



VDM GROUP LIMITED

ACN 109 829 334

NOTICE OF GENERAL MEETING

**EXPLANATORY STATEMENT, PROXY FORM AND
CORPORATE REPRESENTATIVE FORM**

Date of Meeting

Friday 12 August 2011

Time of Meeting

10.00am (WST)

Place of Meeting

The University Club of Western Australia
Seminar Room 1
Hackett Drive, Crawley, WA, 6009

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 (0)8 9241 1800.

Notice of General Meeting

Notice is hereby given that a general meeting of shareholders of VDM Group Limited (Company) will be held at Seminar Room 1, The University Club of Western Australia, Hackett Drive, Crawley, Western Australia, 6009 on 12 August 2011 at 10.00am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 10 August 2011 at 5.00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Section 7 of the Explanatory Memorandum.

AGENDA

1. Resolution 1 – Approval of Rights Issue

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

"That, in accordance with the conditions attached to the waiver granted by ASX pursuant to Listing Rule 7.11.3 and for all other purposes, Shareholders approve the Company undertaking a non-renounceable pro rata rights issue at a ratio of 5 New Shares for every 1 Share held by Eligible Shareholders at an issue price of \$0.05 per New Share on the terms and conditions in the Explanatory Memorandum".

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Substantial Shareholder and Patersons Securities Limited (as lead manager of the Rights Issue) or their associates.

However, the Company will not disregard a vote if:

- a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b) 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.

2. Resolution 2 – Authority to Issue Shortfall Shares to a Director – Mr Michael Perrott

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

"That, subject to Resolution 1 being passed, and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders authorise and approve Mr Michael Perrott, or his nominee, to subscribe for Shortfall Shares up to a total maximum subscription of \$250,000 (a maximum of 5,000,000 Shortfall Shares) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Michael Perrott or any of his associates.

However, the Company need not disregard a vote if:

- a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b) 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.

3. Resolution 3 – Authority to Issue Shortfall Shares to a Director – Mr Tim Crossley

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

“That, subject to Resolution 1 being passed, and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders authorise and approve Mr Tim Crossley, or his nominee, to subscribe for Shortfall Shares up to a total maximum subscription of \$40,000 (a maximum of 800,000 Shortfall Shares) on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Tim Crossley or any of his associates.

However, the Company need not disregard a vote if:

- a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b) 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.

4. Resolution 4 – Authority to Issue Shortfall Shares to a Director – Mr Barry Nazer

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

“That, subject to Resolution 1 being passed, and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders authorise and approve Mr Barry Nazer, or his nominee, to subscribe for Shortfall Shares up to a total maximum subscription of \$40,000 (a maximum of 800,000 Shortfall Shares) on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Barry Nazer or any of his associates.

However, the Company need not disregard a vote if:

- a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b) 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.

5. Resolution 5 – Authority to Issue Shortfall Shares to a Director – Mr Michael Fry

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

"That, subject to Resolution 1 being passed, and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders authorise and approve Mr Michael Fry, or his nominee, to subscribe for Shortfall Shares up to a total maximum subscription of \$25,000 (a maximum of 500,000 Shortfall Shares) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Michael Fry or any of his associates.

However, the Company need not disregard a vote if:

- a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b) 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.

6. Resolution 6 – Section 195 Approval

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

"That, for the purposes of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions as contemplated in Resolutions 2 to 5 of this Notice."

7. Proxies

A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy. A proxy may, but need not be, a Shareholder. A Shareholder entitled to cast two or more votes may appoint two 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. Proxy forms must be returned by 10.00am (WST) on 10 August 2011 to be effective.

8. Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the 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 General Meeting or handed in at the General Meeting when registering as a corporate representative. A corporate representative form is attached if required.

BY ORDER OF THE BOARD



Nevenka Jackson
Company Secretary
Dated: 8 July 2011

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Seminar Room 1, The University Club of Western Australia, Hackett Drive, Crawley, Western Australia, 6009 on 12 August 2011 at 10.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Background
Section 4:	Resolution 1 – Approval of Rights Issue
Section 5:	Resolutions 2 to 5 – Authority to Issue Shortfall Shares to Directors
Section 6:	Resolution 6 – Section 195 Approval
Section 7:	Definitions

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

3. Background

3.1 Rights Issue

As announced on 24 June 2011 and further updated on 8 July 2011, the Company is presently undertaking a non-renounceable pro-rata entitlements issue on the basis of 5 New Shares for every 1 Share held at the Record Date at an issue price of \$0.05 per New Share to raise a minimum of \$32 million and up to a maximum of approximately \$52.2 million (**Rights Issue**).

The Prospectus for the Rights Issue is expected to be despatched to Eligible Shareholders on 20 July 2011.

The specific details of the Rights Issue are contained in the Prospectus. A summary of these terms is as follows:

- a) the Company is undertaking a non-renounceable pro-rata rights issue to Eligible Shareholders on the basis of 5 New Shares for every 1 Share held on the Record Date at an issue price of \$0.05 per New Share to raise a minimum of \$32 million and a maximum of approximately \$52.2 million;
- b) the minimum subscription amount to be raised pursuant to the Rights Issue (including applications for New Shares forming part of the Shortfall Shares) is \$32 million (**Minimum Amount**);
- c) on the basis that no existing Options are exercised prior to the Record Date, the Rights Issue will result in the issue of a minimum of 640,000,000 New Shares and up to a maximum of 1,044,099,105 New Shares;
- d) the New Shares will be offered at \$0.05 per New Share;
- e) the Directors of the Company retain the right to place the Shortfall Shares at their discretion. Subject to Shareholder approval in Resolutions 2 to 5, the Directors intend to participate in the Shortfall Offer; and
- f) the allocation of any Shortfall Shares will occur within 3 months of the date of the Prospectus.

Shareholders should note that should the Minimum Amount is not raised, no New Shares will be issued and application monies received from Eligible Shareholders and other investors will be refunded, without interest.

The funds raised under the Rights Issue will be used to:

- a) retire senior bank debt;
- b) provide additional working capital; and
- c) pay the expenses of the Rights Issue.

Further details regarding the use of funds raised, the risks associated the Rights Issue and the Company and the Rights Issue are set out in the Prospectus, which will be despatched to shareholders prior to the Meeting. Shareholders are encouraged to read the Prospectus in full. Application forms to allow Eligible Shareholders and other investors to apply for New Shares will accompany the Prospectus.

3.2 Shortfall Offer

In addition to the Rights Issue, there will be a separate and independent shortfall offer (**Shortfall Offer**) under the Prospectus to Eligible Shareholders and other eligible investors to subscribe for Shares not otherwise taken up in the Rights Issue at a price of \$0.05 per Share (**Shortfall Shares**).

The Directors reserve the right, subject to any restrictions imposed by the Corporations Act and the Listing Rules to issue the Shortfall Shares at their sole discretion. Subject to Shareholder approval in Resolutions 2 to 5, the Directors intend to participate in the Shortfall Offer.

3.3 Indicative Timetable

The indicative timetable for the Rights Issue is as follows:

Lodgement of Prospectus with ASIC and the ASX	8 July 2011
Notice of Meeting Despatched	12 July 2011
"Ex date"	13 July 2011
Record Date for determining Entitlements	19 July 2011
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	20 July 2011
General Meeting to approve Entitlements Offer	12 August 2011
Closing Date*	16 August 2011
ASX notified of under subscriptions	18 August 2011
Anticipated date for allotment and issue of the New Shares**	22 August 2011
Anticipated date for despatch of Shareholder statements**	23 August 2011
Suspension ends (trading recommences)	24 August 2011

VDM reserves the right to amend the timetable without prior written notice. Any extension of the Closing Date will have a consequential effect on the date of issue of the New Shares.

3.4 Capital Structure

Should Shareholders approve Resolution 1, the capital structure of the Company on completion of the Rights Issue would be as follows:

	Number of Shares	Number of Shares	Number of Options⁽²⁾
	Minimum Take-up	Maximum Take-up	
Balance at the date of this Notice	208,819,821	208,819,821	495,625
To be issued under the Rights Issue ⁽¹⁾	640,000,000	1,044,099,105	-
Balance after the Rights Issue	848,819,821	1,252,918,926	495,625

(1) The number of Shares to be issued under the Rights Issue assumes that no Options are exercised before the record date.

(2) Options are exercisable at \$2.25 each.

3.5 Directors' Recommendation

The Board believes that the Rights Issue will allow the Company to retire senior bank debt, provide additional working capital and pay the expenses of the Rights Issue.

The Company has received from its principal banker a waiver to its breached banking covenants as at 31 March 2011 and has also received acceptable terms to waivers of covenants applicable as at 30 June 2011. The Company's principal banker has agreed to provide further waivers to the breached covenants from 30 June 2011 through to 29 September 2011, on certain terms and conditions, subject to the execution of formal legal documents.

The Board stresses that if the Company is unable to raise the Minimum Amount pursuant to the Rights Issue, the Rights Issue will be unsuccessful and the Company will be unable to satisfy the terms of its arrangements with its principal banker. Furthermore, the Company may not have sufficient working capital to support its continued operations. Were that to occur, the Company's lenders may enforce their security over the Company or its assets and the Company may become an externally-administrated body corporate. In such circumstances, existing Shareholders would be at risk of the loss of some or all of the value of their current investment in the Company.

Accordingly, in order to support the Company's long term capital management and ongoing financial viability, the Board recommends shareholders vote in favour of Resolution 1.

4. Resolution 1 – Approval of Rights Issue

4.1 General

Resolution 1 seeks Shareholder approval pursuant to Listing Rule 7.11.3 to enable the Company to offer Shares pro-rata on the basis of 5 New Shares for every 1 Share held by Shareholders with any fractional entitlement to be rounded down.

Listing Rule 7.11.3 provides an exemption for pro-rata offers that are expressed to be renounceable. The Company does not consider a renounceable offer appropriate in the current circumstances as the Company is currently suspended and will remain suspended until completion of the Rights Issue.

Listing Rule 7.11.3 provides generally that a company may not, under a pro rata issue, offer securities to Shareholders at a ratio greater than one new security for each existing security held. Strict compliance with this rule would prevent the Company from undertaking a pro-rata offer of sufficient scale for the purposes of raising sufficient capital to recapitalise the Company.

The Company obtained from ASX a waiver of Listing Rule 7.11.3 to the extent required to enable the Company to make the offer under the Rights Issue non-renounceable (**ASX Waiver**). The ASX Waiver was sought because the ratio on which Shares would be offered under the Rights Issue is 5 New Shares for every 1 Share held.

The ASX Waiver was granted on the following conditions:

- a) the Company obtains Shareholder approval for the Rights Issue be obtained;
- b) the notice of meeting seeking contains a voting exclusion statement that excludes the votes of any Substantial Shareholders, and any proposed underwriter or sub-underwriter, brokers or managers of the Rights Issue.

Resolution 1 is an ordinary resolution.

Messrs Michael Perrott, Tim Crossley and Barry Nazer, who are Directors of the Company and are also Eligible Shareholders, have expressed an intention to subscribe for their full entitlement under the Rights Issue. Mr James van der Meer has expressed an intention to subscribe for 2,000,000 New Shares of his entitlement of 10,489,545 New Shares.

Approval is sought from Shareholders for the issue of Shares on the following terms:

- a) The minimum number of Shares to be issued under Resolution 1 is 640,000,000 Shares.
- b) The maximum number of Shares to be issued under the Resolution 1 is 1,044,099,105 Shares.
- c) The Shares will be allotted and issued in accordance with the indicative timetable in Section 3.3 above.
- d) The Shares will be issued at a price of \$0.05 per New Share.
- e) The Shares have been offered to all Eligible Shareholders.
- f) The Shares to be issued pursuant to the Rights Issue are ordinary fully paid shares.
- g) The intended uses of the funds raised under Rights Issue include the retirement of senior bank debt and working capital requirements.
- h) A voting exclusion statement has been included in this notice which precludes any Substantial Shareholders, underwriter, sub-underwriter, brokers and managers (or their associates) from voting.

5. Resolutions 2 to 5 – Authority to Issue Shortfall Shares to Directors

5.1 General

Messrs Michael Perrott, Barry Nazer and Michael Fry have expressed an intention to subscribe for Shortfall Shares. Tim Crossley may subscribe for shortfall shares.

The purpose of this Resolutions 2 to 5 is to enable Messrs Michael Perrott, Tim Crossley, Barry Nazer and Michael Fry to subscribe for Shortfall Shares as follows:

- a) Mr Michael Perrott up to a total maximum subscription of \$250,000 (a maximum of 5,000,000 Shortfall Shares);
- b) Mr Tim Crossley up to a total maximum subscription of \$40,000 (a maximum of 800,000 Shortfall Shares);
- c) Mr Barry Nazer up to a total maximum subscription of \$40,000 (a maximum of 800,000 Shortfall Shares); and
- d) Mr Michael Fry up to a total maximum subscription of \$25,000 (a maximum of 500,000 Shortfall Shares).

The terms and conditions upon which the Shortfall Shares will be subscribed for are on the same terms as other participants under the Rights Issue.

5.2 Listing Rule 10.11

Listing Rule 10.11 provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company to a related party.

Shareholder approval is required under Listing Rule 10.11 because the Directors are related parties of the Company and none of the exceptions in Listing Rule 10.12 apply. Shareholder approval is therefore required in accordance with Listing Rule 10.11.

The effect of passing Resolutions 2 to 5 will be to allow the Company to issue the Shortfall Shares to the Directors during the month after the Meeting (or a longer period, if allowed by ASX) without

breaching Listing Rule 10.11 or using up the Company's 15% placement capacity under Listing Rule 7.1.

Resolutions 2 to 5 are ordinary resolutions.

5.3 Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval to authorise the issue of the Shortfall Shares to the Directors:

- a) The Shortfall Shares that may be issued under Resolutions 2 to 5 may be issued to Messrs Michael Perrott, Tim Crossley, Barry Nazer and Michael Fry (or their nominees).
- b) The maximum number of Shortfall Shares that can be issued under Resolutions 2 to 5 are:
 - i. 5,000,000 Shortfall Shares to Michael Perrott;
 - ii. 800,000 Shortfall Shares to Tim Crossley;
 - iii. 800,000 Shortfall Shares to Barry Nazer; and
 - iv. 500,000 Shortfall Shares to Michael Fry.
- c) The Shortfall Shares will be issued at \$0.05 each. The terms and conditions upon which the Shortfall Shares will be subscribed for are on the same terms as other participants under the Rights Issue. The Shortfall Shares to be issued are fully paid ordinary shares in the capital of the Company and rank equally with the Company's existing Shares.
- d) The Shortfall Shares will be issued progressively no later than one month after the Meeting (or such longer period of time as ASX may in its discretion allow).
- e) A voting exclusion statement is included in the Notice.
- f) The intended uses of the funds raised from the issue of the Shortfall Shares include the retirement of senior bank debt and working capital requirements.

6. Resolution 6 – Section 195 Approval

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a 'material personal interest' are being considered.

Some of the Directors may have a material personal interest in the outcome of Resolutions 2 to 5. In the absence of this Resolution 6, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 2 to 5.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve upon.

7. Definitions

In this Explanatory Memorandum, the Notice and Proxy Form:

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Waiver has the meaning in Section 4.1 of the Explanatory Memorandum.

Company or **VDM** means VDM Group Limited ACN 109 829 334.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director(s) mean the directors of the Company.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia and New Zealand.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Listing Rules means the official listing rules of ASX.

Meeting means the general meeting of the Shareholders to be held by the Company at Seminar Room 1, The University Club of Western Australia, Hackett Drive, Crawley, Western Australia, 6009 on 12 August 2011 at 10.00am (WST).

Minimum Amount has the meaning given in Section 3.1 of the Explanatory Memorandum.

New Shares means the Shares issued pursuant to the Rights Issue.

Notice means the notice of Meeting which this Explanatory Memorandum accompanies.

Prospectus means the prospectus lodged with ASIC on or about 8 July 2011 in relation to the Rights Issue.

Proxy Form means the proxy form attached to the Notice.

Record Date means 5:00pm (WST) on 19 July 2011.

Rights Issue has the meaning in Section 3.1 of the Explanatory Memorandum.

Section means a section of the Explanatory Memorandum.

Shareholder means a holder of a Share.

Share means a fully paid ordinary share in the capital of the Company.

Shortfall Offer has the meaning given in Section 3.2 of the Explanatory Memorandum.

Shortfall Shares has the meaning given in Section 3.2 of the Explanatory Memorandum.

Substantial Shareholder has the meaning given in chapter 19 of the Listing Rules.

WST means western standard time.

In this Explanatory Memorandum and the Notice of words importing the singular include the plural and vice versa.

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VDM GROUP LIMITED

REGISTERED OFFICE:
310 SELBY STREET NORTH
OSBORNE PARK WA 6017

ABN: 95 109 829 334

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

MR JOHN CITIZEN
UNIT 1
25 SMITH STREET
MELBOURNE VIC 3000

Code: VMG

Holder Number: X123456789

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

Empty box for meeting chairperson

OR

Grid of boxes for proxy name

The meeting Chairperson
(mark with an "X")

The name of the person you are appointing
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson 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, as the Proxy sees fit) at the General Meeting of the Company to be held at 10.00am (WST) on Friday 12th August 2011 at The University Club of Western Australia, Seminar Room 1, Hackett Drive, Crawley, Western Australia, 6009 and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Table with 3 columns: Resolution, For, Against, Abstain*. Rows include: 1. Approval of Rights Issue, 2. Authority to Issue Shortfall Shares to a Director - Mr Michael Perrott, 3. Authority to Issue Shortfall Shares to a Director - Mr Tim Crossley, 4. Authority to Issue Shortfall Shares to a Director - Mr Barry Nazer, 5. Authority to Issue Shortfall Shares to a Director - Mr Michael Fry, 6. Section 195 Approval.

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Empty box for appointment instruction

If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of resolutions 2 to 5 and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on resolutions 2 to 5 and your votes will not be counted in calculating the required majority if a poll is called on the resolutions 2 to 5. The Chairperson of the Meeting intends to vote undirected proxies in favour of resolutions 2 to 5.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Signature box for Individual or Security Holder

Signature box for Security Holder 2

Signature box for Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

4240260323

Reference Number:

1234 5678 9122 3456

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VMG

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My/Our contact details in case of enquiries are:

NAME

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TELEPHONE NUMBER

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NOTES

1. Name and Address

This is the name and address on the Share Register of VDM Group Limited. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of VDM Group Limited.

3. Directing your Proxy how to vote

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, 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 may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. Lodgement of Proxy

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 10.00am (WST) on Wednesday 10 August 2011, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd
PO BOX 535
Applecross, Western Australia 6953

Street Address:

Alexandrea House, Suite 1
770 Canning Highway
Applecross, Western Australia 6153

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.



Corporate Representative Form

Shareholder Details

This is to certify that by resolution of the Directors of:

.....
(insert name of Shareholder company¹) ("Company")

hereby appoint:

.....
(insert name of corporate representative)

in accordance with the provisions of section 250D of the *Corporations Act 2001*, to act as the body corporate representative of that Company at the meeting of members of VDM Group Limited:

- to be held on 12 August 2011
- all meetings of members of VDM Group Limited

(mark the box with a cross to specify the duration of the appointment²)

Dated³ 2011

Please sign here⁴

Executed by the Company in accordance with its Constitution

.....
Signed by the authorised representative

.....
Signed by the authorised representative

.....
Name of authorised representative (print)

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

.....
Position of authorised representative (print)

Instructions for Completion

- 1 Insert the name of appointor company and the name of appointee.
- 2 Nominate whether appointment is for this meeting only or for all meetings of members of VDM Group Limited.
- 3 Insert the date of execution where indicated.
- 4 To vote as a corporate representative, sign where indicated and either:
 - (a) deliver the form by hand to VDM Group Limited's Share Registrar, Security Transfer Registrars Pty Limited, at 770 Canning Highway, Applecross, Western Australia; or
 - (b) send the form by post to VDM Group Limited's Share Registrar, Security Transfer Registrars Pty Limited, at PO Box 535, Applecross, Western Australia, 6953; or
 - (c) send the form to the Company's Share Registrar by facsimile to (08) 9315 2233; or
 - (c) hand the form in at the General Meeting.