

## QUARTERLY ACTIVITIES REPORT

### During the Quarter

- On-the-ground activity at the Company's Angolan projects remained suspended during the entirety of the quarter due to the COVID 19 pandemic and the imminent onset of the 'raining' season in Angola.
- Angola has lifted its state of emergency and life is returning to normality (somewhat) with internal flights and international travel having resumed from 21 September. Despite the easing of travel restrictions, the country remains on alert with masks remaining compulsory for all individuals in public places and travellers only allowed to enter the capital of Luanda by providing evidence of a negative COVID-19 test.
- The Company deems it currently unsafe for its personnel to travel to Angola.
- Assays from the Phase 2 Drill Program continue to remain outstanding with the Company frustrated at the ongoing delay caused by a disagreement over payment. Dr Hua has become involved in an attempt to try and break the deadlock.

### CdB Copper Project - Background

- CdB Copper Project is located in Angola and is 55.25% owned by VDM.
- VDM's Phase 1 drilling program at CdB was conducted during calendar year 2018 and comprised 41 holes for a total of 3,903.30 metres. 843 samples were collected and sent for assay with the results released to market via ASX announcement on 15 March 2019 confirming presence of high-grade copper mineralisation.
- VDM's Phase 2 drilling program commenced on 6 May 2019 and was completed in late November 2019 with a total of ninety-three (93) holes having been drilled for 5,690.70 metres.
- Phase 2 drill-holes are largely to a depth of about 60 metres and are targeting near to surface mineralisation. Of the 93 holes drilled, four holes of between 120m and 150m were drilled for structural and hydrological purposes.

### Cage Bengo Gold Project - Background

- Cage Bengo is located in Angola and is 55.25% owned by VDM.
- On 15 April 2020, Prospecting Title 048/07/03 over the Cage Bengo project was issued by Angolan Government, allowing work to commence.
- Work however remains suspended amid general safety concerns.

#### 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](http://vdmgroup.com.au)

#### SHARE REGISTRY

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

#### ASX CODE

VMG

## Cachoeiras do Binga Copper Project (CdB Copper Project)

### Background

- 55.25% owned by VDM;
- Project area covers 3,854kms<sup>2</sup>, and is ~32kms from East to West and ~129kms from North to South;
- Geology shows characteristics of a typical central African sediment-hosted copper deposit.

### Location

The CdB Project is located in the central coastal region of Angola ~385km south of the Angolan capital city of Luanda.

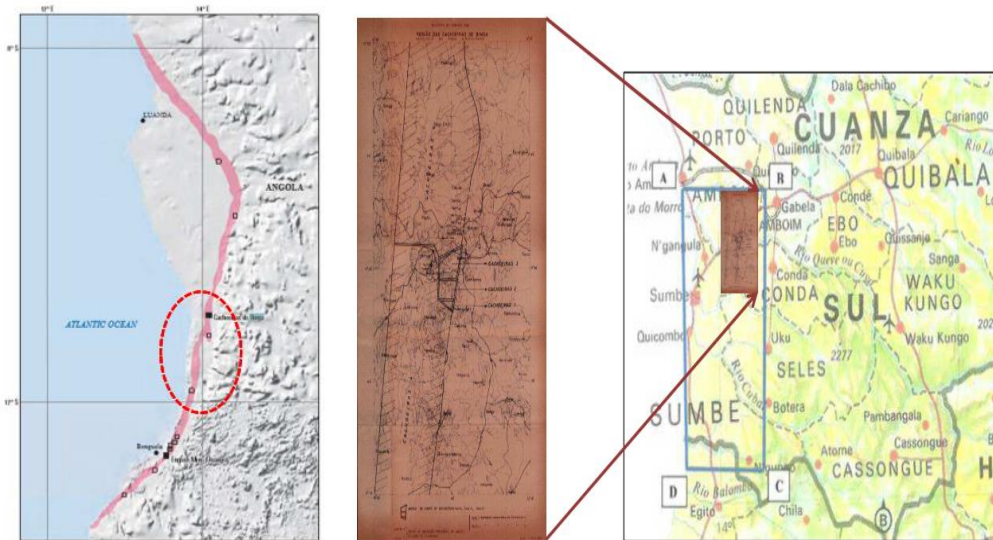


Figure 1: Location Map - CdB Project

### Historical Work

- VDM's Phase 1 drilling program at CdB was conducted during calendar year 2018 and comprised 41 holes for a total of 3,903.30 metres. 843 samples were collected and sent for assay with the results released to market via ASX announcement on 15 March 2019 confirming presence of high-grade copper mineralisation.
- VDM's Phase 2 drilling program commenced on 6 May 2019 and was completed in late November 2019 with a total of ninety-three (93) holes having been drilled for 5,690.70 metres.
- Phase 2 drill-holes are largely to a depth of about 60 metres and are targeting near to surface mineralisation. Of the 93 holes drilled, four holes of between 120m and 150m were drilled for structural and hydrological purposes.
- 779 samples were prepared for assay and despatched to a Chinese laboratory. Results remain pending.

### During the Quarter

- On-the-ground activity at the CdB Project remained suspended for the entirety of the quarter.

## Cage Bengo Gold Project

### Background

- In August 2019, VDM entered into a Mining Investment Contract (MIC) providing exclusive rights to explore for gold and other minerals at the Cage Bengo Project located in Angola.
- VDM's ownership interest in the Cage Bengo Project is 55.25%.
- The Cage Bengo Project covers an extremely large area of approximately 9,904km<sup>2</sup> and is located in the north-west of Angola – refer location map below.

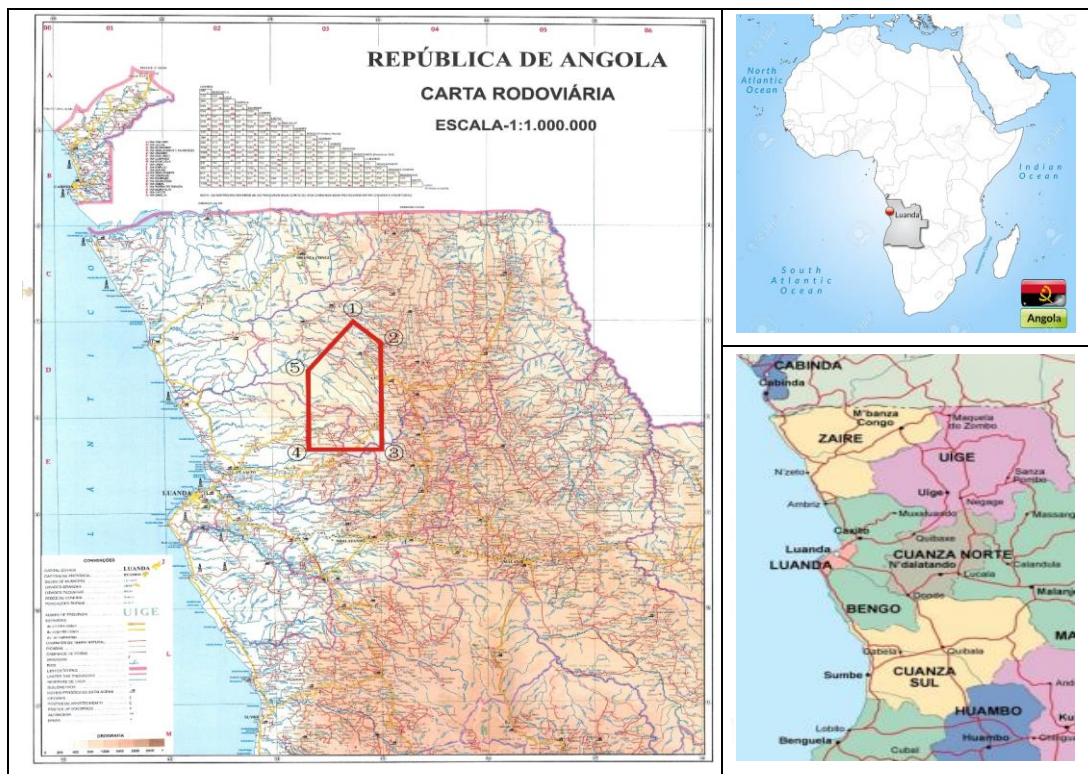
### During the Quarter

- On-the-ground activity at the Cage Bengo Project remained suspended for the entirety of the quarter.

### Location

The Cage Bengo Project is located in the north-west of Angola between the provinces of Uíge 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 (Nambuangongo Municipality headquarters) with the city of Uíge (Capital of Uíge Province).



**Figure 2 – Location of Cage Bengo Project**

### **Schedule of Mineral Tenements**

In accordance with the requirements of ASX Listing Rule 5.3.3 the Company provides the following information:

Project	Location	Tenement Type	Tenement Reference	VDM's Interest (%)
Cage Bengo	Angola	Prospecting Title	048/07/03	55.25%
Cachoeiras do Binga	Angola	Prospecting Title	N09/72/PC/AB	55.25%

No tenements were acquired during the quarter ended 30 September 2020.

No tenements were disposed of during the quarter ended 30 September 2020.

There were no changes in the ownership percentage of existing tenements since the end of the previous quarter.

### **Related Party Payment Information**

In accordance with the requirements of ASX Listing Rule 5.3.5 the Company advises that during the quarter ended 30 September 2020 the following payments were made to directors of the Company and their associates in respect to their directors' fees (inclusive of superannuation) and consulting fees:

Name	Position	\$	Notes
Mr Luk	Non-Exec Chairman	-	
Dr Hua	Executive Director	54,202.50	Salary Inclusive of Superannuation
Mr Fry	Non-Exec Director, Company Secretary	22,187.44	Director fee plus consulting Fee for provision of company secretarial (Jul-Sep 2020)
		76,389.94	

This report has been authorised for release by Michael Fry – Director/Company Secretary.

### **For further information please contact:**

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



### **Competent Person Statement**

The information in this release that relates to exploration Results of the CDB Copper Project is extracted from a report released to the Australian Securities Exchange (ASX) on 15 March 2019 titled “Assay Results Confirm High Grade Copper Mineralisation at CdB Copper Project” and is available to view at [www.vdmgroup.com.au](http://www.vdmgroup.com.au) and for which Competent Persons’ consents were obtained. Each Competent Person’s consent remains in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The Company confirms that is not aware of any new information or data that materially affects the information included in the original ASX announcement released on 15 March 2019 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons’ findings are presented have not been materially modified from the original ASX announcement.

### **Disclaimer**

This report has been prepared by VDM Group Limited (“Company”). The material contained in this report is for information purposes only. This release is not an offer or invitation for subscription or purchase of, or a recommendation in relation to, securities in the Company and neither this release nor anything contained in it shall form the basis of any contract or commitment.

This report may contain forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning VDM Group Limited’s business plans, intentions, opportunities, expectations, capabilities and other statements that are not historical facts. Forward-looking statements include those containing such words as could-plan-target-estimate-forecast-anticipate-indicate-expect-intend-may-potential-should or similar expressions. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and which could cause actual results to differ from those expressed in this report. Because actual results might differ materially to the information in this report, the Company does not make, and this report should not be relied upon as, any representation or warranty as to the accuracy, or reasonableness, of the underlying assumptions and uncertainties. Investors are cautioned to view all forward-looking statements with caution and to not place undue reliance on such statements.

The report has been prepared by the Company based on information available to it, including information from third parties, and has not independently verified. No representation or warranty, express or implied, is made to the fairness, accuracy or completeness of the information or opinions contained in this report.

The Company estimates its reserves and resources in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves 2012 Edition (“JORC Code”), which governs such disclosures by companies listed on the Australian Securities Exchange.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

VDM GROUP LIMITED

ABN

95 109 829 334

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	6	6
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(174)	(174)
	(e) administration and corporate costs	(179)	(179)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	4
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)		
	- BAS Refunds	62	62
	- Legal settlement	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(279)</b>	<b>(279)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation (if capitalised)		
	(e) investments		
	(f) other non-current assets		

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	-

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,636	2,636
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(279)	(279)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,357</b>	<b>2,357</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	2,357	2,636
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,357</b>	<b>2,636</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

76

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The payment made to directors of the entity and their associates reported at 6.1 relate to directors' fees (inclusive of superannuation) and consulting fees; comprised as follows:

<b>Name</b>	<b>Position</b>	<b>\$</b>	<b>Notes</b>
Mr Luk	Non-Exec Chairman	-	
Dr Hua	Executive Director	54,202.50	Salary Inclusive of Superannuation
Mr Fry	Non-Exec Director, Company Secretary	22,187.44	Director fee plus consulting Fee for provision of company secretarial (Jul-Sep 2020)
		<b>76,389.94</b>	



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. <b>Financing facilities</b>		<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	10,069	10,069
7.2	Credit standby arrangements	20	-
7.3	Other (please specify)		
	- Bank guarantees	18	18
7.4	<b>Total financing facilities</b>	10,107	10,087
7.5	<b>Unused financing facilities available at quarter end</b>		20
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. <b>Estimated cash available for future operating activities</b>		<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(279)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(279)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	2,357
8.5	Unused finance facilities available at quarter end (Item 7.5)	20
8.6	Total available funding (Item 8.4 + Item 8.5)	2,377
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>8.52</b>
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/a	
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/a	
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/a	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

30 OCTOBER 2020

Date: .....

MICHAEL FRY - DIRECTOR

Authorised by: .....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.