
2017

NOTICE OF ANNUAL GENERAL MEETING

VDM GROUP LIMITED
ABN 95 109 829 334

DATE OF MEETING: Tuesday, 28 November 2017

TIME OF MEETING: 10:00 am (Perth time)

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

This document also includes the Explanatory Memorandum and enclosed Proxy Form



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Notice of Annual General Meeting

VDM Group Limited (**VDM** or **the Company**) will hold its Annual General Meeting on Tuesday, 28 November 2017 at 10:00 am (AWST) at Level 2, 123 Adelaide Terrace, East Perth, Western Australia.

ORDINARY BUSINESS

1. Financial Report

To receive the financial report, Directors' report and auditor's report for VDM and its controlled entities for the year ended 30 June 2017.

2. Remuneration Report

To consider and if thought fit pass the following as an ordinary resolution:

Resolution 1

"That for the purposes of section 250(R) of the Corporations Act and for all other purposes, the Remuneration Report be adopted."

3. Re-election of Mr Michael Fry as a Director

To consider and if thought fit to pass the following as an ordinary resolution:

Resolution 2

"That Mr Michael Fry, being a Director, who retires in accordance with rule 8.1(d) of the Constitution and being eligible for election, is hereby elected as a Director."

3. Re-election of Mr Luk Hiuming as a Director

To consider and if thought fit to pass the following as an ordinary resolution:

Resolution 3

"That Mr Luk Hiuming, being a Director, who retires in accordance with rule 8.1(d) of the Constitution and being eligible for election, is hereby elected as a Director."

SPECIAL BUSINESS

4. Approval of Future Placement Shares

To consider and if thought fit to pass the following as an ordinary resolution:

Resolution 4

"That, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 1,360,000,000 Shares within three months from the date of this Meeting, at a price not lower than 80% of the volume weighted average market price of the Shares over the five days on which sales were recorded before the day on which the issue will be made, for the purposes and on the terms and conditions set out and as described in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by a person who may participate in the issue of the Future Placement Shares (and any Associates of such a person) and who might obtain a benefit (and any Associates of such a person), except a benefit solely in the capacity of a holder of Shares, if Resolution 4 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 on the Proxy Form or it is cast by the chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Approval of 10% Enhanced Placement Facility

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

Resolution 5

"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 Memorandum."

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by a person who may participate in the 10% Enhanced Placement Facility (and any Associates of such a person) and who might obtain a benefit (and any Associates of such a person), except a benefit solely in the capacity of 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 on the Proxy Form or it is cast by the chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Additional Information

The Explanatory Memorandum accompanying this Notice is incorporated in and comprises part of this Notice.

Shareholders are specifically referred to the glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice and the Explanatory Memorandum.

An electronic copy of this Notice is available from the Company's website at www.vdmgroup.com.au.

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

A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. A proxy may be, but need not be, a Shareholder. A Shareholder 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, but where the proportion or number is not specified, each proxy may exercise half of the votes. For details on how to complete and lodge the Proxy Form, please refer to the instructions on the Proxy Form.

Shareholders should refer to the Proxy Form that accompanies this Notice and Explanatory Memorandum for more information about submitting your proxy voting instructions.

Proxy Forms must be submitted by 10:00 am (AWST) on 26 November 2017 to be effective. Any Proxy Form received after that time will not be valid for the Meeting.

As stated on the Proxy Form accompanying this Notice, the chair intends to vote available proxies in favour of the Resolutions.

Proxy voting on Resolution 1 (Remuneration Report)

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report (other than the chair) or any Closely Related Party of that member as your proxy to vote on Resolution 1, you must direct the proxy how they are to vote. Where you do not direct the member of Key Management Personnel whose remuneration details are included in the Remuneration Report (other than the chair) or a Closely Related Party of that member, how to vote on Resolution 1, your vote will not be counted in determining the required majority for Resolution 1.

If the chair of the Meeting is appointed as your proxy (whether by appointment or by default) and you have not given directions on how to vote by completing the appropriate box in the voting directions section of the Proxy Form for Resolution 1, by signing and returning the Proxy Form you will be expressly authorising the chair of the Meeting to cast your votes in accordance with the chair's intention. The chair intends to vote in favour of Resolution 1.

Proxy Forms may be submitted:

ONLINE 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, Victoria 3000 Australia
BY FAX 1800 783 447 (within Australia)
 +61 3 9473 2555 (outside Australia)
By HAND: Computershare Investor Services Pty Limited
 Level 11, 172 St Georges Terrace, Perth WA 6000, Australia
CUSTODIAN VOTING For Intermediary Online subscribers only (custodians) please visit
 www.intermediaryonline.com to submit your voting intention.

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 entitlement to vote at the Annual General Meeting.

The Directors have determined that all Shares registered at 4.00 pm (AWST) on 26 November 2017 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the person registered as holding the Shares at that time.

Voting by corporate representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Annual General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company’s Share Registrar in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative. A corporate representative form may be requested from the Company’s registry if required.

By order of the Board of Directors



PADRAIG O'DONOGHUE
Company Secretary
VDM Group Limited
17 October 2017

Explanatory Memorandum

Purpose of this Explanatory Memorandum

This document is important. It provides Shareholders with necessary information to assist them in deciding how to vote on the Resolutions to be considered at the Meeting. This Explanatory Memorandum does not take into account the individual investment objectives, financial situation and particular needs of Shareholders or any other person. Accordingly, it should not be relied upon as the sole basis for any decision in relation to the Resolutions.

You should read this Explanatory Memorandum in its entirety before making a decision as to how to vote at the Meeting.

If you have any doubt as to what you should do once you have read this Explanatory Memorandum, you should consult your legal, financial or other professional adviser.

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 in section 8 of this document.

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1. Frequently asked questions (FAQs)

<p>Why did I receive this document?</p>	<p>This document contains information relating to the Resolutions to be considered at the Annual General Meeting on 28 November 2017.</p> <p>Under the Listing Rules, certain transactions require your approval at a general meeting of Shareholders before they can be implemented.</p> <p>The information set out in this document will assist you, as a Shareholder, to decide how you wish to vote on the Resolutions.</p> <p>This FAQ is a summary only and does not include all of the relevant information in relation to the Resolutions.</p> <p>Further information regarding the Resolutions are set out in sections 2 to 7 of this Explanatory Memorandum. Shareholders are strongly encouraged to read this document in its entirety before making a decision as to how to vote at the Meeting.</p> <p>If you have any doubt as to what you should do, you should consult your legal, financial or other professional adviser.</p>
<p>Resolution 4</p>	
<p>What is Resolution 4 asking me to vote on?</p>	<p>Shareholders are being asked to vote on a resolution to approve the allotment and issue of the Future Placement Shares to sophisticated and professional investors who are not Related Parties or Associates of Related Parties of the Company.</p>
<p>Why is my approval required?</p>	<p>Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period.</p> <p>The Company is seeking approval of the proposed issue of the Future Placement Shares under Listing Rule 7.1.</p>
<p>If Resolution 4 is approved what will happen?</p>	<p>If Resolution 4 is approved by Shareholders, VDM will be able to issue the Future Placement Shares without using the Company's 15% annual placement capacity under the Listing Rules or, assuming that Resolution 5 is approved, the 10% Enhanced Placement Facility.</p>
<p>If Resolution 4 is not approved what will happen?</p>	<p>If Resolution 4 is not approved by Shareholders, any capital raising that VDM seeks to undertake will either have to be within the Company's 15% annual placement capacity under the Listing Rules and, assuming that Resolution 5 is approved, the 10% Enhanced Placement Facility or be subject to future shareholder approval.</p>
<p>Why should I vote to approve the issue of the Future Placement?</p>	<p>The Company requires funds to repay Shareholder Loans; for the Company's ordinary operating costs; to undertake the exploration and feasibility work for the Cachoeiras do Binga copper exploration project; and for other future growth opportunities that may arise.</p> <p>If Resolution 4 is approved, it will give the Company the opportunity to raise the required funds without using the Company's 15% annual placement capacity under the Listing Rules or, assuming that Resolution 5 is approved, the 10% Enhanced Placement Facility. This will provide the Company with the flexibility to raise funds in the future without Shareholder approval.</p>
<p>Resolution 5</p>	
<p>What is Resolution 5 asking me to vote on?</p>	<p>Shareholders are being asked to vote on a resolution to approve the Company's ability to issue Equity Securities under the 10% Enhanced Placement Facility.</p>

Why is my approval required?	The ability to issue Equity Securities under the 10% Enhanced Placement Facility is subject to Shareholder approval by way of a special resolution at an Annual General Meeting 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).
If Resolution 5 is approved what will happen?	If Resolution 5 is approved, the Directors will be able to issue 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.
If Resolution 5 is not approved what will happen?	If Resolution 5 is not approved, VDM will be unable to use the 10% Enhanced Placement Facility.
Why should I vote to approve the 10% Enhanced Placement Facility?	<p>If Resolution 5 is approved, it will provide the Company with the opportunity to issue Equity Securities under the 10% Enhanced Placement Facility for the following purposes:</p> <p>(i) to raise cash:</p> <ul style="list-style-type: none"> • to repay Shareholder Loans; • for the Company's ordinary operating costs; • to undertake the exploration and feasibility work for the Cachoeiras do Binga copper exploration project; • for other future growth opportunities that may arise; or <p>(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.</p>
General questions	
How do the Directors recommend that I vote on the Resolutions?	<p>The Directors, with the exception of:</p> <ul style="list-style-type: none"> • Mr Michael Fry, who does not make a recommendation in relation to Resolution 2 due to his interest in the outcome of that Resolution; and • Mr Hiuming Luk, who does not make a recommendation in relation to Resolution 3 due to his interest in the outcome of that Resolution, <p>recommend that Shareholders vote in favour of the resolutions.</p>
When and where will the Meeting be held?	The Meeting will take place on Tuesday, 28 November 2017 at 10:00 am (AWST) at Level 2, 123 Adelaide Terrace, East Perth, Western Australia.
Who can vote?	<p>In accordance with the <i>Corporations Regulations 2001</i> (Cth), the Board has determined that the Shareholders entitled to attend and vote at the Meeting shall be those persons who are recorded in VDM's register of members at 4.00 pm (AWST) on 26 November 2017.</p> <p>In accordance with the Corporations Act, the Resolutions to be put to the Meeting have voting exclusion statements. These voting exclusion statements are set out in this Explanatory Memorandum.</p>
What is the voting approval threshold?	<p>Save for Resolution 5, the Resolutions being put to Shareholders are ordinary resolutions, requiring simple majority approval (i.e. more than 50% of votes cast by Shareholders entitled to vote on Resolutions must be cast in favour).</p> <p>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).</p>

Is voting compulsory?	<p>Voting is not compulsory, though your vote is important. If you cannot attend the Meeting to be held on Tuesday, 28 November 2017, you are strongly encouraged to complete and return the Proxy Form that is enclosed with this document.</p> <p>If you are an overseas Shareholder and hold your Shares through a broker or nominee holder, you should contact them as soon as possible to instruct them to vote on your behalf.</p> <p>If you require any assistance in completing or lodging your proxy, please contact your financial or other professional advisor.</p>
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2. VDM's Financial Report

The financial report, Directors' report and auditor's report for VDM for the year ended 30 June 2017 will be laid before the meeting. There is no requirement for Shareholders to approve these reports. However, the chair of the meeting will allow a reasonable opportunity for Shareholders to ask questions about the conduct of the audit and the content of the auditor's report.

Further, written questions to the chairman about the management of VDM or to VDM's auditor about the content of the auditor's report and the conduct of the audit may be submitted no later than 3:00 pm (AWST) on 21 November 2017 to:

Padraig O'Donoghue
Company Secretary
VDM Group Limited
PO Box 3347,
East Perth WA 6892

Email: padraig.odonoghue@vdmgroup.com.au

3. Resolution 1 - Remuneration Report

3.1. Background

The Remuneration Report can be found on pages 8 to 16 of the 2017 Annual Report, which is available from the Company's website at www.vdmgroup.com.au.

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

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company at the Annual General Meeting. However, Shareholders should note that the vote on Resolution 1 is advisory only and is not binding on the Company or its Directors.

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

The chairman of the Annual General Meeting will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the Meeting.

3.2. Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

3.3. Voting exclusion

In accordance with section 250R(4) of the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Key Management Personnel (details of whose remuneration are included in the Remuneration Report) or their Closely Related Parties.

However, a person described above may vote on this Resolution 1 if:

- the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or

- the person is the chair of the Meeting and the appointment of the chair as proxy does not specify the way the person is to vote on Resolution 1, and expressly authorises the chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

4. Resolution 2 – Re-election of Mr Michael Fry as a Director

Resolution 2 relates to the election of Mr Michael Fry as a Director.

In accordance with 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.

Mr Fry was last elected as a Director at the annual general meeting held on 28 November 2014. Accordingly, Mr Fry will retire as a Director at the conclusion of the Meeting in accordance with Listing Rule 14.4 and rule 8.1(d) of the Constitution, and being eligible, has offered himself for re-election at the Meeting.

Mr Fry is an experienced company manager across a broad range of industry sectors. Mr Fry has a background in accounting and corporate advice having worked with KPMG (Perth) where he qualified as a Chartered Accountant, Deloitte Touche Tohmatsu (Melbourne) and boutique corporate advisory practice Troika Securities Ltd (Perth). Mr Fry was the Chief Financial Officer and finance director at Swick Mining Services Limited, a publicly listed drilling services provider contracting to the mining industry in Australia and North America. Mr Fry is Chief Financial Officer and Company Secretary of Force Commodities Limited an ASX-listed company (ASX:4CE) with exploration projects in Australia and Democratic Republic of Congo, and he is Company Secretary of Globe Metals & Mining Limited an ASX-listed company (ASX:GBE) with exploration projects in Africa. He was previously a director of ASX-listed Cougar Metals NL.

4.1. Directors' Recommendations

The Directors, other than Mr Fry who has an interest in the outcome of Resolution 2, recommend that Shareholders vote in favour of Resolution 2.

5. Resolution 3 – Re-election of Mr Luk Hiuming as a Director

Resolution 3 relates to the election of Mr Luk Hiuming as a Director.

In accordance with 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.

Mr Luk was last elected as a Director at the annual general meeting held on 28 November 2014. Accordingly, Mr Luk will retire as a Director at the conclusion of the Meeting in accordance with Listing Rule 14.4 and rule 8.1(d) of the Constitution, and being eligible, has offered himself for re-election at the Meeting.

Mr Luk has abundant experience in an extensive 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.

5.1. Directors' recommendations

The Directors, other than Mr Luk who has an interest in the outcome of Resolution 3, recommend that Shareholders vote in favour of Resolution 3.

6. Resolution 4 – Approval of Future Placement Shares

6.1. Background

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 1,360,000,000 (1.36 billion) Shares within three months of the date of the Meeting each at an issue price of not less than 80% of the VWAP of Shares for the last five days on which sales of the Shares are recorded before the day on which the issue will be made (**Future Placement Shares**) to sophisticated and professional investors who are not Related Parties or Associates of Related Parties of the Company (**Future Placement**).

The dilution to the interests of existing Shareholders and the amount of funds raised assuming an issue price of \$0.001, being the closing price of the Shares on ASX on 13 October 2017, as a result of the issue of the Future Placement Shares is set out in the following table:

Dilution Scenario	% Dilution (based on current issued share capital)	Funds raised (based on an issue price of \$0.001)
If 680,000,000 Shares are issued (50% of the Future Placement Shares)	12.41%	\$680,000
If 1,360,000,000 Shares are issued (100% of the Future Placement Shares)	24.83%	\$1,360,000

6.2. Rationale

Funds will be required to repay Shareholder Loans, to meet the Company's ordinary operating costs, for the exploration and feasibility costs associated with the Cachoeiras do Binga copper exploration project, and for future growth opportunities that may arise. The Company will seek to raise such capital following the Meeting.

If Resolution 4 is approved, the Company will seek to raise such funds by making a placement of Future Placement Shares without using the Company's 15% annual placement capacity or (assuming Resolution 5 is approved), the Company's 10% Enhanced Placement Facility. This will allow the Company to retain additional flexibility to raise funds in the future to meet the Company's financial obligations and ongoing operating and growth costs without the need for shareholder approval.

6.3. Application of Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, without the approval of Shareholders, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option) if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period.

VDM is seeking the approval of the Shareholders under Listing Rule 7.1 to issue the Future Placement Shares.

6.4. Specific information required by Listing Rule 7.3

Listing Rule 7.3 sets out a number of matters which must be included in a notice of meeting requesting shareholder approval under Listing Rule 7.1. In accordance with Listing Rule 7.3, the following information is provided to Shareholders to assist them to assess whether to approve Resolution 4:

- (a) The maximum number of Shares to be issued.

The maximum number of Shares that the Company intends to issue under Resolution 4 is 1,360,000,000.

- (b) The date by which the Company will issue the Future Placement Shares.

The Company will issue and allot the Future Placement Shares no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).

- (c) The issue price of the Future Placement Shares.

The Future Placement Shares will each be allotted at an issue price of not less than 80% of the VWAP of securities in the same class, calculated over the last five days on which sales in the securities were recorded

before the day on which the issue was made, or if there is a prospectus, product disclosure statement or offer information statement relating to the issue, over the last 5 days on which sales in the securities were recorded before the prospectus, product disclosure statement or offer information statement is signed.

- (d) The name of the persons to whom the Future Placement Shares will be issued.

At the Board's discretion, the Future Placement Shares will be issued to sophisticated and professional investors who are not Related Parties or Associates of Related Parties of the Company, subject to compliance with the Corporations Act and the Listing Rules.

- (e) The terms of the Future Placement Shares.

The Future Placement Shares will be fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue.

- (f) The intended use of the funds raised.

It is intended that the funds raised will be used by the Company to repay Shareholder Loans, to meet the Company's ordinary operating costs, and for growth, including for the exploration and feasibility costs associated with the Cachoeiras do Binga copper exploration project.

- (g) The issue date.

The Company intends to issue the Future Placement Shares on such dates when the Company completes any capital raisings following the Meeting and in accordance with any agreements contemplated by those capital raisings.

- (h) A voting exclusion statement.

A voting exclusion statement in respect of Resolution 4 is set out in section 6.6 of the Explanatory Memorandum.

6.5. Directors' recommendations

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

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

6.6. Voting exclusion

For the purposes of Listing Rule 7.1, and for all other purposes, the Company will disregard any votes cast on Resolution 4 by any person who may participate in the issue of Future Placement Shares (and any Associate of such person) and who might obtain a benefit (and any Associate of such person), except a benefit solely in the capacity of a holder of Shares, if Resolution 4 is passed.

However, the Company will not disregard a vote if:

- 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
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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 without shareholder approval 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 at the date of the AGM.

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 7.1(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).

7.1. Background

(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

A summary of the application of Listing Rule 7.1 is set out in section 6.3 of this Explanatory Memorandum.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity without shareholder approval under Listing Rule 7.1.

At the date of this Notice, the Company has 5,477,660,952 Shares on issue. Therefore subject to Shareholder approval the Company will have a capacity to issue:

- (i) 821,649,143 Equity Securities under Listing Rule 7.1; and
- (ii) 547,766,095 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 7.1(c) above) and so is subject to change (including as a result of the issue of Future Placement Shares contemplated in this Explanatory Memorandum).

(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).

7.2. 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 \$0.001, being the closing price of the Shares on ASX on 13 October 2017.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0005 Half the issue price (Note 1)	\$0.001 Issue price	\$0.002 Double the issue price
Current Variable A 5,477,660,952 Shares	10% Voting Dilution	547,766,095 Shares	547,766,095 Shares	547,766,095 Shares
	Funds raised	\$273,883	\$547,766	\$1,095,532
50% increase in in current Variable A 8,216,491,428 Shares	10% Voting Dilution	821,649,142 Shares	821,649,142 Shares	821,649,142 Shares
	Funds raised	\$410,825	\$821,649	\$1,643,298
100% increase in current Variable A 10,955,321,904 Shares	10% Voting Dilution	1,095,532,190 Shares	1,095,532,190 Shares	1,095,532,190 Shares
	Funds raised	\$547,766	\$1,095,532	\$2,191,064

Note 1: The issue price of Shares cannot be less than \$0.001. The figures provided for half the issue price of \$0.0005 are incorporated to comply with Listing Rule 7.3A.2.

- (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;
 - o for the Company's ordinary operating costs; 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.

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.

(e) 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 has not issued any Equity Securities in the previous 12 months preceding the date of the Meeting (that is, since 28 November 2016):

(f) Voting exclusion statement

A voting exclusion statement in respect of Resolution 5 is set out in section 7.4 of the Explanatory Memorandum.

7.3. Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

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 5.

7.4. 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.

8. Glossary

For the purposes of this Notice of Annual General Meeting and the Explanatory Memorandum, the following definitions apply:

"10% Enhanced Placement Facility" has the meaning given in section 7 of the Explanatory Memorandum;

"10% Placement Period" has the meaning given in section 7.1(f) of the Explanatory Memorandum;

"A\$" or "\$" means Australian dollars;

"AGM", Annual General Meeting" or "Meeting" means the annual general meeting of Shareholders of the Company convened by this Notice;

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

"ASX" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"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, and where the context permits, wholly owned subsidiaries of the parent;

"Constitution" means the constitution of the Company;

"Corporations Act" means the *Corporations Act 2001* (Cth);

"Director" means a Director of the Company from time to time;

"Equity Securities" has the meaning given in the Listing Rules;

"Explanatory Memorandum" means the explanatory memorandum accompanying the Notice;

"Future Placement" has the meaning given in section 6.1 of the Explanatory Memorandum;

"Future Placement Shares" has the meaning given in section 6.1 of the Explanatory Memorandum;

"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 of ASX;

"Notice" or "Notice of Annual General Meeting" means this notice of Annual General Meeting;

"Proxy Form" means the proxy form accompanying this Notice or an equivalent online electronic proxy form;

"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 an ordinary fully paid share in the capital of the Company;

"Shareholder" means a holder of Shares;

"Shareholder Loans" means the shareholder loans set out in note 22 of the Company's 2017 Annual Report;

"Shareholding" means a holding of Shares;

"Share Registrar" means Computershare Investor Services Pty Limited ABN 48 078 279 277;

"Trading Day" has the meaning given in the Listing Rules;

"Voting Power" has the meaning given by section 610 of the Corporations Act; and
"VWAP" means volume weighted average price.



VDM Group Limited
ABN 95 109 829 334

Lodge your vote:

Online:
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

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 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 10:00am (Perth time) Sunday, 26 November 2017

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 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 Tuesday, 28 November 2017 at 10:00am (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 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Michael Fry as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr Luk Hiuming as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of Future Placement Shares	<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 / /