Mining, Construction and Trading divisions.

The business activities of the comparative period principally related to: 1) exploration of the Cachoeiras do Binga Copper Project; 2) due diligence, negotiation and acquisition of a 55.25% interest in the Cage Bengo Project located in the Republic of Angola; and 3) investigation of other project opportunities connected with VDM's Mining, Construction and Trading divisions.

(b) Basis of preparation

The interim consolidated financial statements for the half year ended 31 December 2020, represent a general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at 30 June 2020 and any public announcements made by VDM during the interim reporting period in accordance with the continuous disclosure requirements of the ASX listing rules.

(c) New and amended accounting standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020.

The Group has adopted all Australian Accounting Standards and Interpretations effective from 1 July 2020. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

VDM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

(d) Going Concern

VDM incurred a net loss after tax from continuing operations for the half year ended 31 December 2020 of \$208,000 (2019: \$857,000). Net cash outflows used in operating activities were \$650,000 (2019: \$1,699,000). At 31 December 2020, VDM had net current liabilities of \$13,444,000 (30 June 2020: \$13,181,000). The cash balance of VDM at 31 December 2020 was \$1,948,000 (30 June 2020: \$2,598,000) with a further \$39,000 of security deposits (30 June 2020: \$39,000).

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.

VDM will require further capital funding:

- to progress its business strategy including the Cachoeiras do Binga and Cage Bengo exploration programs;
- to pursue other business growth opportunities;
- to settle shareholder loans; and
- for general working capital including payment of trade and other payables, and provisions that become due.

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

- to undertake future successful capital raisings sufficient to meet the above noted funding requirements; and
- VDM's largest shareholder, Australia Kengkong Investments Co Pty Ltd, will not demand repayment of amounts due under the Framework Loan Agreement until VDM completes sufficient capital raisings; and
- VDM's Cachoeiras do Binga joint venture partner Seabank Resources LDA not demanding repayment of outstanding amounts until the Group completes a significant capital raising or when the group's financial status has a significant improvement; and
- as a result of the Covid 19 with 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.

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) Significant Accounting Judgements, Estimates and Assumptions

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 not identified any critical accounting policies for which judgement, estimates and assumptions are made, which are in addition to the significant judgements, estimates and assumptions identified in the preparation of the Group's half year consolidated financial statements for the period ended 31 December 2020.

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

2. SEGMENT INFORMATION

VDM is arranged under three operating divisions: i) construction, ii) trading and iii) mining. Refer to the "Review and Results of Operations" in the Directors' Report for an overview of the three operating divisions. The accounting policies adopted for the reported segments are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2020.

The following table presents the revenue, profit and selected balance sheet information for the Group's reportable segments for the half year ended 31 December 2020.

	Construction \$000	Mining \$000	Unallocated \$000	Total \$000
Revenue and other income				
External revenue and other revenue	-	-	560	560
Total segment revenue and other income	-	-	560	560
Results				
Segment results before tax	(101)	(135)	28	(208)
Finance costs	-	-	203	203
Depreciation & amortisation	-	-	5	5
Reconciliation of segment results before tax to net loss after tax				
Segment results before tax				(208)
Net loss after tax from continuing operations per the statement of comprehensive income				(208)
Total assets	51	13,622	3,645	17,318
Total liabilities	112	4,957	10,473	15,542
Other disclosures				
Exploration and evaluation asset additions	-	60	-	60

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

The following table presents the revenue, profit, and selected expenditure information for the half year ended 31 December 2019 and selected balance sheet information as at 30 June 2020 for the Group's reportable segments.

	Construction \$000	Mining \$000	Unallocated \$000	Total \$000
Revenue and other income				
External revenue and other income	-	-	29	29
Total segment revenue and other income	-	-	29	29
Results				
Segment results before tax	(91)	(141)	(625)	(857)
Finance Costs	-	-	273	273
Depreciation & amortisation	-	-	7	7
Impairment				
Reconciliation of segment results before tax to net loss after tax				
Segment results before tax				(857)
Net loss after tax from continuing operations per the statement of comprehensive income				(857)
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	-	1,155	-	1,155

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020	31 Dec 2019
	\$000	\$000
3. REVENUE AND OTHER INCOME		
Sales revenue		
Revenue from operating activities	-	-
Total sales revenue	-	-
Other income		
Interest	8	25
Net rental income	5	4
Gain on foreign currency exchange rate	497	-
Other	50	-
Total other income	560	29
Total revenue and other income	560	29
4. EXPENSES		
a) Employee benefits expense		
Wages and salaries	311	326
Superannuation expense	27	27
Other employee benefits expense	-	-
Total employee benefits expense	338	353
b) Depreciation and amortisation		
Depreciation	5	7
Total depreciation and amortisation	5	7
c) Finance costs		
Bank fees and other finance charges	1	1
Interest	202	272
Total finance costs	203	273
d) Other expenses		
Insurances	69	72
Telecommunications	6	6
Computer costs	17	17
Foreign exchange losses	-	4
Other	107	116
Total other expenses	199	215

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020	31 Dec 2019
	\$000	\$000
5. INCOME TAX		
a) 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	(208)	(857)
Total accounting loss before tax	(208)	(857)
Prima facie income tax expense @ 27.5%	(57)	(236)
Prior year tax over provision	-	-
Tax adjustment for non-deductible expenses	-	-
Temporary differences and unrecognised tax losses	57	236
Aggregate income tax expense	-	-

b) Tax losses

VDM Group has recognised a deferred tax asset of nil (31 December 2019: 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.

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.

c) 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.

	31 Dec 2020	30 Jun 2020
	\$000	\$000
6. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	1,948	2,598
Cash and cash equivalents	1,948	2,598

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020	30 Jun 2020
	\$000	\$000
7. SECURITY DEPOSITS		
Security Deposits	39	39
Current	39	39
Non-current	-	-
Total security deposits	39	39

Security deposits are recorded at cost and will be returned to the Group upon the satisfaction of contract and associated retention periods. No provision has been recorded against these amounts for contract claims.

8. OTHER CURRENT ASSETS		
Prepayments	71	-
Other current assets	71	-

9. EXPLORATION AND EVALUATION ASSETS		
<i>Cachoeiras do Binga (CdB) Copper Project</i>		
Balance at beginning of period	12,912	11,757
Additions	-	1,155
Balance as at end of period	12,912	12,912
<i>Cage Bengo Gold Project</i>		
Balance at beginning of period	650	-
Additions	60	650
Balance as at end of period	710	650
Total as at end of period	13,622	13,562

10. DEVELOPMENT PROPERTIES		
Development properties	996	996
Total development properties	996	996
Reconciliation of carrying amounts		
Balance at beginning of period	996	996
Additions	-	-
Disposals	-	-
Impairment of development properties	-	-
Balance at end of period	996	996

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020	30 Jun 2020
	\$000	\$000
11. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements at cost	14	14
Accumulated depreciation	(9)	(8)
Total leasehold improvements	5	6
Plant & equipment at cost	68	68
Accumulated depreciation	(54)	(54)
Total plant & equipment	14	14
Total property, plant and equipment	19	20
12. INVESTMENT PROPERTIES		
Investment properties	583	587
Total investment properties	583	587
13. TRADE AND OTHER PAYABLES		
Trade payables and accruals	558	606
Employee related payables	5	5
Other payables	4,750	4,679
Total trade and other payables	5,313	5,290
14. INTEREST-BEARING LOANS AND OTHER BORROWINGS		
Shareholder loan (AUD denominated)	5,154	5,018
Shareholder loan (USD denominated)	4,660	5,092
Total interest bearing loans and other borrowings	9,814	10,110
15. PROVISIONS		
Current		
Employee entitlements	146	160
Construction warranties	11	20
Other construction contract obligations	74	74
Other provisions	184	203
Total current provisions	415	457
Non-Current		
Employee entitlements	-	-
Total non-current provisions	-	-
Total provisions	415	457

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020	30 Jun 2020
	\$000	\$000
16. CONTRIBUTED EQUITY		
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 ⁽¹⁾	650,000,000	650
Balance at 1 July 2020	6,927,660,952	297,360
Share Issues	-	-
Capital raising costs	-	-
Balance at 31 December 2020	6,927,660,952	297,360

(1) Pursuant to an agreement with its joint venture partners VDM entered into a Mining Investment Contract providing exclusive rights to explore for gold and other minerals in the Republic of Angola. On 20 August 2019 VDM issued 650,000,000 shares to Seabank Resources Ltd with a share value of \$0.001 (0.1 cents) per share to acquire its 55.25% ownership interest.

17. RELATED PARTY DISCLOSURES

Transactions with key management personnel

Luk Hiuming

As at 31 December 2020, VDM owed \$33,000 to Mr Luk related to directors fees that have not been paid on his instruction (30 June 2020: \$130,000). No interest accrues and the outstanding amount is due when demanded by Mr Luk. The amount due to Mr Luk is included in trade and other payables (note 11).

Kengkong

On 27 January 2016, VDM entered into a Framework Loan Agreement ("FLA") with its largest shareholder, Australia Kengkong Investments Co Pty Ltd ("Kengkong"). VDM's Non-executive Chairman Mr Luk controls 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. There were no drawings under the FLA during the reporting period. The amounts due under the FLA are included in interest-bearing loans and other borrowings (note 12).

H&H

As at 31 December 2020, VDM owed H&H Holdings Australia Pty Ltd ("H&H") \$75,000 of underwriting commissions for the Company's December 2013 Rights Issue (30 June 2020: \$75,000) No interest accrues and the outstanding amount is due when demanded by H&H. Dr Hua, VDM's Executive Director of Mining controls H&H. The amount due to H&H is included in trade and other payables (note 11).

18. COMMITMENTS AND CONTINGENCIES

Changes to commitments and contingencies previously disclosed in the Group's annual consolidated financial statements for the year ended 30 June 2020, are specified below.

Bank guarantees

As at 31 December 2020, VDM had \$19,000 of bank guarantees on issue as security for leased commercial property (30 June 2020: \$19,000).

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

19. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, except for the following:

Appointment of Non-Executive Director

Mr Huadong Guo was appointed as non-executive Director of the Company on 23 February 2021. Mr Guo is a qualified electrical engineer who is highly successful businessman and who has owned and operated several businesses in east African in 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.

Cost Reduction Plan

During March 2021, the Company has instigated a cost reduction plan aimed at reducing corporate overheads. As a consequence, measures are currently being taken to reduce staffing levels and office costs, to ensure that a large proportion of existing cash resources are available to support planned exploration efforts at the Company's Angolan projects when activities re-commence.

20. FAIR VALUE

At 31 December 2020 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.

**VDM GROUP LIMITED
DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

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 consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020, and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) Subject to the satisfactory achievement of the matters described in note 1(d), there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Dr Hua Dongyi
Executive Director of Mining
Perth, Western Australia
16 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VDM GROUP LIMITED

Report on the half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of VDM Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of matter – Material uncertainty related to going concern

We draw attention to Note 1(d) in the half-year financial report which describes the principal conditions that raised doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibility for the half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Michael Hillgrove
Director

Dated 16 March 2021