

Key Employment Terms for Executive Director of Mining

On 1 February 2016, VDM Group Limited (**VDM**) advised of Dr Dongyi Hua's transition from the position of Managing Director and CEO to a new part-time position of Executive Director of Mining.

Pursuant to Listing Rule 3.16.4, VDM provides the following summary of the key terms of employment for Dr Hua.

Dr Hua – Key Terms of Employment

Effective date of employment variation: 1 March 2016

Position: Executive Director of Mining

Base salary: \$198,000 plus \$18,810 superannuation

Stock options: Subject to shareholder approval, the Company will issue Dr Hua (the Executive) with the following share options.

- 10 million options with an exercise price of \$0.015, exercisable 1-year after date of employment variation and expiring 4-years after date of employment variation.
- 10 million options with an exercise price of \$0.020, exercisable 2-years after date of employment variation and expiring 5-years after date of employment variation.
- 10 million options with an exercise price of \$0.025, exercisable 3-years after date of employment variation and expiring 6-years after date of employment variation.

All options will expire if the Executive leaves the Company for any reason.

Bonus: The Executive is eligible to participate in the Company's annual bonus incentive arrangements. The rules of the bonus incentive arrangement will be set by the board and can be amended by the Board from time to time.

Termination: The Company may terminate the Executive's employment by giving six months' notice or payment in lieu. The Executive may terminate his employment by giving the Company three months' notice. The Company also has the right to terminate the Executive's employment without notice in the event of serious misconduct.

BOARD & MANAGEMENT

Mr Luk Hiuming
NON-EXECUTIVE CHAIRMAN

Dr Dongyi Hua
EXECUTIVE DIRECTOR
OF MINING

Mr Michael Fry
NON-EXECUTIVE DIRECTOR

Mr Velko (Vic) Jakovich
NON-EXECUTIVE DIRECTOR

Mr Sam Diep
CHIEF EXECUTIVE OFFICER

Mr Padraig O'Donoghue
CHIEF FINANCIAL OFFICER
COMPANY SECRETARY

REGISTERED OFFICE

Level 1
Fortescue Centre
30 Terrace Road
East Perth, WA 6004

POSTAL ADDRESS

Locked Bag 8
East Perth, WA 6892

CONTACT DETAILS

Tel: (08) 9265 1100

WEBSITE

vdmgroup.com.au

SHARE REGISTRY

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

ASX CODE

VMG

Restrictions after termination: The Executive is restrained in Australia for a period of six months after termination from:

- soliciting or competing for the custom of, or accepting business from, any person who was a customer of the Company at any time during the six months immediately preceding his termination of employment with the Company for a business that is the same or similar to the business of the Company;
- soliciting or endeavouring to obtain the services of any professional person who was an employee, consultant or contractor of the Company at any time during the six months immediately preceding his termination of employment with the Company; or
- engaging in or being associated with a business competing with the business of the Company.

For further information please contact:

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CFO & Company Secretary
VDM Group Limited
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