

Heads of Agreement for CdB Joint Funding Arrangement with Jiangxi Copper Company Limited

VDM Group Limited (**VDM**) is pleased to announce that it has signed a heads of agreement with Jiangxi Copper Company Limited (**Jiangxi**) in relation to Jiangxi's participation in the Cachoeiras do Binga copper project in Angola (**CdB**). Under the agreement it is proposed that Jiangxi and VDM will jointly share in CdB's ownership and funding.

The agreement is subject to certain conditions including:

- finalisation of a joint venture agreement under Chinese law;
- obtaining the consent of VDM's existing CdB JV partners;
- obtaining any necessary consents from the Government of Angola;
- Jiangxi completing its due diligence of CdB; and
- both parties contributing their initial capital investment into the new JV company.

Summary of the proposed arrangement

A new joint venture company will be incorporated in Hong Kong (**HKJV**) with VDM contributing 67% and Jiangxi contributing 33% of the initial RMB 10 million share capital of the company.

VDM's current 65% participating interest in CdB will be transferred to HKJV.

Over time, the parties intend to invest a further RMB 90 million into HKJV for purpose of:

- completing the CdB exploration programme;
- issuing a mineral resource report; and
- eventually publishing a feasibility study and mineral reserve.

Any profits earned by HKJV will be firstly allocated to repay VDM for the cost of its current investment in CdB.

Any subsequent profits earned by HKJV will be shared according to the share capital ownership of the company.

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VMG

Objectives of the arrangement

The objective of the arrangement is to establish the value of the CdB project by completion of a feasibility study and VDM then divesting all or a portion of its interest to Jiangxi or another mining company.

Benefits of the arrangement

The arrangement is a win-win for both Jiangxi and VDM.

Jiangxi is listed on the Hong Kong Stock Exchange (stock code 358) and the Shanghai Stock Exchange (stock code 600362) and is the biggest copper cathode producer in China. Jiangxi is highly interested in the copper metal potential of CdB and is experienced with exploration and mining operations in Africa.

VDM holds a 65% participating interest in the exclusive exploration and mining rights of CdB and wishes to unlock the value of this asset for the benefit of its shareholders.

For further information please contact:

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