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**VDM GROUP LIMITED**

**ACN 109 829 334**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11:30am (WST)

**DATE:** Friday, 29 November 2019

**PLACE:** Level 2, 123 Adelaide Terrace, East Perth, Western  
Australia 6004

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional adviser(s) prior to voting.***

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

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 11:30am (WST) on Friday, 29 November 2019 at Level 2, 123 Adelaide Terrace, East Perth, Western Australia.

### Your vote is important

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The business of the 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 Meeting are those who are registered Shareholders by 11:30am on Wednesday, 27 November 2019.

### Voting in person

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To vote in person, attend the 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 by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X (3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholder and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies, which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### **Proxy vote if appointment specifies way to vote**

Section 250BB (1) of the Corporations Act provides that an appointment of proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the Chair at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### **Transfer of non-Chair proxy to Chair in certain circumstances**

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; and
  - the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

### **Corporate representatives**

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If a representative of a corporate shareholder or a corporate proxyholder will be attending the Meeting, the representative will need to lodge an original (or certified copy certified by a notary) of the instrument under which he/she has been appointed at the Registered Office of the Company at 137 Lake Street, Perth, WA 6000 at least 48 hours prior to the time of holding of the Meeting. Refer example Corporate Representative Form on Page 13.

To be valid an instrument of appointment under which a representative has been appointed as proxy must be to the satisfaction of the Directors.

A proxy must be signed, if the member is a corporation, under its common seal or under the hand of an authorised officer or attorney.

### **Other Information**

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#### **Resolutions are not interdependent**

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

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## BUSINESS OF THE MEETING

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Notice is hereby given that the Meeting of Shareholders will be held at 11:30am (WST) on Friday, 29 November 2019 at Level 2, 123 Adelaide Terrace, East Perth, Western Australia.

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

Terms and abbreviations used in this Notice of Meeting and the Explanatory Statement are defined in the Glossary.

## AGENDA

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### ORDINARY BUSINESS

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#### 1. ANNUAL REPORT

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2019 (**2019 Annual Report**), which includes the Directors' Report, the Remuneration Report, Financial Statements, Notes to the Financial Statements and the independent Auditor's Report.

**Short Explanation:** There is no requirement for Shareholders to approve the 2019 Annual Report. The tabling of the 2019 Annual Report provides an opportunity for Shareholders to ask questions related to the 2019 Annual Report or make comment.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

*"That, for the purpose of Section 250R (2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's 2019 Annual Report."*

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

**Note:** This resolution is advisory only and does not bind the Company or its Directors. The Directors will consider the outcome of the vote and comments made by shareholders on the remuneration report at the meeting when reviewing the Company's remuneration policies.

**Voting Exclusion Statement:** A vote on this Resolution must not be cast (in any capacity) by, or on behalf, of any 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 (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as proxy by writing that specifies how the proxy is to vote on the resolution; or
- (b) the voter is the Chair 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 the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

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

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### 3. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – 400,000,000 SHARES

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 400,000,00 Shares under the Company’s Listing Rule 7.1A 10% capacity on the terms and conditions set out in the Explanatory Statement.”*

**Short Explanation:** ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval under ASX Listing Rule 7.1 and 7.1A provided that the issue did not breach ASX Listing Rule 7.1. The effect of such ratification is to restore the Company’s maximum discretionary power to issue further securities up to the 15% limit imposed by ASX Listing Rule 7.1 and to restore the Company’s maximum discretionary power to issue further securities up to the 10% limit imposed by ASX Listing Rule 7.1A.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by any person who participated in the issue and any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for another person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for another person who is entitled to vote, in accordance with directions on the Proxy Form to vote as the proxy decides.

**Recommendation: The Directors recommend you vote in favour of this resolution.**

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### 4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR LUK HUIMING

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

*“That, for the purposes of Rule 8.1(f) of the Constitution, ASX Listing Rule 14.5 and for all other purposes, Mr Luk Huiming, being a Director of the Company, retires by rotation, and being eligible, is re-elected as a Director.”*

**Short Explanation:** Listing Rule 14.5 and Rule 8.1(f) of the Company’s Constitution provide that a company that has directors must hold an election of directors each year. In accordance with Listing Rule 14.5 and Rule 8.1(f) of the Company’s Constitution, Mr Luk, a Director, has offered himself for re-election.

A director who retires in accordance with rule 8.1(f) of the Company’s Constitution is eligible for re-election at the Meeting.

**Voting Exclusion:** Nil

**Recommendation: The Directors (Mr Luk abstaining) recommend you vote in favour of this resolution.**

## SPECIAL BUSINESS

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### 5. RESOLUTION 4 – 10% ENHANCED PLACEMENT CAPACITY

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

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

**Short Explanation:** Pursuant to ASX Listing Rule 7.1A an eligible company may seek approval from its Shareholders to increase its placement capacity by 10%, from 15% to 25%. VDM Group Limited is an eligible company as at the date of this Notice of Meeting, and expects to remain so up until the date of the Meeting.

**Voting Exclusion:** the Company will disregard any votes cast on this Special Resolution by any person and any of their associates of that person who:

- (a) may participate in the issue of Shares pursuant to the 10% Enhanced Placement Capacity; and
- (b) might obtain a benefit if this Special Resolution is passed, except a benefit solely in their capacity as a holder of Shares if the resolution is passed.

However, the Company need not disregard a vote on this Special Resolution if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the Chair as proxy for another person who is entitled to vote, in accordance with the directions on the Proxy Form to vote as the proxy decides.

**Recommendation: The Directors recommend you vote in favour of this resolution.**

**Dated: 28 October 2019**

**By order of the Board of Directors**



**Mr Michael Fry  
Company Secretary**

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## **EXPLANATORY STATEMENT**

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

The Explanatory Statement should be read in conjunction with the Notice of Meeting.

Shareholders should read the Notice of Meeting and this Explanatory Statement carefully before deciding how to vote on the resolutions.

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## **ANNUAL REPORT**

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the 2019 Annual Report of the Company.

The Company will not provide a hard copy of the Company's 2019 Annual Report to Shareholders unless specifically requested to do so. The Company's 2019 Annual Report is available at [www.vdmgroup.com.au](http://www.vdmgroup.com.au).

There is no requirement for Shareholders to approve the 2019 Annual Report.

Shareholders will be offered the following opportunities:

- (i) to discuss the 2019 Annual Report.
- (ii) to ask questions or make comment on the management of the Company.
- (iii) to ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (i) the preparation and content of the auditor's report;
- (ii) the conduct of the audit;
- (iii) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (iv) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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## **1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

### **1.1 General**

The Corporations Act requires that at a company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

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 annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

## 1.2 Voting consequences

If 25% or more of votes that are cast are voted against the adoption of the remuneration report at two consecutive annual general meetings, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company.

If more than 50% of votes cast are in favour of the resolution, the company must convene a shareholder meeting within 90 days of the second annual general meeting ("Spill Meeting").

All of the directors of the company in office when the Board resolution to make the Directors' Report for the financial year ended 30 June 2019 was passed excluding the Company's Managing Director and who remain in office at the time of the Spill Meeting, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 1.3 Previous voting results

At last year's annual general meeting, the votes cast against the adoption of the remuneration report represented less than 25% of the total votes cast and accordingly, a spill resolution is not required under any circumstances to be put at the Meeting.

## 1.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel <sup>1</sup>	Vote as directed	Unable to vote <sup>3</sup>
Chair <sup>2</sup>	Vote as directed	Able to vote at discretion of Proxy <sup>4</sup>
Other	Vote as directed	Able to vote at discretion of Proxy

### Notes:

<sup>1</sup> Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

<sup>2</sup> Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

<sup>3</sup> Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

<sup>4</sup> The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

## 1.5 Board recommendation

The Remuneration Report forms part of the Directors' Report, made in accordance with a unanimous resolution of the Directors. **The Board recommends that Shareholders vote in favour of Resolution 1.** The Chair intends to vote undirected proxies in favour of this resolution.

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## **2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – 400,000,000 SHARES**

### **2.1 General**

On 6 March 2019, the Company issued a total of 400,000,000 Shares to sophisticated and professional investors, which raised \$4,000,000 (before costs).

The 400,000,000 Shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1A.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 400,000,000 Shares.

### **2.2 ASX Listing Rules 7.1A and 7.4**

ASX Listing Rule 7.1A provides that in addition to issues permitted without shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A than any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable "A" in the formula in ASX Listing Rules 7.1A; and
- (b) are counted in variable "E",

until their issue has been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issue.

The Company is an eligible company which sought and received shareholder approval for an additional 10% capacity under ASX Listing Rule 7.1A at its annual general meeting held on 30 November 2018. The Shareholder approval for the additional 10% capacity under ASX Listing Rule 7.1A is valid to 30 November 2019; being 12 months from the date of the 2018 annual general meeting.

By ratifying the issue of the Shares the subject of Resolution 2, the base figure (i.e. variable "A") in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow proportionately higher number of securities to be issued without prior Shareholder approval.

### **2.3 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 2:

- (a) 400,000,000 Shares were issued;
- (b) the Shares were issued and allotted on 6 March 2019;
- (c) the issue price of the Shares was \$0.01 each, raising a total of \$4,000,000 (before costs);
- (d) the Shares are fully paid ordinary shares that rank equally in all respects with the Company's existing Shares;
- (e) the Shares were issued to CF International Development Limited of Hong Kong and Briston Holdings Limited of British Virgin Isles, neither of which are a related party or an associate of a related party of the Company;
- (f) the funds raised were principally to fund exploration activities at the Company's Cachoeiras do Binga Copper Project in Angola, to identify and secure additional project opportunities and for general working capital; and
- (g) a voting exclusion statement is set out in the Notice of Meeting.

## 2.4 Board recommendation

**The Board recommends that Shareholders vote in favour of Resolution 2.** The Chair intends to vote undirected proxies in favour of this resolution.

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### 3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR - MR LUK HUIMING

Listing Rule 14.4 and rule 8.1 (f) of the Company's constitution provide that a company that has directors must hold an election of directors each year. In accordance with Listing Rule 14.5 and Rule 8.1 (f) of the Company's Constitution, Mr Luk, a Director, has offered himself for re-election.

A director who retires in accordance with rule 8.1 (f) of the Company's Constitution is eligible for re-election at the Meeting

Mr Luk retires at the Meeting in accordance with rule 8.1 (f) of the Company's Constitution and Listing Rule 14.5 and, being eligible, has offered himself for re-election at the Meeting.

#### **Qualifications, experience and other material directorships**

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

#### **Independence**

Mr Luk is the controller of Australia Kengkong Investments Co Pty Ltd which is VDM's largest shareholder with a holding of 2,070,000 shares, representing 35.22% of shares on issue.

As such, if re-elected the board considers Mr Luk will be a non- independent director.

#### **Board recommendation**

The Board (Mr Luk abstaining) has considered Mr Luk's candidacy in respect of his individual merits and contribution to the Board's composition and supports the re-election of Mr Luk and **recommends that Shareholders vote in favour of Resolution 3.** The Chair of the meeting intends to vote undirected proxies in favour of this resolution.

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### 4. RESOLUTION 4 – 10% ENHANCED PLACEMENT FACILITY

#### 4.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued ordinary 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 its annual general meeting. The Company is an eligible entity as at the time of this Notice of Meeting and expects to remain so up to and including the date of the Annual General Meeting as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$13.85 million.

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 5.1 (c) below).

## **4.2 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 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. The Company currently has one quoted class of Equity Securities on issue, being the Shares (ASX Code: CXU).

### **(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 under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid Shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid Shares issued in the 12 months with approval of holders of shares under Listing Rules 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 Rules 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 of Meeting, the Company has 6,927,660,952 Shares on issue. Therefore, subject to Shareholder approval the Company will have a capacity to issue:

- (i) 1,039,149,142 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under Resolution 5, 692,766,095 Equity Securities under Listing Rule 7.1A.1.

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1 A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to (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 5 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).**

**4.3 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) 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 of Meeting.

The table 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) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

The table has been prepared on the following assumptions:

The Company issues the maximum number of Equity Securities available under the 10% Enhanced Placement Facility.

- (i) No other Shares are issued before the date of the issue of the Equity Securities.
- (ii) 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%.
- (iii) 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.
- (iv) 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.
- (v) The issues of Equity Securities under the 10% Enhanced Placement Facility consists only of Shares.
- (vi) The issue price is \$0.002, being the closing price of the Shares on ASX on 23 October 2019.
- (vii) There are currently 6,927,660,952 Shares on issue.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.001 50% decrease in Issue Price	\$0.002 Issue price	\$0.004 100% increase in Issue Price
<b>Current Variable A</b> 6,927,660,952 <b>Shares</b>	<b>10% Voting Dilution</b>  <b>Funds raised</b>	692,766,095 Shares  \$692,766.10	692,766,095 Shares  \$1,385,532.19	692,766,095 Shares  \$2,771,064.38
<b>50% increase in current Variable A</b> 10,391,491,428 <b>Shares</b>	<b>10% Voting Dilution</b>  <b>Funds raised</b>	1,039,149,142 Shares \$1,039,149.14	1,039,149,142 Shares \$2,078,298.29	1,039,149,142 Shares \$4,156,596.57
<b>100% increase in current Variable A</b> 13,855,321,904 <b>Shares</b>	<b>10% Voting Dilution</b>  <b>Funds raised</b>	1,385,532,190 Shares \$1,385,532.19	1,385,532,190 Shares \$2,771,064.38	1,385,532,190 Shares \$5,542,128.76

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

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

- (i) non-cash consideration for the acquisition of the new 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; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards continued exploration and feasibility study expenditure on the Company's portfolio of assets and/or general working capital.

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

(c) **Allocation under the 10% Enhanced Placement Capacity**

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 of Meeting but may include existing 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 assets or investments, the allottees under the 10% Enhanced Placement Facility may include the vendors of the new assets or investments.

(d) **Previous approval under ASX Listing Rule 7.1A**

The Company obtained approval under ASX Listing Rule 7.1A at the 2018 annual general meeting held on 30 November 2018.

In the 12 months preceding the date of the Meeting, being on and from 30 November 2018, the Company has issued 1,050,000,000 Shares which represents approximately 17.71% of the total diluted number of Equity Securities on issue in the Company on 30 November 2018, which was 5,929,660,952.

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.

(e) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues equity securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of all the allottees of the equity securities and the number of equity securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- (ii) the information required by ASX Listing Rule 3.10.5A for release to the market.

(f) **Voting Exclusion Statement**

A voting exclusion statement is set out in the Notice of Meeting.

#### 4.4 Board recommendation

**The Board recommends that Shareholders vote in favour of Resolution 4.** The Chair intends to vote undirected proxies in favour of this resolution.

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## 5. GENERAL INFORMATION

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

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## GLOSSARY

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

**10% Enhanced Placement Facility** has the meaning given in section 5 of the Explanatory Memorandum.

**2019 Annual Report** means the annual report of the Company and its controlled entities for the year ended 30 June 2019, including the Directors' Report, the Remuneration Report, Financial Statements, Notes to the Financial Statements and the independent Auditor's Report.

**AGM or Annual General Meeting or Meeting** means the meeting convened by the Notice.

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

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the key Management Personnel means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** or **VDM** means VDM Group Limited ACN 109 829 334.

**Constitution** means the Company's Constitution, as amended from time to time.

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

**Director** means a current 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 Meeting.

**KMP** means the key management personnel of the Company and has the same meaning as 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** or **Annual General Meeting** means the Annual General Meeting of the Shareholders convened for the purposes of considering the Resolutions contained in the Notice of Meeting (and any adjournment of the meeting).

**Notice of Meeting** means the notice convening the Meeting which accompanies the Explanatory Memorandum and Proxy Form.

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

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

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

**Remuneration Report** means the remuneration report contained in the Director's statement in the Company's 2019 Annual Report.

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

**Share** means a fully paid ordinary share in the capital of the Company.

**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 Meeting.

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

**VWAP** means volume weighted average price.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 30 NOVEMBER 2018

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: 6 March 2019 Appendix 3B: 6 March 2019	400,000,000	Shares <sup>2</sup>	CF International Development Limited of Hong Kong, a sophisticated investor (200,000 Shares).  Briston Holdings Limited of British Virgin Isles, a sophisticated investor (200,000 Shares).	1c each (premium of 900%)	Amount raised = \$4,000,0000 The funds were raised to be used for exploration, working capital purposes, to identify and secure other exploration project opportunities and to meet ongoing capital requirements. The Company's cash balance on 4 October 2019 is \$4,865,012. Of the amount raised, no funds have yet been used. The balance of the funds raised are intended to be used in relation to costs associated with exploration at the Cachoeiras do Binga Copper Project, exploration at the newly acquired Cage Bengo Gold Project, repayments of Shareholder Loans and for working capital purposes.
Issue: 16 August 2019 Appendix 3B: 20 August 2019	650,000,000	Shares <sup>2</sup>	Seabank Resources LDA	Nil cash; deemed to be issued at the market price of the Shares at the time	Non-cash Consideration: Acquisition of 55.25% ownership interest in Cage Bengo Gold Project Current value <sup>4</sup> = \$1,300,000.00

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).

**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 29 November 2019 and at any adjournment/s of that meeting.

DATED ..... 2019

**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 at Level 2, 123 Adelaide Terrace, East Perth Western Australia 6004.



VDM Group Limited  
ABN 95 109 829 334

VMG

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

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:30am (WST)**  
**Wednesday, 27 November 2019**

# Proxy Form

## 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

**If you are attending in person, please bring this form with you to assist registration.**

#### Corporate Representative

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

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**  
**SRN/HIN: I9999999999**  
**PIN: 99999**

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

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



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

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, 29 November 2019 at 11:30am (WST) 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 in step 2) 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.

## 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
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of Prior Issue - 400,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director - Mr Luk Huiming	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 10% Enhanced Placement Capacity	<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.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

