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# 2018

## NOTICE OF ANNUAL GENERAL MEETING

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**VDM GROUP LIMITED**  
ABN 95 109 829 334

**DATE OF MEETING:** Friday, 30 November 2018

**TIME OF MEETING:** 11:00 am (Perth time)

**PLACE OF MEETING:** Level 2, 123 Adelaide Terrace  
East Perth, Western Australia

***This Notice of Annual General Meeting should be read in their entirety. If members are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.***

***Should you wish to discuss the matters in this Notice of Annual General Meeting, please do not hesitate to contact the Company Secretary on (+61) 8 9265 1100***

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## IMPORTANT INFORMATION

### Your vote is important

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The business of the Annual General Meeting affects your shareholding and your vote is important.

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders by 4:00pm (Perth time) on Wednesday, 28 November 2018.

### Voting in person

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To vote in person, attend the Annual General Meeting on the date and at the place set out above.

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return to the Company's share registry, Computershare, by:

post **to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3000; or**

facsimile **on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside of Australia), or**

so that it is received not less than 48 hours prior to commencement of the Annual General Meeting.

**Proxy Forms received later than this time will be invalid.**

## NOTICE OF 2018 ANNUAL GENERAL MEETING

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Notice is hereby given that the 2018 Annual General Meeting of VDM Group Limited (**VDM or the Company**) will be held at 11:00 am (AWST) on Friday, 30 November 2018 at:

VDM Group Limited  
Level 2, 123 Adelaide Terrace  
East Perth, Western Australia.

The Explanatory Memorandum to this Notice of Annual General Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Annual General Meeting.

Terms and abbreviations used in this Notice of Annual General Meeting and the Explanatory Memorandum are defined in the Glossary.

### BUSINESS

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#### 1. Annual Report

To receive and consider the 2018 Annual Report of the Company for the financial year ended 30 June 2018, which includes the Financial Report, Directors' Report and the Auditor's Report.

**Short Explanation:** *There is no requirement for shareholders to approve the annual financial report. The tabling of the annual financial report provides an opportunity for shareholders to ask any questions related to the annual financial report of VDM and its controlled entities or make comment.*

### NON-BINDING RESOLUTION

To consider and, if thought fit, to pass, with or without amendment, the following **non-binding resolution**:

#### 2. Resolution 1 - Adoption of Remuneration Report

**"That, for the purposes of Section 250R(2) of the Corporations Act 2001 and for all other purposes, the Remuneration Report as published in the Directors' Report section of the Company's 2018 Annual Report (which is available at [www.vdmgroup.com.au](http://www.vdmgroup.com.au)) be adopted."**

**Short Explanation:** *The Annual General Meeting of a listed company must propose that the Remuneration Report be adopted by Shareholders.*

**Further Information:** *Further information in respect of Resolution 1 is set out in the Explanatory Memorandum accompanying this Notice.*

**Voting Exclusion:** *A vote on this Resolution must not be cast (in any capacity) by or on behalf of the following persons:*

- (a) *a member of the Key Management Personnel, details of whose Remuneration are included in the Remuneration Report; or*
- (b) *a Closely Related Party of such a member.*

*However, a person described above may vote on this Resolution if:*

- (c) *the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and*
- (d) *the vote is not cast on behalf of a person in sub-paragraphs (a) or (b) above.*

**Recommendation:** *The directors recommend you vote in favor of this resolution.*

## ORDINARY RESOLUTIONS

To consider and if thought fit, to pass, with or without amendment, the following resolution as ordinary resolutions:

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### 3. Resolution 2 – Re-election of Dr Hua as a Director

**“That, Dr Hua, being a Director of the Company, retires by rotation in accordance with the Constitution of the Company and being eligible for re-election, be hereby re-elected as a Director of the Company.”**

**Short Explanation:** Pursuant to Listing Rule 14.4 and rule 8.1(d) of the Constitution, no Director (other than the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected. A director who retires in accordance with rule 8.1(d) of the Constitution is eligible for re-election at the Annual General Meeting.

**Further Information:** Further information in respect of Resolution 2 is set out in the Explanatory Memorandum accompanying this Notice.

**Voting Exclusion:** Nil

**Recommendation:** The directors (Dr Hua abstaining) recommend you vote in favor of this resolution.

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### 4. Resolution 3 – Removal of Auditor

**“That, subject to the passing of Resolution 4, EY the current auditor of the Company, be removed as the auditor of the Company in accordance with the Corporations Act 2001, effective from the date of the Meeting.”**

**Further Information:** Further information in respect of Resolution 3 is set out in the Explanatory Memorandum accompanying this Notice.

**Voting Exclusion:** Nil

**Recommendation:** The directors recommend you vote in favor of this resolution.

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## SPECIAL RESOLUTION

To consider and if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

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### 5. Resolution 4 – Appointment of Auditor

**“That, subject to the passing of Resolution 3, Hall Chadwick Audit (WA) Pty Ltd being qualified to act as auditor of the Company and having consented to act as auditor of the Company, be appointed as the Company’s auditor in accordance with the Corporations Act 2001, effective from the date of the Meeting.”**

**Further Information:** Further information in respect of Resolution 4 is set out in the Explanatory Memorandum accompanying this Notice.

**Voting Exclusion:** Nil

**Recommendation:** The directors recommend you vote in favor of this resolution.

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## 6. Resolution 5 – Approval of 10% Enhanced Placement Facility

**“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”**

**Further Information:** *Further information in respect of Resolution 5 is set out in the Explanatory Memorandum accompanying this Notice.*

**Voting Exclusion:** *The Company will disregard any votes cast in favour on Resolution 5 by a person who is expected to participate in, or who will obtain a material benefit as a result of the 10% Enhanced Placement Facility (and any Associates of such a person), except a benefit solely by reason of being a holder of Shares, if Resolution 5 is passed. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with directions of the Proxy Form or it is cast by the chair as proxy for a person who is entitled to vote, in accordance with directions of the Proxy Form to vote as the proxy decides.*

**Recommendation:** *The directors recommend you vote in favor of this resolution.*

### **RESOLUTIONS ARE NOT INTERDEPENDENT**

The resolutions in this Notice of Annual General Meeting are not inter-dependent. This means that a resolution may be passed by Shareholders notwithstanding that one or more of the other resolutions are not passed by Shareholders.

### **CHAIR OF THE MEETING**

It is proposed that the Chairperson of the Meeting for each of the Resolutions be Mr Colin Noid. It is the Chairperson's intention to vote undirected proxies (i.e. open proxies) which the Chairperson holds as proxy in favour of all resolutions.

### **ENTITLEMENT TO VOTE**

The Company may specify a time, not more than 48 hours before the meeting, at which a “snapshot” of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting. The Company's directors have determined that all shares of the Company that are quoted on ASX at 4:00pm (Perth time) on Wednesday, 28 November 2018 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the shares at that time.

Holders of options issued by the Company who are not also Shareholders but who wish to vote as Shareholders at the Meeting are requested to lodge valid option exercise notices with the Company no later than 1 week before the Meeting, to allow sufficient time for the Shares to be issued by the Company.

### **VOTING IN PERSON**

To vote in person, attend the Annual General Meeting on the date and at the place set out above. Shareholders are asked to arrive at the venue 10 minutes prior to the time designated for the Meeting, if possible, so that the Company may check their Shareholding against the Company's share register and note attendances.

### **VOTING BY PROXY**

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. Members are entitled to appoint up to two individuals to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.

The Proxy Form and the Power of Attorney (if any) or the instrument appointing the proxy and power of attorney (if any) under which it is signed (or an office copy or certified copy certified by a notary) must be deposited at the Registered Office of the Company at Level 2, 123 Adelaide Terrace, East Perth, Western Australia at least 48 hours prior to the time of holding of the Meeting (and at any adjournment thereof), at which the individual named in the Proxy Form proposes to vote.

A proxy must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, under its common seal or under the hand of an authorised officer or attorney.

#### **Corporate Representation**

A company may only vote by proxy, power of attorney or by appointment of a corporate representative. The instrument appointing a proxy is not valid unless the original instrument and the power of attorney or other authority (if any) under which the instrument is signed (duly stamped where necessary) or a copy or facsimile which appears on its face to be an authentic copy of that proxy, or power of attorney is submitted to the Registered Office within the time set out herein. A company must sign a proxy under common seal in accordance with its Constitution or otherwise in accordance with the Corporations Act 2001 or under power of attorney which must be produced with the Proxy Form.

If the shares are registered in the name of more than one person, all such holders must sign the Proxy Form.

To be valid a Proxy Form and the Power of Attorney under which it is signed or proof thereof must be to the satisfaction of the Directors.

#### **Important information in respect of proxy voting on Resolution 1 (Remuneration Report)**

The key management personnel (excluding the Chairperson of the meeting) of the Company and their closely related parties will not be able to vote as your appointed proxy on Resolution 1 unless you direct them how to vote. If you intend to appoint a member of the KMP (other than the Chairperson) or their closely related parties as your proxy, please ensure that you direct them how to vote on Resolution 1.

#### **Proxy Forms may be submitted:**

ONLINE                                      [www.investorvote.com.au](http://www.investorvote.com.au)  
BY MOBILE                                      Scan the QR Code on the Proxy Form and follow the prompts

#### **Documents and Proxy Forms may also be lodged:**

BY MAIL                                      Computershare Investor Services Pty Limited  
                                                            GPO Box 242, Melbourne VIC 3000, Australia  
BY FAX                                              1800 783 447 (within Australia)  
                                                            +61 3 9473 2555 (outside Australia)  
CUSTODIAN VOTING                              for Intermediary Online subscribers only (custodians) please visit  
                                                            [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intention.

**By order of the Board of Directors**



Mr Michael Fry  
Company Secretary  
16 October 2018

**EXPLANATORY MEMORANDUM TO SHAREHOLDERS**  
**VDM GROUP LIMITED**  
**ABN 95 109 829 334**

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## **1. Introduction to Explanatory Memorandum**

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the Annual General Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of AGM. Shareholders should read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The Glossary at the end of this Explanatory Memorandum contains the definitions of the capitalised terms in the Notice of AGM and this forms part of the Explanatory Memorandum.

If any Shareholder is in doubt as to how they should vote, then they should seek advice from their professional adviser before voting.

### ***Forward looking statements***

Certain statements in this document relate to the future. Those statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by those statements.

While VDM believes that the expectations reflected in the forward-looking statements in this document are reasonable, neither the Company nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur and you are cautioned not to place undue reliance on those forward-looking statements.

The forward-looking statements in this document reflect views held only as at the date of this document. The Company has no obligation to disseminate after the date of this document any updates or revisions to any such statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless it is required under the Corporations Act to update or correct this document, or pursuant to any disclosure obligations under the Corporations Act or the Listing Rules.

### ***Notice to persons outside Australia***

This Explanatory Memorandum has been prepared in accordance with Australian laws, disclosure requirements and accounting standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

### ***Disclaimer***

No person is authorised to give any information or make any representation in connection with the Resolutions which is not contained in this Explanatory Memorandum. Any information or representation not contained in this Explanatory Memorandum may not be relied on as having been authorised by VDM or the Directors in connection with the Resolutions.

### ***Responsibility for information***

The information concerning the Company contained in this Explanatory Memorandum including information as to the views and recommendations of the Directors has been prepared by the Company and is the responsibility of the Company.

### ***ASX involvement***

A copy of the document has been lodged with the ASX pursuant to the Listing Rules. ASX and its officers do not take any responsibility for the contents of this document.

### ***Definitions***

Capitalised terms used in this document are defined in the glossary of this document.

## 2. Annual Report

The 2018 Annual Report is available for review by Shareholders at [www.vdmgroup.com](http://www.vdmgroup.com) or [www.asx.com.au](http://www.asx.com.au) and will be tabled at the Meeting.

Whilst there is no requirement, and hence no formal resolution, for Shareholders to approve the 2018 Annual Report, Shareholders will be offered the opportunity to ask questions or make statements in relation to the Annual Report or the management of the Company, and to ask the Auditor or the Auditor's representative questions relating to the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditor in relation to the conduct of the audit.

Shareholders may also submit written questions for the Auditor if the questions are relevant to the content of the audit report or the conduct of the audit of the Company's financial report for the period ended 30 June 2018. Relevant written questions for the Auditor must be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

A list of the relevant written questions together with responses will be made available to shareholders attending the meeting. They will also be placed on the Company's website.

## 3. Resolution 1: Adoption of Remuneration Report

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

The Remuneration Report is part of the Director's report contained in the 2018 Annual Report; which can be found on the Company's website at [www.globemm.com](http://www.globemm.com).

The Remuneration Report:

- (a) explains the Company's remuneration principles relating to the nature and amount of the remuneration of Directors, senior managers and other group executives of the Company;
- (b) discusses the relationship between such remuneration principles and the Company's performance; and
- (c) sets out remuneration details for each Director and for each relevant executive of the Company.

By law, the Company is required to put the Remuneration Report to a vote by members at the Annual General Meeting. However, the vote on the resolution is advisory only and does not bind the Directors of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

Key Management Personnel (**KMP**) and their Closely Related Parties are excluded from voting on this Resolution in certain circumstances as follows:

### **Voting Exclusions**

In accordance with section 250R(4) of the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 1, or on behalf of, a member of the KMP listed in the Remuneration Report or a Closely Related Party of KMP.

However, the Company need not disregard a vote if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this resolution; or
- (b) the voter is the chair of the meeting and the appointment of the chair as proxy:
  - (i) does not specify the way the proxy is to vote on this resolution; and
  - (ii) expressly authorises the chair to exercise the proxy even if this resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Closely Related Party is defined in the Corporations Act 2001 (Cth) and includes a spouse, dependent and certain other close family members, as well as any companies controlled by the KMP.

### **Recommendation**

The Remuneration Report forms part of the Directors' Report, made in accordance with a unanimous resolution of the Directors. **Each of the Directors recommends the report to Shareholders for adoption.**

#### **4. Resolution 2: To Re-elect Dr Hua as a Director**

Listing Rule 14.4 and rule 8.1(d) of the Constitution, requires that no Director (other than the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected. A director who retires in accordance with rule 8.1(d) of the Constitution is eligible for re-election at the Annual General Meeting.

Dr Hua retires at the Meeting in accordance with the Company's constitution and, being eligible, has offered himself for re-election at the Meeting.

The profile of Dr Hua is as follows:

*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 20 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 the Vice President of the Australian China Business Council Western Australia. Dr Hua is also Executive Director and CEO of Frontier Services Group Limited, an aviation and logistics company listed on the Hong Kong Stock Exchange.*

##### **Recommendation**

The Board (Dr Hua abstaining) has considered Dr Hua's candidacy both in respect of his individual merits and contribution to the Board's composition and **recommends you vote in favour of Dr Hua's election.** The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

#### **5. Resolution 3: Removal of Auditor**

The Company has received notice of intention to move a resolution for the removal of EY as auditor of the Company. A copy of such notice has been provided to EY in accordance with the Corporations Act.

EY have provided audit services to the Company since 2005 and there has not been any disagreement with EY at either the Board or management level of the Company in relation to the conduct of the audit or in relation to any accounting treatment or the application of accounting policies or otherwise. The Company has been pleased with the service level EY has provided over the past 13 years.

The Company is actively reducing its operating expenses and has established that material cost savings can be achieved by appointing a quality mid-tier audit firm to provide audit services rather than utilising a top-tier audit firm.

The Company does not believe the quality of the audit will be diminished as a result of changing auditors.

##### **Recommendation**

**The Board recommends you vote in favour of this resolution.**

#### **6. Resolution 4: Appointment of Auditor**

Section 327D of the Corporations Act provides that where an auditor is removed from a company, the company may appoint a new auditor at a general meeting by special resolution. Resolution 4 provides for the auditor vacancy to be filled if Resolution 3 is passed.

The Directors' propose that Hall Chadwick Audit (WA) Pty Ltd (**Hall Chadwick**) be appointed as the Company's auditor effective from the date of this meeting.

Hall Chadwick has given written consent to act as the Company's auditor in accordance with Section 328(1) of the Corporations Act.

##### **Interdependence**

Resolution 3 and 4 are interdependent, with the result that if only one Resolution is passed by members, the other does not become effective.

##### **Recommendation**

**The Board recommends you vote in favour of this resolution.**

## **7. Resolution 5: Approval of 10% Enhanced Placement Facility**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Enhanced Placement Facility**). The 10% Enhanced Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less as at the date of the annual general meeting. The Company is an eligible entity as at the time of this Notice and expects to remain so up to and including the date of the AGM as it is not included in the S&P/ASX 300 Index and has a current market capitalisation approximately \$11.75 million based on the closing price of Shares on 10 October 2018 of \$0.002 (i.e. 0.2 cents).

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Enhanced Placement Facility. The exact number of Equity Securities to be issued under the 10% Enhanced Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see section **Error! Reference source not found.**(c) below).

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1. Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### **5.1. Description of Listing Rule 7.1A**

#### **(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Enhanced Placement Facility is subject to Shareholder approval by way of a special resolution at the Annual General Meeting.

#### **(b) Equity Securities**

Any Equity Securities issued under the 10% Enhanced Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of the Notice, the Company's Shares are the only class of Equity Securities on issue. The Shares are the only class of Equity Securities that are quoted.

#### **(c) Formula for calculating 10% Enhanced Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

#### **(A x D) – E**

**A** is the number of Shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid Shares issued in the 12 months before the issue date under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid Shares that became fully paid in the 12 months before the issue date;
- (iii) plus the number of fully paid Shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid Shares cancelled in the 12 months.

Note that **A** has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

**(d) Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has 5,877,660,952 Shares on issue. Therefore, subject to Shareholder approval the Company will have a capacity to issue:

- (i) 881,649,143 Equity Securities under Listing Rule 7.1; and
- (ii) 587,766,095 Equity Securities under Listing Rule 7.1A.1 subject to Shareholders approving Resolution 5.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (see section **Error! Reference source not found.**(c) above) and so is subject to change.

**(e) Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

**(f) 10% Placement Period**

Shareholder approval of the 10% Enhanced Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

**5.2. Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Enhanced Placement Facility as follows:

**(a) Minimum price of securities issued under the 10% Enhancement Placement Facility**

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

If the Equity Securities are issued for non-cash consideration the Company will provide to the market, in accordance with the Listing Rules, a valuation of the non-cash consideration that demonstrates that the issue price of the securities complies with Listing Rule 7.1A.3.

(b) **Risk of economic and voting dilution**

If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Enhanced Placement Facility, the existing Shareholders' Voting Power in the Company will be diluted as shown in the below table. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the potential dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities (being variable "A" as calculated in accordance with the formula in Listing Rule 7.1A.2) on issue as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer), the issue of Future Placement Shares contemplated in this Explanatory Memorandum, or future specific placements under Listing Rule 7.1 that are approved a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has halved and doubled as against the current market price.

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Enhanced Placement Facility.
- (ii) No Options are exercised or Rights are issued before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on the Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issues of Equity Securities under the 10% Enhanced Placement Facility consists only of Shares.
- (vii) The issue price is \$0.002, being the closing price of the Shares on ASX on 10 October 2018.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.001 Half the issue price (Note 1)	\$0.002 Issue price	\$0.004 Double the issue price
Current Variable A	10% Voting Dilution	587,766,095	547,766,095	547,766,095
5,877,660,952		Shares	Shares	Shares
Shares	Funds raised	\$587,766	\$1,175,532	\$2,351,064
50% increase in in current Variable A	10% Voting Dilution	821,649,142	821,649,142	821,649,142
8,816,491,428		Shares	Shares	Shares
Shares	Funds raised	\$881,649	\$1,763,298	\$3,526,597
100% increase in current Variable A	10% Voting Dilution	1,175,532,190	1,175,532,190	1,175,532,190
11,755,321,904		Shares	Shares	Shares
Shares	Funds raised	\$1,175,532	\$2,351,064	\$4,702,129

(c) **The final date for issue**

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(d) **Purpose of issue under 10% Enhanced Placement Facility**

The Company may seek to issue the Equity Securities for the following purposes:

- (i) to raise cash:
  - o for repayment of Shareholder Loans (as at 30 June 2018 an amount of \$9.8 million is payable to VDM's largest shareholder, Australia Kengkong Investments Co Pty Ltd (**Kenkong**); the amount is immediately repayable if demanded by Kengkong); or
  - o for the Company's ordinary operating costs; or
  - o for payment of purchase consideration due to Cachoeiras do Binga joint venture partner (as at 30 June 2018 an amount of \$4.689 million is payable to VDM's joint venture partner for purchase consideration of joint venture interest; repayable when the Company completes its next significant capital raising or when VDM's financial status has significant improvement); or
  - o for growth, including for the exploration and feasibility costs associated with the Cachoeiras do Binga copper exploration project;
- (ii) non-cash consideration for the acquisition of the new resources, assets or investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Enhanced Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Enhanced Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not Related Parties or Associates of a Related Party of the Company.

Further, if the Company is successful in acquiring new resources, assets or investments, it is possible that the allottees under the 10% Enhanced Placement Facility could be the vendors of the new resources, assets or investments.

(f) **Previous approval obtained under Listing Rule 7.1A**

As the Company has previously obtained Shareholder approval under Listing Rule 7.1A, the following information is provided to Shareholders, in accordance with Listing Rule 7.3A.6:

The Company obtained approval under ASX Listing Rule 7.1A at the 2017 annual general meeting held on 28 November 2017.

In the 12 months preceding the date of the Meeting, being on and from 28 November 2017, the Company has issued 400,000,000 Shares and 52,000,000 Options which represents approximately 8.25% of the total diluted number of Equity Securities on issue in the Company on 28 November 2017, which was 5,477,660,952.

Details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Voting exclusion statement**

A voting exclusion statement in respect of Resolution 4 is set out in section 5.4 below.

**5.3. Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

Each Director who holds Shares in VDM (or whose associated entitled hold Shares) and is entitled to vote intends to vote those Shares in favour of Resolution 4.

**5.4. Voting exclusion**

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the 10% Enhanced Placement Facility and proposed allottees of any Equity Securities are therefore not as yet known or identified. The Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

**6. General Information**

Shareholders who require further information regarding the Meeting should contact the Company Secretary prior to the Meeting on (+61 8) (08) 9265 1100 during normal business hours in Western Australia.

## **GLOSSARY**

In the Notice of AGM and in this Explanatory Memorandum:

**10% Enhanced Placement Facility** has the meaning given in section 6 of the Explanatory Memorandum.

**A\$ or \$** means Australian dollars.

**Annual Report** means VDM and its controlled entities Annual Report for 2018, including the financial statement, Directors' report and Auditor's report for the financial year ended 30 June 2018.

**AGM or Annual General Meeting or Meeting** means a meeting of Shareholders convened for the purposes of considering the Resolutions contained in the Notice of AGM (and any adjournment of the meeting).

**Associate** has the meaning given to that term by Division 2 of Part 1 of the Corporations Act.

**ASX** means ASX Limited ACN 008 624 691 or the securities exchange operated by it, as the context requires.

**Board** means the Board of Directors of the Company.

**Closely Related Party** of the Key Management Personnel has the meaning given to that term in the Corporations Act.

**Company** or **VDM** means VDM Group Limited ABN 95 109 829 334.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**Equity Securities** has the meaning given to that phrase in Chapter 19 of the Listing Rules.

**Explanatory Memorandum** means this Explanatory Memorandum accompanying the Notice of AGM.

**Future Placement** has the meaning given in section 5.1 of the Explanatory Memorandum;

**Future Placement Shares** has the meaning given in section 5.1 of the Explanatory Memorandum;

**KMP, Key Management Personnel** has the meaning given in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules published by the ASX.

**Meeting** means the Annual General Meeting of the Shareholders convened for the purposes of considering the Resolutions contained in the Notice of AGM (and any adjournment of the meeting).

**Notice** or **Notice of AGM** means the notice convening the Meeting and which accompanies this Explanatory Memorandum.

**Option** means an option to subscribe for a Share.

**Proxy Form** means the proxy form accompanying the Notice of AGM.

**QR Code** means the machine-readable code consisting of an array of black and white squares.

**Related Party** has the meaning given to it in the Corporations Act.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's 2017 Annual Report.

**Resolution** means a resolution contained in this Notice.

**Share** means a fully paid ordinary share in the Company and **Shares** has a corresponding meaning.

**Shareholder** means a person recorded in the Company's register as a holder of a Share or Shares.

**Shareholder Approval** means, the approval sought in respect of the Resolutions, as set out in the Notice of AGM.

**Trading Day** has the meaning given in Chapter 19 of the Listing Rules.

**Voting Power** has the meaning given by section 610 of the Corporations Act; and

**VWAP** means volume weighted average price.

## SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 28 NOVEMBER 2017

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds  If issued for non-cash consideration – a description of the consideration and the current value of the consideration
Issue – 22 March 2018 Appendix 3B – 22 March 2018	400,000,000	Shares <sup>2</sup>	CF International Development Limited of Hong Kong, a sophisticated investor.	1c each (premium of 900%)	<p>Amount raised = \$4,000,000</p> <p>The funds were raised to be used for exploration, working capital purposes and to meet ongoing capital requirements.</p> <p>The Company's cash balance on 12 October 2018 is \$2,408,985.</p> <p>Of the amount raised, the funds used (of \$1,591,015) have been used as follows:</p> <ul style="list-style-type: none"> <li>• payment of Interest on Shareholder Loan (Kengkong) of \$1,102,340; and</li> <li>• working capital of \$516,679; less</li> <li>• interest received (net) of \$18,746; and</li> <li>• after taking into account a positive foreign currency exchange effect of \$3,258.</li> </ul> <p>The balance of the funds are intended to be used in relation to costs associated with the Cachoeiras do Binga copper exploration project, repayments of Shareholder Loans and for working capital purposes.</p>
Issue – 17 July 2018 Appendix 3B – 19 July 2018	52,000,000	Unquoted Options <sup>3</sup>	Dr Chris Yu, VDM's Exploration and Mining Manager	Nil	<p>Non-cash Consideration: Incentive Payments</p> <p>Current value<sup>4</sup> = \$52,000.00</p>

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: VMG (terms are set out in the Constitution).
3. Unquoted Options, exercisable at \$0.016 (i.e. 1.6 cents) each, on or before 31 July 2021.
4. Valued at \$0.001 based on Black Scholes Valuation as at 5 October 2018.

**CORPORATE REPRESENTATIVE FORM**

**Shareholder Details**

This is to certify that by a resolution of the Directors of:

..... ( *Company* ),

Insert name of shareholder company

the Company has appointed:

.....

Insert name of corporate representative

in accordance with the provisions of section 250D of the *Corporations Act 2001*, to act as the body corporate representative of that company at the meeting of the members of VDM GROUP LIMITED to be held on 30 November 2018 and at any adjournment/s of that meeting.

DATED ..... 2018

**Please sign here**

Executed by the Company in accordance with its constituent documents	) ) )	
..... Signed by authorised representative		..... Signed by authorised representative
..... Name of authorised representative (print)		..... Name of authorised representative (print)
..... Position of authorised representative (print)		..... Position of authorised representative (print)

**Instructions for Completion**

- (1) Insert name of appointer Company and the name or position of the appointee (eg "John Smith" or "each director of the Company").
- (2) Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- (3) Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
- (4) Insert the date of execution where indicated.

Send or deliver the Certificate to the registered office of VDM GROUP LIMITED, Level 2, 123 Adelaide Terrace, East Perth, Western Australia 6000 or by post, PO Box 3347, East Perth, Western Australia 6892 or sent by facsimile to the registered office on (08) 9265 1199.



VDM Group Limited  
ABN 95 109 829 334

### Lodge your vote:

**Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)

**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000



VMG  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

XX



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



### Your access information that you will need to vote:

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 11:00am (Perth time) Wednesday, 28 November 2018**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of VDM Group Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of VDM Group Limited to be held at Level 2, 123 Adelaide Terrace, East Perth, Western Australia on Friday, 30 November 2018 at 11:00am (Perth time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Dr Hua as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Removal of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of 10% Enhanced Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /