

VDM executes Agreement to acquire 55% of Cage Bengo Project

VDM Group Limited (**VDM** or the **Company**) (ASX: VMG) is pleased to report that it has entered into a Mining Investment Contract (**Agreement**) providing exclusive rights to explore for gold and other minerals at the Cage Bengo Project located in the Republic of Angola (**Acquisition**).

The Cage Bengo Project comprises exploration concession 021/12/10 / TP / ANG-MGMI / 2011, Code No. 04/28 / PC / AA, and covers an area of 9,904km² (**Concession**).

It should be noted that Pebric, Seabank and VDM (defined as **Associates** under the Agreement) are partners in the Cachoerias do Binga Copper Project where the joint venture partners are currently conducting a second phase of drilling activity – refer ASX announcement of 24 July 2019.

VDM’s Board is very pleased that the Company has this opportunity to acquire a majority equity interest in the prospective Cage Bengo Project. Equity participation in the Project is as follows:

<u>Parties</u>	<u>Equity Interest (%)</u>
VDM	55.25%
Pebric	25.50%
Seabank	4.25%
Ferrangol	15.00%

Key features of the Project include:

- ✓ **Geology** – historical mapping, prospecting and small-scale mining activity has identified the potential for gold and copper mineralisation
- ✓ **Exploration Potential** – the exploration concession covers an extremely large area in a region that has known mineralisation but has not been subject to any modern exploration techniques.
- ✓ **Infrastructure** – strategically located 300kms north-east of Luanda; Angola’s capital and largest city, and primary port.

The Company’s geological team are currently finalising a geological overview of the Project and it is expected to be released on to the ASX platform in coming days.

BOARD & MANAGEMENT

Mr Luk Hiuming
NON-EXECUTIVE CHAIRMAN

Dr Dongyi Hua
EXECUTIVE DIRECTOR
OF MINING

Mr Michael Fry
DIRECTOR
COMPANY SECRETARY

REGISTERED OFFICE

Suite 2, Level 2, 123 Adelaide Terrace, East Perth, WA 6004

POSTAL ADDRESS

PO Box 3347
East Perth, WA 6892

CONTACT DETAILS

Tel: (08) 9221 6739

WEBSITE

vdmgroup.com.au

SHARE REGISTRY

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

ASX CODE

VMG

Cage Bengo Project

Location

The Cage Bengo Project comprises concession 021/12/10 / TP / ANG-MGMI / 2011, Code No. 04/28 / PC / AA, and covers an area of approximately 9,904km².

The Project is located in the north-west of Angola between the provinces of Uige and Bengo, from which it derives its name, and is approximately 300km north-east of the capital city of Luanda.

Luanda is Angola's capital and its largest city. It is Angola's primary port and its major industrial, cultural and urban centre.

Access to the Project is via the road that connects the city of Caxito to Muxiluando (Nambuanguo Municipality headquarters) with the city of Uige (Capital of Uige Province).

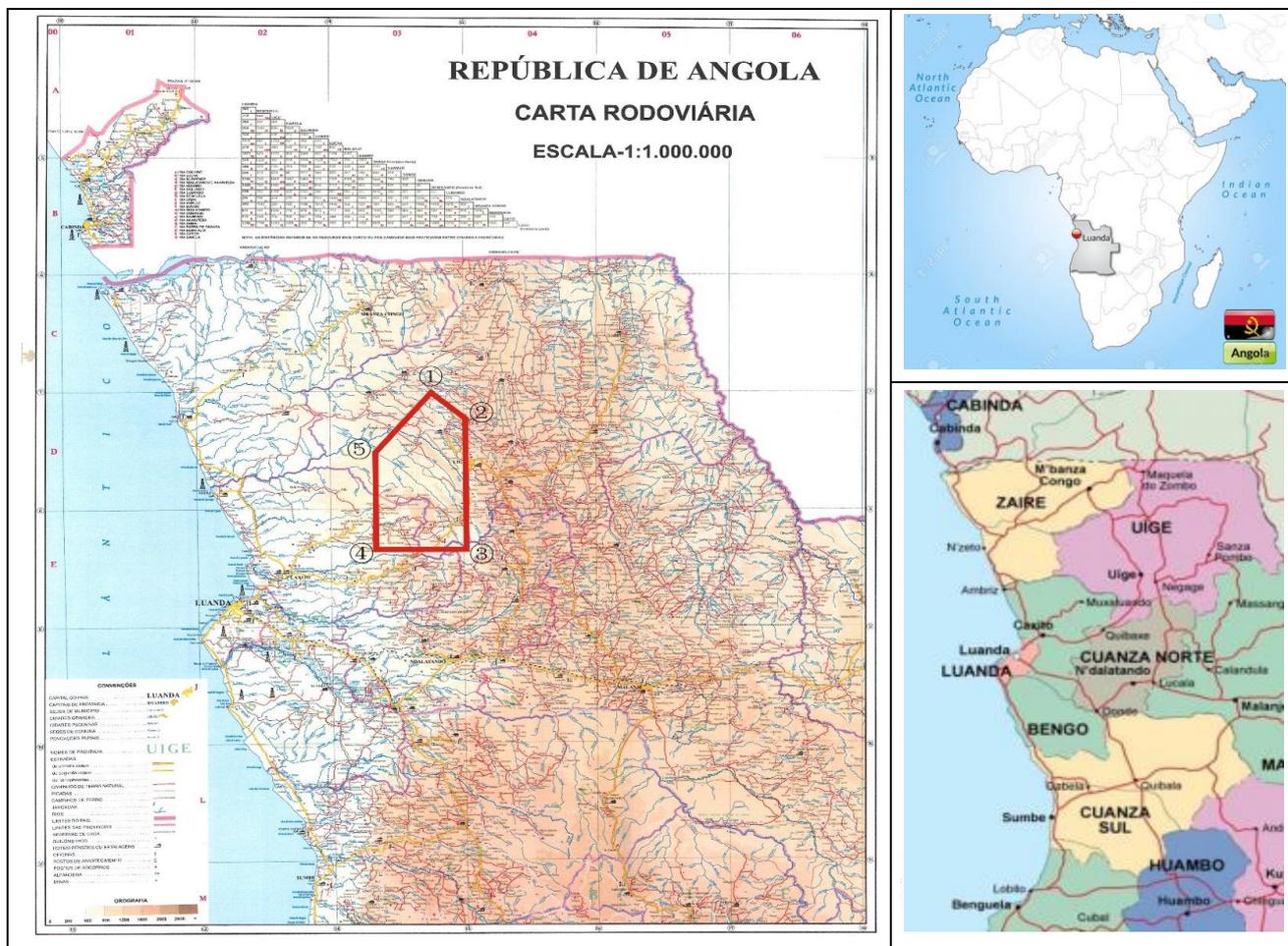


Figure 1 – Location of Cage Bengo Project

Coordinates of above exploration concession vertices:

<u>Vertices</u>	<u>Latitude</u>	<u>Longitude</u>
1	6 ° 58'26 " S	14 ° 43'24 " E
2	7 ° 16'39 " S	15 ° 01'37 " E
3	8 ° 21'42 " S	15 ° 01'37 " E
4	8 ° 21'42 " S	14 ° 20'19 " E
5	7 ° 28'11 " S	14 ° 20'19 " E

Acquisition Summary

By entering the Agreement, VDM is acquiring its interest in the Cage Bengo Project from Seabank. In return for acquiring its 55.25% ownership interest, VDM must issue to Seabank 650,000,000 VDM shares. The VDM shares are to be issued from the Company's existing 15% (LR7.1) capacity.

The key terms of the MIC include the following:

- The Parties are granted the exclusive prospecting and exploration rights for gold located in the 9,904km² concession area;
- The Parties may request the prospecting and exploration rights on other minerals discovered, having the first right of refusal before other suitors;
- The amount intended for investment in the prospecting phase of the project is USD\$4.95 million;
- Ferrangol is required to ensure that parties do not interfere with operations, particularly those who are illegally conducting mining operations within the concession area;
- The Agreement is valid for an initial period of five years, and may, if necessary be extended in accordance with the terms of Angola's Mining Act;
- Ferrangol's 15% interest is without financial obligations; which are to be borne by VDM, Pebric and Seabank in their ownership proportions – equating to VDM (65%), Pebric (30%) and Seabank (5%); and
- The Associates shall in due course establish a commercial company with shareholdings in proportion to their respective interests (VDM-55.25%, Pebric 25.50%, Seabank – 4.25%, Ferrangol – 15.00%) and in which will be registered the Concession.

Other

Initial exploration at Cage Bengo Project will involve mapping and sampling and will be funded from the Company's existing cash resources.

The 650,000,000 VDM shares to be issued to Seabank are proposed to be issued by no later than Friday, 16 August 2019.

VDM's Exploration & Mining Group commented as follows:

"We have been working on this project opportunity for a significant period of time and we are pleased to have secured it for the benefit of VDM and its shareholders. Exploration planning has immediately commenced and we aim to be drilling at the project before the end of the calendar year, weather permitting. We are excited about the potential of this new project which has not been the subject of modern exploration techniques."

For further information please contact:

Michael Fry
Company Secretary
VDM Group Limited
(08) 9221 6739

Forward looking statements

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.