



VDM GROUP LIMITED

and its Controlled Entities

ABN 95 109 829 334

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2023

ANNUAL REPORT

VDM GROUP LIMITED

CORPORATE INFORMATION

DIRECTORS

Mr Luk Hiuming
Mr Michael Fry
Mr Paul Hardie

Non-executive Chairman
Executive Director
Non-executive Director

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER (ACTING)

Mr Michael Fry

REGISTERED AND PRINCIPAL OFFICE

Unit 2, 420 Bagot Road,
Subiaco, WA 6008
Telephone (08) 6166 6126
Website www.vdmgroup.com.au

POSTAL ADDRESS

PO Box 3347
East Perth WA 6892

AUDITORS

Hall Chadwick Audit (WA) Pty Ltd
283 Rokeby Road
Subiaco WA 6008

SHARE REGISTER

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne, VIC 3001
Telephone 1300 850 505
(outside Australia) +61 3 9415 4000

VDM Group Limited shares are listed on the Australian Securities Exchange (ASX)

ASX Code	VMG
ACN	109 829 334
ABN	95 109 829 334

In this report, the following definitions apply:

“**Board**” means the Board of Directors of VDM Group Limited

“**Company**” means VDM Group Limited ABN 95 109 829 334

“**VDM**” or “**Group**” means VDM Group Limited and its controlled entities

DIRECTORS’ REPORT1

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VDM GROUP LIMITED
LETTER TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2023

Dear Shareholders

VDM is currently in the process of identifying new project opportunities in critical minerals, in line with the global decarbonisation strategy that is underway.

Disagreement between the joint venture partners about future funding and participation has halted progress at the Company's projects in Angola.

VDM is committed to achieving a resolution to the current impasse confident that commonsense should ultimately prevail and reflective of VDM's view of the underlying value and prospectivity of the Angolan projects and their potential.

As at the date of this report, negotiations are ongoing with respect to immediate exploration plans, funding of those activities and required contributions by each of the joint venture partners. Exploration activity will only commence once discussions are finalised and arrangements formalised.

By way of background:

Cachoeiras do Binga (CdB) Copper Project

The CdB Copper Project is located in the central coastal region of Angola, approximately 385km south of the Angolan capital of Luanda and covers approximately 3,854km²; being ~32kms from east to west and ~129kms from north to south.

During calendar year 2018 and 2019 VDM undertook substantive drilling and exploration at the Project culminated in VDM announcing, on 26 November 2020, its maiden copper Mineral Resource Estimate for CdB Copper Project of 18.4 Mt @ 1.0% Cu for 183,845t of copper, comprising:

- Measured + Indicated: 13.467Mt @1.02% Cu for 137,590t of copper;
- Inferred: 4.937Mt @0.94% Cu for 46,355t of copper.

Activity was halted at the end of calendar year 2019, due to COVID 19 pandemic and had been planned to recommence this 2023 calendar year.

Cage Bengo Gold Project

The CdB Copper Project is located in the north-west of Angola between the provinces of Uige and Bengo and is approximately 300km north-east of the Angolan capital of Luanda; and covers approximately 9,904km².

The past few years have been frustrating for all connected to VDM. The VDM Board looks forward to a resolution with respect to its Angolan projects and the potential of a fresh start with a new project opportunity.

I wish to thank my fellow directors, our employees, and all VDM stakeholders for their service and support to the Company. I once again would like to thank our largest shareholder, Australia Kengkong Investments Co Pty Ltd, for its continued support.



Mr Michael Fry
Director
5 October 2023

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VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Your directors submit their report of VDM Group Limited ("the Company") and of the Consolidated Entity, being the Company and its controlled entities ("VDM" or "the Group") for the year ended 30 June 2023.

DIRECTORS

The names and details of the directors of VDM Group Limited in office during the year and until the date of this report are detailed below. Directors were in office for the entire year unless otherwise stated.

Current Directors

Mr Luk Hiuming

Non-Executive Chairman

Appointed Non-Executive Director on 21 March 2014, appointed Non-Executive Chairman on 29 January 2015

Special Responsibilities: Member of the Audit & Risk Committee

Interest in Shares and Options: 2,070,000,000 fully paid ordinary shares

Directorships of other ASX Listed Companies in the Past 3 Years: Nil

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.

Mr Paul Hardie

Non-Executive Director

Appointed Non-Executive Director on 15 July 2023

Bachelor of Laws, Bachelor of Economics

Special Responsibilities: Member of the Audit & Risk Committee

Interest in Shares and Options: Nil

Directorships of other ASX Listed Companies in the Past 3 Years: Nil

Mr Hardie is a practising commercial lawyer and experienced General Counsel & Company Secretary with more than 20 years' legal, corporate advisory, and governance experience across a range of industry sectors including mining and resources, construction, manufacturing, and financial services. Mr Hardie also has extensive public company board experience in both non-executive and executive leadership roles, having been a chairman, director, non-executive director, legal counsel, company secretary and adviser to ASX listed companies.

Mr Hardie is a member of the Law Society of WA, the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

Mr Michael Fry

Director, Chief Financial Officer/Company Secretary

Appointed as a Director on 3 June 2011

Bachelor of Commerce

Special Responsibilities: Chairman of the Audit & Risk Committee

Interest in Shares and Options: 1,000,000 fully paid ordinary shares

Directorships of other ASX Listed Companies in the Past 3 Years: Cauldron Energy Limited (ASX: CXU); appointed 7 September 2022

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 (Melbourne) and boutique corporate advisory practice Troika Securities Ltd (Perth). From 2006 to 2011, 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 currently Chief Financial Officer and Company Secretary of ASX-listed companies Lindian Resources Limited (ASX:LIN) and Cauldron Energy Limited (ASX: CXU), and company secretary of unlisted public company GLX Digital Limited.

VDM GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Former Directors

Mr Colin Noid

Non-Executive Director

Ceased as a Non-Executive Director on 31 August 2023

Bachelor of Civil Engineering, Graduate Diploma in Financial Planning

Special Responsibilities: Former Member of the Audit & Risk Committee

Interest in Shares and Options: 3,400,000 fully paid ordinary shares

Directorships of other ASX Listed Companies in the Past 3 Years: Nil

Mr Noid has 25 years of construction industry experience across mining, transport, building and land development sectors. He brings strong leadership qualities, combined with well-developed design, project delivery and commercial acumen. Prior to joining VDM, he held design and construction management roles at John Holland and Henry Walker Eltin.

Dr Hua Dongyi

Executive Director

Ceased as a Non-Executive Director on 22 June 2023

Doctorate of Engineering

Special Responsibilities: Former Member of the Audit & Risk Committee

Interest in Shares and Options: 1,085,110,976 fully paid ordinary shares

Directorships of other ASX Listed Companies in the Past 3 Years: Nil

Dr Hua is the former Vice President, Executive Chairman and CEO of CITIC Pacific Mining, a position he held from October 2009 until April 2013. Dr Hua has held executive management positions during the past 15 years for construction and resource development projects across Asia, Africa and Latin America in countries such as China, Angola, the Philippines, Pakistan, Brazil and Algeria. Dr Hua is the Vice President of the Australian China Business Council Western Australia. Most recently, Dr Hua was Executive Director and CEO of Frontier Services Group Limited, an aviation and logistics company listed on the Hong Kong Stock Exchange, a position he held up until March 2021.

Mr Huadong Guo

Non-Executive Director

Ceased as a Non-Executive Director on 30 May 2023

Member of the Audit & Risk Committee

Doctorate of Electrical Engineering, College of Electronic and Information, Tongji University of China.

Special Responsibilities: Nil

Interest in Shares and Options: 600,000 fully paid ordinary shares

Directorships of other ASX Listed Companies in the Past 3 Years: Nil

Mr Guo is a highly successful businessman who has owned and operated businesses in several east Africa countries including Kenya, Uganda, Tanzania, Congo, Angola and South Sudan over the past 40 years across a range of industries including construction, mining, forestry and electronics. In 2010 Mr Guo was awarded the Republic Cross by the Congo President in recognition of his services to Congo business.

Mr Ming Guo

Non-Executive Director

Ceased as a Non-Executive Director on 29 November 2022

Graduate of the Guizhou Institute of Technology, majoring in mechanical and electrical automation.

Special Responsibilities: Nil

Interest in Shares and Options: 1,085,110,976 fully paid ordinary shares

Directorships of other ASX Listed Companies in the Past 3 Years: Nil

Mr Guo is a highly successful businessman who amongst many interests is the chairman and shareholder of a substantial marble mine operating in Angola.

Company Secretary

Mr Michael Fry

Appointed 12 February 2018. See details of qualifications and experience above.

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VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2023 outlines the remuneration arrangements of VDM in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) of VDM. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of VDM, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' includes executive directors and other senior executives of VDM and excludes non-executive directors.

The remuneration report is presented under the following sections:

1. Individual KMP disclosures
2. Board oversight of remuneration
3. Executive remuneration arrangements
4. Executive remuneration outcomes for 2023 (including link to performance)
5. Executive contracts
6. Non-Executive Director remuneration arrangements
7. Additional statutory disclosure relating to options and shares
8. Loans to key management personnel
9. Other transactions and balances with key management personnel and their related entities

1. INDIVIDUAL KMP DISCLOSURES

Details of KMP of VDM are set out below. KMP served for the full year unless noted.

Current directors	
Luk Hiuming	<i>Non-Executive Chairman</i>
Hua Dongyi	<i>Executive Director (ceased on 22 June 2023)</i>
Huadong Guo	<i>Non-Executive Director (ceased on 30 May 2023)</i>
Ming Guo	<i>Non-Executive Director (ceased on 29 November 2022)</i>
Michael Fry	<i>Executive Director / Permanent Acting Chief Financial Officer / Company Secretary</i>
Paul Hardie	<i>Non-Executive Director (appointed on 15 July 2023)</i>
Colin Noid	<i>Non-Executive Director (ceased on 31 August 2023)</i>

2. BOARD OVERSIGHT OF REMUNERATION

The Board is responsible for the remuneration arrangements of directors and executives. Based on the Board's present composition and size, as well as the importance of remuneration decisions, the Board considers this will provide effective governance of these matters.

The board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing directors and executives.

The Board approves the remuneration arrangements of the CEO and other executives and all awards made under the long-term incentive (LTI) and short-term incentive (STI) plans. The Board also sets the aggregate remuneration of NEDs which is then subject to shareholder approval.

In accordance with good corporate governance practice, the structure of NED and executive remuneration is separate and distinct.

Remuneration report approval at 2022 annual general meeting

The 2022 remuneration report received positive shareholder support at the Company's annual general meeting, with a vote of 94.8% in favour.

VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

3. EXECUTIVE REMUNERATION ARRANGEMENTS

Remuneration strategy

VDM's executive remuneration strategy is designed to cost effectively attract, motivate and retain high performing individuals and align the interests of executives and shareholders.

To this end, key objectives of the Company's reward framework are to ensure that remuneration practices:

- Are aligned to the VDM's business strategy;
- Offer competitive remuneration benchmarked against the external market;
- Provide strong linkage between individual and group performance and rewards; and
- Align the interests of executives with shareholders.

Fixed remuneration

The employment contracts of executives do not include any guarantee of base pay increases. Fixed remuneration is reviewed annually by the Board. The process consists of a review of company, divisional and individual performance, relevant comparative remuneration internally and externally, and where appropriate external advice independent of management. No external advice was received in the current year.

Variable remuneration – short term incentive (STI)

VDM has Bonus Scheme STI based on the principal of rewarding operational employees from a bonus pool calculated as 30% of divisional earnings results above an annual earnings target and corporate division employees from a bonus pool calculated as the average of divisional bonuses.

The Bonus Scheme is based on the following structural components:

- a) Bonus Pool: calculated as percentage of divisional earnings results above the earnings target for a calendar year;
- b) Apportionment of the Bonus Pool: apportioned to employee divisional team members as proposed by the Division Head and approved by the Managing Director and the Board;
- c) Payment of Bonus: to be paid after release of the Annual Financial Report;
- d) Eligibility: Persons who start employment during the year are eligible for a time-adjusted bonus payment.

The total potential STI available is set at a level so as to provide sufficient incentive to executives to achieve the operational targets and such that the cost to VDM is reasonable in the circumstances.

The financial performance measure driving the majority of the STI payment outcomes is divisional profit earnings before interest and tax (EBIT). The table below shows the Group's gross EBIT history for the past five financial years.

Financial Year	EBIT \$'000	Closing share price \$
2023	(832)	0.001
2022	(103)	0.001
2021	(465)	0.002
2020	(1,211)	0.002
2019	(1,619)	0.002

As a result of the negative EBIT performance in 2023, no STI awards were made in the 2023 financial year (2022: nil).

Variable remuneration — long term incentive (LTI)

VDM does not have in place a general equity-based incentive plan for employees.

From time to time, VDM may enter offer options or performance rights as a cost-effective and non-cash remuneration incentive to attract and retain key executives.

No remuneration options or rights were offered during the year ended 30 June 2023 (2022: nil).

VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

4. KMP REMUNERATION OUTCOMES (INCLUDING LINK TO PERFORMANCE)

Table 1: KMP remuneration for the year ended 30 June 2023

	Base Salary & Fees	Cash Bonus	Super Contributions	Value of Share-based Payments	Long Service Leave	Termination Benefits	Total	Performance Related
	\$	\$	\$	\$	\$	\$	\$	%
Executive directors								
M Fry	83,844	-	6,113	-	-	-	89,957	0%
Other KMP								
H Luk	-	-	-	-	-	-	-	0%
D Hua ¹	-	-	-	-	-	-	-	0%
H Guo ²	-	-	-	-	-	-	-	0%
M Guo ³	-	-	-	-	-	-	-	0%
P Hardie ⁴	-	-	-	-	-	-	-	0%
C Noid ⁵	30,000	-	-	-	-	1,260	31,260	0%
Totals	113,844	-	6,113	-	-	1,260	121,217	0%

1: resigned 22 June 2023

2: resigned 30 May 2023

3: resigned 29 November 2022

4: appointed 15 July 2023

5: resigned 31 August 2023

Table 2: KMP remuneration for the year ended 30 June 2022

	Base Salary & Fees	Cash Bonus	Super Contributions	Value of Share-based Payments	Long Service Leave	Termination Benefits	Total	Performance Related
	\$	\$	\$	\$	\$	\$	\$	%
Executive directors								
D Hua ⁽¹⁾	-	-	-	-	-	-	-	0%
M Fry	83,219	-	5,531	-	-	-	88,750	0%
Other KMP								
H Luk	-	-	-	-	-	-	-	0%
H Guo	-	-	-	-	-	-	-	0%
M Guo	-	-	-	-	-	-	-	0%
C Noid ⁽²⁾	12,000	-	-	-	-	24,989	36,989	0%
Totals	95,219	-	5,531	-	-	24,989	125,739	0%

(1) Dr Hua salary was suspended at end February 2021 by agreement as part of a VDM corporate initiative to preserve cash reserves.

(2) Mr Noid's role as Construction Manager ceased effective 2 April 2021. Mr Noid was appointed a non-executive director with effect from 1 April 2021 to retain his knowledge and experience.

5. EXECUTIVE CONTRACTS

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below.

Director/CFO/Company Secretary

Permanent Acting CFO/Company Secretary, Michael Fry, stepped into assist the Company when the former Chief Financial Officer and Company Secretary resigned. Due to the limited nature of activities of the Company in the past three years, Mr Fry has continued to assist the Company in this regard. Mr Fry is engaged by letter agreement and is entitled to a flat fee of \$6,250 per quarter (or \$25,000 per annum) for CFO and company secretarial assistance. This is in addition to his role as a director for which he receives an annual fee of \$63,750 inclusive of superannuation.

VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

6. NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

Remuneration policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies.

The constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2010 annual general meeting held on 19 November 2010 when shareholders approved an aggregate fee pool of \$600,000 per year. This amount includes superannuation and fees paid to directors in their capacity as members of the Board and its committees.

The Board will not seek an increase of the NED fee pool at the 2023 Annual General Meeting.

Current Structure

The remuneration of NEDs consists of directors' fees only. There are no committee fees. NEDs do not receive retirement benefits, other than superannuation and they do not participate in any incentive programs.

The table below provides the NED fees for the year ended 30 June 2023.

	Annual NED fees including superannuation
Board Chairman ¹	\$-
Overseas Non-executive Directors ¹	\$-
Australian resident Non-executive Directors	\$24,000

1: By decision of the Board, all fees payable to overseas directors were suspended with effect from end February 2021. No decision has been made to reinstate payment as at the date of this report.

On 15 July 2023, Mr Paul Hardie joined the Company as a non-executive Director for which he received an annual fee of \$36,000 per annum.

7. ADDITIONAL DISCLOSURES RELATING TO OPTIONS AND SHARES

This section sets out the additional disclosures required under the *Corporations Act 2001*.

Table 5: Shareholdings of key management personnel (held directly and indirectly)

2023	Balance 1 July 2022	Granted as remuneration	Options exercised	Net change Other	Balance 30 June 2023
Current directors					
H Luk	2,070,000,000	-	-	-	2,070,000,000
D Hua ^{1,6}	1,085,110,976	-	-	(1,085,110,976)	-
H Guo ²	600,000,000	-	-	(600,000,000)	-
M Guo ^{3, 6}	1,085,110,976	-	-	(1,085,110,976)	-
P Hardie ⁴	-	-	-	-	-
C Noid ⁵	3,400,000	-	-	-	3,400,000
M Fry	1,000,000	-	-	-	1,000,000
Total shareholding	4,844,621,952	-	-	(2,770,221,952)	2,074,400,000

1: resigned 22 June 2023

2: resigned 30 May 2023

3: resigned 29 November 2022

4: appointed 15 July 2023

5: resigned 31 August 2023

6: Each of Dr Hua and Mr Guo hold a significant shareholding interest in H&H Holdings Pty Ltd which is the registered holder of 1,085,110,976 fully paid ordinary shares in VDM.

VDM GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Table 6: Shareholdings of key management personnel (held directly and indirectly)

2022	Balance 1 July 2021	Granted as remuneration	Options exercised	Net change Other	Balance 30 June 2022
Current directors					
H Luk	2,070,000,000	-	-	-	2,070,000,000
D Hua ⁽¹⁾	1,085,110,976	-	-	-	1,085,110,976
H Guo	600,000,000	-	-	-	600,000,000
M Guo ⁽¹⁾	-	-	-	1,085,110,976	1,085,110,976
C Noid	3,400,000	-	-	-	3,400,000
M Fry	1,000,000	-	-	-	1,000,000
Total shareholding	3,759,510,976	-	-	1,085,110,976	4,844,621,952

Compensation options granted to key management personnel

There were no compensation options granted to KMP during the year ended 30 June 2023 (2022: nil). There were no compensation options held by KMP as at 30 June 2023 (2022: nil).

Performance rights holdings of KMP

There were no performance rights granted to KMP during the year ended 30 June 2023 (2022: nil). There were no performance rights held by KMP as at 30 June 2023 (2022: nil).

8. LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans granted to KMP's during the year ended 30 June 2023 (2022: nil).

9. OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED ENTITIES

(a) Details, terms and conditions of other transactions with KMP and their related parties

Luk Hiuming

During the 2023 year, VDM paid \$nil (2022 year: Nil) to Mr Luk with respect to directors' fees.

Kengkong

On 27 January 2016, VDM entered into a Framework Loan Agreement ("FLA") with its largest shareholder, Australia Kengkong Investments Co Pty Ltd ("Kengkong"). At 30 June 2023, the balance of the loan was \$11,949,828 (2022: \$11,176,696). During the period, Kengkong had no further advances to VDM under the terms of a FLA. The FLA contemplates the parties entering into a secured one-year 6% loan facility that will incorporate the FLA liabilities. Until that occurs, the FLA advances plus interest accrued at 6% per annum are immediately repayable in the denominated currency when demanded by Kengkong. VDM's Non-executive Chairman Mr Luk controls Kengkong, refer to note 22 for full detailed disclosure on outstanding balance.

(b) Amounts recognised at the reporting date in relation to the other transactions:

	2023 \$'000	2022 \$'000
Statement of Comprehensive Income		
Interest expense (i)	595	610
Total finance costs	595	610
Current Liabilities		
Interest-bearing loans and other borrowings (ii)	11,950	11,177
Total liabilities	11,950	11,177

Notes:

- (i) Interest expense on Kengkong shareholder loan (6% per annum).
- (ii) Shareholder loan due to Kengkong inclusive of accrued interest

End of remuneration report

VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

DIVIDENDS

There were no dividends declared or paid during the year ended 30 June 2023 (2022: nil).

NATURE AND PRINCIPAL ACTIVITIES

VDM's business activities during the year principally related to:

- the Cachoeiras do Binga copper project located in the Republic of Angola (**Cachoeiras do Binga**);
- the Cage Bengo Project located in the Republic of Angola (**Cage Bengo**); and
- review of new project opportunities.

The business activities of the comparative period principally related to: 1) exploration of the Cachoeiras do Binga; and 2) exploration of the Cage Bengo Project.

OPERATING AND FINANCIAL REVIEW

Cachoeiras do Binga Copper Project

The Cachoeiras do Binga (**CdB**) Copper Project is located east of the regional capital and coastal city of Sumbe (airport and port) and approximately 385 km south of the Angolan capital city of Luanda.

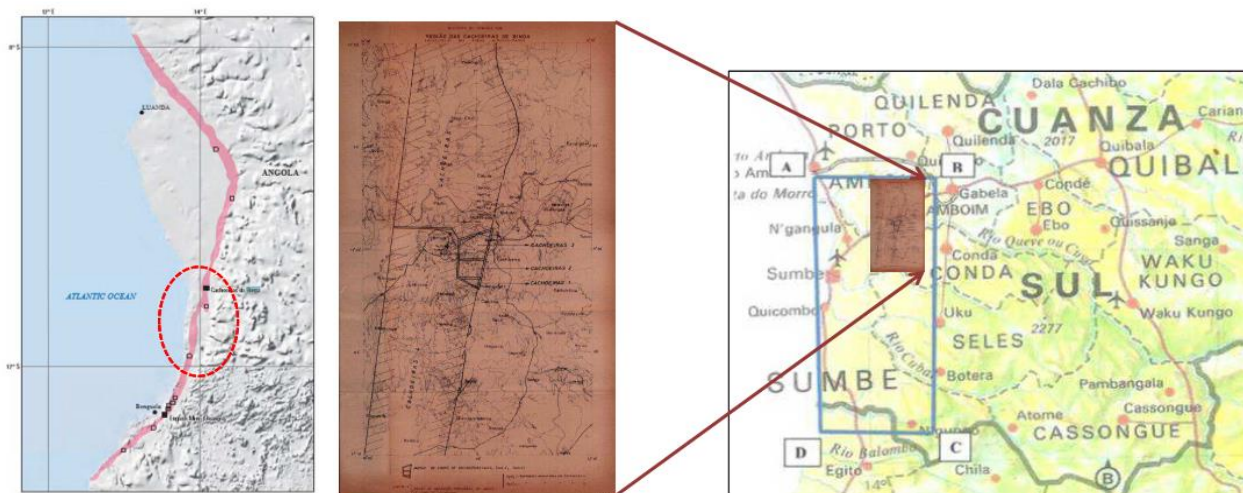


Figure 1: Location Map - CdB Project

The CdB Project covers an extremely large area of 3,854kms² and is approximately 32kms from East to West and 129kms from North to South and shows characteristics of a typical central African sediment-hosted copper deposit. It is highly prospective for copper mineralisation with historical work having demonstrated copper occurrences throughout the tenement area.

Historical Work Performed

Prior to VDM's involvement in CdB, exploration activity whilst significant had been sporadic and limited to small parts of the overall CdB Copper Project area; with much of it not reportable under the current JORC reporting standards applicable to Australian Stock Exchange listed companies.

Between 1920 and up to the late 1950's the United States Government Survey Company (USGS) conducted stream sampling analysis across much of sub-Saharan Africa including Angola and specifically over the CdB Project and was the first group to report elevated copper levels at CdB.

Building on this work, during the 1970's, the Institute of Geology in Angola (IGEO) undertook further mapping, sampling and some drilling, which was largely concentrated in the areas commonly referred to as Areas 1, 2 and 3 and published estimates of copper mineralisation.

In 1983, the United Nations Development Programme (UNDP) re-evaluated the copper deposits in the CdB area, confirming IGEO's estimations of copper mineralisation in Areas 1, 2 and 3. In addition, the UNDP interpreted that the copper extended to the west and to the north.

VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Since VDM's involvement from 2016, work initially focussed on confirming previous findings for copper mineralisation so as to report under JORC guidelines and extending the known copper mineralisation to the west, north and to the south.

Phase One drilling conducted in 2018 focussed on Areas 1, 2 and 3 (central), and Phase Two drilling conducted during 2019 focussed on Area 4 (west) and Area 5 (south).

The drilling was successful in its objectives confirming the copper mineralisation in Areas 1, 2 and 3 as identified in earlier work conducted by USGS, IGEO and UNDP and identifying copper mineralisation both to the west and to the south; and culminated in VDM announcing, on 26 November 2020, its maiden copper Mineral Resource Estimate for CdB Copper Project of 18.4 Mt @ 1.0% Cu for 183,845t of copper (refer *Competent Person's Statement* in ASX Additional Information Section), comprising:

- Measured + Indicated: 13.467Mt @1.02% Cu for 137,590t of copper;
- Inferred: 4.937Mt @0.94% Cu for 46,355t of copper.

The CdB MRE is summarised as follows:

Resource Category	Million tonnes (Mt)	Cu %	Contained Cu (t)
Measured	0.875	1.62	14,179
Indicated	12.592	0.98	123,411
Inferred	4.937	0.94	46,355
Total	18.404	1.00	183,845

Notes: 1. Reported above a Cu cut-off grade of 0.2%;
2. Discrepancies may occur due to rounding.

The exploration database used for the resource estimation consists of 134 diamond coreholes and 7 trenches. A total of 1,658 intervals were sampled at the deposit. All the available data was input into a Geovia Surpac (Surpac) database for the estimation procedure.

Work Performed during the Year

During the year to 30 June 2023, all on the ground exploration activity remained suspended.

As at the date of this report, negotiations are ongoing with respect to immediate exploration plans, funding of those activities and required contributions by each of the joint venture partners. Exploration activity will only commence once discussions are finalised and arrangements formalised.

Cage Bengo Project

In August 2019, the Company executed a Mining Investment Contract providing exclusive rights to explore for gold and other minerals at the Cage Bengo Project located in the Republic of Angola.

By entering into the Mining Investment Contract, VDM acquired a 55.25% ownership interest. On 20 August 2019, VDM issued to Seabank Resources Ltd 650 million fully paid shares in relation to the acquisition of its ownership interest.

On 15 April 2020, Prospecting Title 048/07/03 over the Cage Bengo Project was issued by the Angolan Government, allowing work to commence.

Work Performed during the Year

During the year to 30 June 2023, all on the ground exploration activity remained suspended.

As at the date of this report, negotiations are ongoing with respect to immediate exploration plans, funding of those activities and required contributions by each of the joint venture partners. Exploration activity will only commence once discussions are finalised and arrangements formalised.

Other

New Project Opportunities

During the year to 30 June 2023 and up to the date of this report, the Company has been actively searching for new project opportunities in the critical mineral commodities.

Mandurah Apartment

VDM has owned an apartment in The Palladio Apartments complex in Mandurah, Western Australia for a number of years, which it rented out. With the tenant exiting the lease, the decision was made to list the property for sale. As at the date of this report, the apartment remains on the market and listed for sale.

VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Sale of Quartz Estate Property South Headland

During the year, the Company sold its 52% interest in vacant land at Lot 501, Greenfield Street, Boodarie in South Headland in Western Australia, referred to as the "Quartz Estate" and realised net proceeds of \$740k.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the year and up to the date of this report which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

VDM intends to sell its Mandurah Apartment in order to raise funds for general corporate working capital, to fund new exploration project opportunities and to preserve its interests in the Cachoeiras do Binga Copper Project and the Cage Bengo Gold Project, both of which are located in Angola.

MATERIAL BUSINESS RISKS

The Group is subject to general risks as well as risks that are specific to the Group and the Group's business activities. The following is a list of risks which the Directors believe are or potentially will be material to the Group's business, however, this list is not purported to be a complete list of all risks which the Group is or may be subject to.

General economic risks

Economic conditions, movements in interest and inflation rates, and currency exchange rates may have an adverse effect on the Group's procurement, exploration and development activities, as well as its ability to fund those activities.

Fluctuations in the price of copper

The Group is exposed to fluctuations in commodity prices and specifically the price of copper. The Board actively monitors commodity prices of each to guide decision making.

Changes in technology

Changes in technology can impact demand for particular products and lead to an increase or decrease in demand for certain commodities. The Board actively monitors technological changes insofar as they are likely to affect the products that require the commodities intended to be mined by the Group to guide decision making.

Changes in consumer preference

Changes in consumer preference can impact demand for particular products and lead to an increase or decrease in demand for certain commodities. The Board actively monitors changes in consumer preferences insofar as they are likely to affect the products that require copper to guide decision making.

Mineral Resources

The Group's Mineral Resources are estimates based largely on interpretations of geological data. No assurances can be given that Resources are accurate and that the indicated level of copper can be recovered. To reduce the risks the Group ensures estimates are determined in accordance with the JORC Code and compiled or reviewed by qualified competent persons.

Government regulation

The Group's operations and exploration are subject to extensive laws. The Group can not give any assurances that future amendments to current laws or regulations won't have a material impact on its projects. The Group monitors new laws and regulations to ensure compliance and address any impacts on projects as early as possible.

Social, legal and compliance

The Group is subject to a broad range of laws, regulations and standards in jurisdictions in which it operates. Changes in laws and regulations, and non-compliance due to inadequate systems, processes and/or conduct could lead to losses and liabilities, reputational damage and business

VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

interruption. The Group is committed to ensuring compliance and addressing any potential for or actual non-compliance as early as possible.

Exploration and development risk

Future production is in part dependent on successful exploration and development activities. There is a risk that those activities are unsuccessful.

Partner risk

The Group's success depends upon a cohesive working relationship between its joint venture partners to achieve its strategy and objectives. If there is disfunction and diunity or a lack of cohesion on strategy and funding its operations and financial results could be adversely affected. The Group attempts to mitigate this risk through communication and performance of its obligations.

Key personnel risk

The Group's success depends upon on the continued active performance of its key personnel. If The Group were to lose any of its key personnel or if it were unable to employ additional or replacement personnel, its operations and financial results could be adversely affected. The Group attempts to mitigate this risk through its remuneration arrangements.

Work Health and Safety

The Group's is focussed on the safety and wellbeing of its personnel including its employees, contractors and supplier representatives at its workplaces. Occupational accidents and health hazards can result in injuries, legal liabilities, increased insurance costs, and operational disruptions.

Weather and physical climate impacts

Extreme weather is an inherent risk for the minerals and construction industries. Periods of extreme weather can interrupt operations, and ability to construct, which in turn may result in delays. The Group acknowledges that its business may be impacted by the effects of climate change in both the near and longer term, and any significant or sustained impacts could adversely affect the Group's financial performance and/or financial position. The Group is committed to understanding these risks and developing strategies to manage their impact.

Environmental, health and safety

The Group has environmental obligations associated with each of its projects. The Group is subject to extensive laws and regulations governing the protection and management of the health and safety of workers, the environment, waste disposal, mine development and rehabilitation and local cultural heritage.

The Group seeks to obtain and comply with the required permits and approvals needed for each project. It acknowledged that any delays in obtaining these approvals may affect the Group's operations or its ability to continue its operations. Any non-compliance may result in regulatory fines and/or civil liability.

IT system failure and cyber security risks

Any information technology system is potentially vulnerable to interruption and/or damage from several sources. Including but not limited to computer viruses, cyber security attacks, and other security breaches, power, systems, internet and data network failures, and natural disasters. The Group is committed to preventing and reducing cyber security risks through ongoing management of the risks and continuous review.

ENVIRONMENTAL REGULATION AND PERFORMANCE

VDM's operations are subject to environmental regulations under the laws of the countries in which it operates. The Board believes that VDM has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to VDM.

SHARE OPTIONS

As at the date of this report, there are nil unissued ordinary shares under option (2022: 52 million). The options were originally granted on the 19 July 2018 to Dr Chris Yu, as part of his remuneration arrangements. Dr Yu is no longer engaged by VDM.

VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, VDM Group Limited has agreed to indemnify its auditors, Hall Chadwick Audit (WA) Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Hall Chadwick Audit (WA) Pty Ltd during or since the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

VDM Group Limited has agreed to indemnify all the directors and executive officers for any costs or expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities of the consolidated entity for which they may be held personally liable.

The Company has paid a premium to insure the directors and officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year, and the number of meetings attended by each director, were as follows:

	Number of Board meetings eligible to attend	Number of Board meetings attended	Number of Audit & Risk Committee meetings eligible to attend	Number of Audit & Risk Committee meetings attended
Luk Hiuming	3	3	-	-
Hua Dongyi	3	3	-	-
Huadong Guo	2	2	-	-
Ming Guo	1	-	-	-
Colin Noid	3	3	-	-
Michael Fry	3	3	-	-
Paul Hardie	-	-	-	-

Due to differing timezones and languages, VDM's Board of Directors and audit and risk committee comprising Mr Fry (Chair), Dr Hua and Mr Luk have undertaken the majority of formal requirements via circular resolution.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received an Independence Declaration from the auditor of VDM Group Limited, attached on page 14. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Refer to note 31 of the consolidated financial statements for disclosure relating to the cost of non-audit services conducted during the year.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Instrument 2016/191. The Company is an entity to which the Instrument applies.

This report is made in accordance with a resolution of the directors.



Mr Michael Fry
Director
5 October 2023

AUDITOR'S INDEPENDENCE DECLARATION VDM GROUP LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of VDM Group Limited.

As audit partner of VDM Group Limited. for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Michael Hillgrove
Director

Dated 5 October 2023

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VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$000	2022 \$000
Continuing operations			
Revenue	6	1	1
Expenses			
Employee benefits expense	7a	(135)	(144)
Occupancy related expenses		(9)	(8)
Depreciation and amortisation	7b	-	(1)
Legal expenses		(5)	13
Impairment	7c	-	641
Loss on sale of property	7e	(256)	
Finance costs	7d	(595)	(610)
Other expenses	7f	(427)	(603)
Total expenses		(1,427)	(712)
Loss from continuing operations before income tax		(1,426)	(711)
Income tax expense	9	-	-
Loss from continuing operations after income tax		(1,426)	(711)
Discontinued operations			
Profit from discontinued operations after income tax	8	-	(1)
Loss for the year		(1,426)	(712)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,426)	(712)
Total comprehensive loss for the period is attributed to:			
Owners of the parent		(1,426)	(712)
		(1,426)	(712)
Loss per share			
Basic loss per share (cents per share)	10	(0.02)	(0.01)
Diluted loss per share (cents per share)	10	(0.02)	(0.01)
Loss per share from continuing operations			
Basic loss per share (cents per share)	10	(0.02)	(0.01)
Diluted loss per share (cents per share)	10	(0.02)	(0.01)

The accompanying notes form part of these financial statements.

VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 \$000	Restated ⁽¹⁾ 2022 \$000
ASSETS			
Current assets			
Cash and cash equivalents	12	1,390	1,127
Security deposits	13	20	20
Trade and other receivables	14	24	14
Assets held for sale	15	1,215	1,215
Other assets	16	-	3
Total current assets		2,649	2,379
Non-current assets			
Development properties	18	-	996
Property, plant and equipment	19	3	3
Total non-current assets		3	999
Total assets		2,652	3,378
LIABILITIES			
Current liabilities			
Trade and other payables	21	5,180	5,251
Interest-bearing loans and borrowings	22	11,950	11,177
Provisions	23	225	226
Total current liabilities		17,355	16,654
Non-current liabilities			
Provisions	23	-	1
Total non-current liabilities		-	1
Total liabilities		17,355	16,655
Net assets/(liabilities)		(14,703)	(13,277)
Equity			
Contributed equity	24	297,360	297,360
Share options reserve	25	35	35
Equity reserve	25	457	457
Accumulated losses	25	(312,555)	(311,129)
Total equity/(deficit)		(14,703)	(13,277)

(1) Refer Note 3 for details regarding restatement as a result of a change in an accounting policy

The accompanying notes form part of these financial statements.

VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$000	2022 \$000
Cash flows from operating activities			
Receipts from customers		-	4
Payments to suppliers and employees		(498)	(545)
Interest received		1	1
GST refunded		20	34
Net cash flows (used) in operating activities	26	(477)	(506)
Cash flows from investing activities			
(Investment in) release from security deposit		-	-
Proceeds from sale of property, plant and equipment		740	-
Net cash flows from investing activities		740	-
Cash flows from financing activities			
Repayment of borrowings		-	-
Proceeds from issue of shares		-	-
Transaction costs on issue of shares		-	-
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		263	(506)
Cash and cash equivalents at beginning of period		1,127	1,633
Cash and cash equivalents at end of period	12	1,390	1,127

The accompanying notes form part of these financial statements.

VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Issued Capital Ordinary \$000	Accumulated Losses \$000	Equity reserve \$000	Share options reserve \$000	Total \$000
Balance at 1 July 2022	297,360	(296,795)	457	35	1,057
Comprehensive loss for the year	-	(712)	-	-	(712)
Total comprehensive loss for the year	-	(712)	-	-	(712)
Transactions with owners in their capacity as owners					
Share Issue	-	-	-	-	-
Share based payments	-	-	-	-	-
Capital raising costs	-	-	-	-	-
Balance at 30 June 2023	297,360	(297,507)	457	35	345
Balance at 1 July 2021 – Restated ⁽¹⁾	297,360	(295,868)	457	35	1,954
Comprehensive loss for the year	-	(927)	-	-	(927)
Total comprehensive loss for the year	-	(927)	-	-	(927)
Transactions with owners in their capacity as owners					
Share Issue	-	-	-	-	-
Share based payments	-	-	-	-	-
Capital raising costs	-	-	-	-	-
Balance at 30 June 2022	297,360	(296,795)	457	35	1,057

(1) Refer Note 3 for details regarding restatement as a result of a change in an accounting policy

The accompanying notes form part of these financial statements.

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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VDM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. CORPORATE INFORMATION

The consolidated financial statements of VDM Group Limited and its controlled entities ("VDM" or the "Group") for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 30 September 2023.

VDM Group Limited is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

VDM's business activities during the year principally related to:

- the Cachoeiras do Binga copper project located in the Republic of Angola (**Cachoeiras do Binga**);
- the Cage Bengo Project located in the Republic of Angola (**Cage Bengo**); and
- review of new project opportunities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on the historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

The consolidated financial statements provide comparative information in respect of the previous year.

b) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

c) Adoption of New and Revised Standards

Standards and Interpretations applicable to 30 June 2023

In the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period, with none having any impact on the Company.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023.

d) Going concern

VDM incurred a net loss after tax for the year ended 30 June 2023 of \$1,426,000 (2022: \$712,000). Net cash flows used in operating activities were \$477,000 (2022: \$506,000). At 30 June 2023, VDM had net current liabilities of \$14,706,000 (30 June 2022: \$14,275,000). The cash position of VDM at 30 June 2023 was \$1,390,000 (30 June 2022: \$1,127,000) with a further \$20,000 of security deposits (30 June 2022: \$20,000).

VDM will require further capital funding:

- for general corporate working capital including trade and other payables, and provisions that become due (refer to notes 21 and 23);
- to progress its business strategy including the Cachoeiras do Binga and Cage Bengo Gold exploration program;
- to pursue other business growth opportunities; and
- to settle shareholder loans once called (refer to note 22).

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

In forming this view, the directors have taken into consideration that the Group expects:

VDM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

- to undertake future capital raisings sufficient to meet the above noted funding requirements and the Group is consulting with potential sophisticated investors in this regard. The directors are confident in raising the required funds successfully based on the past and recent capital raised;
- VDM's largest shareholder, Australia Kengkong Investments Co Pty Ltd will not demand repayment of amounts due under the FLA within the next twelve months from the date of signing this report, confirmation of which has been received;
- VDM holds an investment property that has a book value of \$1.215 million that is expected to be sold within the next twelve months; and
- a Cachoeiras do Binga joint venture partner will not demand repayment of the outstanding creditor balance detailed in note 17 until the Group's next significant capital raising or when the Group's financial status has a significant improvement, confirmation of which has been received.

Based on the above, the directors have prepared cashflow forecasts that indicate the Group will be cash flow positive for the next twelve months from the date of signing this report

Should VDM not achieve the matters set out above, there is material uncertainty as to whether VDM will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that may be necessary should VDM not be able to continue as a going concern.

e) Basis of consolidation

The consolidated financial statements comprise the financial statements of VDM Limited and its subsidiaries as at 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

f) Business Combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 *Financial Instruments*, is measured at fair value with changes in fair value recognised either in profit or loss. If the contingent consideration is not within the scope of AASB 9, it is measured in accordance with the appropriate Australian Accounting Standard. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

g) Joint arrangements

The Group undertakes certain business activities through joint arrangements. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. The Group's joint arrangements are of two types, either:

- i. joint operations; or
- ii. joint ventures.

A joint operation is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. In relation to its interests in joint operations, the financial statements of the Group includes:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

All such amounts are measured in accordance with the terms of each arrangement which are in proportion to the Group's interest in the joint operation.

VDM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

A joint venture is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method.

h) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of associates and joint ventures is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associates and joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates or joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as 'Share of profit of associates and joint ventures' in the statement of profit or loss.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

i) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/ non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purposes of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax asset and liabilities are classified as non-current assets and liabilities.

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j) Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances in foreign currencies

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

k) Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue from contracts with customers is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the provision of services or for the transferring of goods to a customer (the performance obligations) under a contract. For each contract with a customer, the Group: identifies the contract with the customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods and services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, and any other contingent parts. Such estimates are determined using 'the most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved.

Revenue from contracts with customers is derived from the major business activities as follows.

Sale of development properties

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the cost incurred or to be incurred in respect of the transaction can be measured reliably. Transfer of the risks and rewards of ownership coincides with the transfer of the legal title.

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Construction and infrastructure development projects

Revenue from construction and infrastructure development projects is recognised in the financial year in which the activities are performed on a percentage of completion method or, where an independent third party provides an estimate of the stage of works completed, based on the independent third-party assessment. Where the percentage to complete method is used, it is based on the cost incurred to date over anticipated total contract costs.

Where it is probable that total contract costs will exceed total contract revenue for a contract, the excess of costs over revenue is recognised as an expense immediately. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent expenses recognised are recoverable.

Rendering of services

Revenue from consulting services is recognised by reference to the stage of completion of a contract or contracts in progress at balance sheet date or at the time of completion of the contract and billing to the customer. Stage of completion is assessed by reference to the work performed.

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent expenses recognised are recoverable.

Other Revenue

Other types of income are recognised as follows.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Dividend revenue is recognised when the shareholders' right to receive the payment is established.

Rental income

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

Other income

Other income is generally recognised as received, or when the right to receive the payment has been established.

1) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

VDM Group Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2004.

VDM Group Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. VDM Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, VDM Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets and liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in VDM Group. Details of the tax funding agreement are disclosed in note 7.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

m) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable. Once classified as held for sale, they are not depreciated or amortised.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

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n) Property, plant and equipment

Property, plant and equipment is stated at historic cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line and diminishing balance method over the estimated useful life of over 3 to 15 years for its plant and equipment.

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

o) Investment property

Investment property which comprised of freehold residential property is held to generate long-term rental yields. It is stated at historic cost less accumulated depreciation and any accumulated impairment losses.

p) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

At the inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use-asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight line over the term of the lease.

Initially the lease is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use-assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any indirect costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use-assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Group as a lessor

Upon entering into each contract as a lessor, the Group assesses if the lease is a finance or operating lease.

A contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership of the lessee. All other leases not within this definition are classified as operating leases.

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Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial indirect costs incurred in entering into an operating lease (for example, legal cost, costs to set up equipment) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

q) Financial instruments

Financial instruments - assets

a. Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the

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effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

ii. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

From 1 January 2018, the Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial instruments - liabilities

a. Classification

From 1 January 2018, the Group classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial liabilities and the contractual terms of the cash flows.

For financial liabilities measured at FVTPL, gains and losses, including any interest expenses will be recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

For financial liabilities measured at amortised cost, the effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

b. Recognition and derecognition

Regular way purchases of financial liabilities are recognised on trade-date, the date on which the Group commits to purchase the financial liability. Financial liabilities are derecognised when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

c. Measurement

At initial recognition, the Group measures financial liabilities at its fair value plus, in the case of financial liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial liabilities. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

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r) Development properties

Inventories and development properties are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Where held at cost, cost comprises all costs of purchase, cost of conversion and costs incurred bringing the inventories or development properties to their present location or condition. Inventory is measured on a first in, first out basis.

s) Exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation of mineral resources relating to an area of interest is partially or fully capitalised, and recognised as an exploration and evaluation asset where rights to tenure of the area of interest are current and;

- i. it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale and/or;
- ii. exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

An area of interest refers to an individual geological area whereby the presence of a mineral deposit is considered favorable or has been proved to exist. It is common for an area of interest to contract in size progressively, as exploration and evaluation lead towards identification of a mineral deposit, which may prove to contain economically recoverable reserves. When this happens during the exploration for and evaluation of mineral resources, exploration and evaluation expenditures are still included in the cost of the exploration and evaluation asset notwithstanding that the size of the area of interest may contract as the exploration and evaluation operations progress. In most cases, an area of interest will comprise a single mine or deposit.

Impairment

The carrying value of exploration and evaluation assets are assessed for impairment regularly and if information becomes available suggesting that the recovery of any of the assets is unlikely or that the Group no longer holds tenure, the relevant asset amount is written off to the profit or loss in the period when the new information becomes available.

Exploration and evaluation assets are disclosed in note 16.

t) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the

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statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in the statement of profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

u) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and security deposits with an original maturity of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities on the balance sheet.

v) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends);
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

w) Provisions and employee benefits

Provisions are recognised when the has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave due to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Where a period end falls between pay dates an accrual is raised for any unpaid wages and salaries at the period end.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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Equity-settled contributions

Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. The corresponding amounts are recognised in the option reserve and statement of profit or loss and other comprehensive income respectively. The fair value of the options is determined using the Black-Scholes pricing model.

3. CHANGE OF ACCOUNTING POLICY

The financial report has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure in accordance with standard AASB 6: Exploration for and Evaluation of Mineral Resources.

Previously, the Group capitalised, accumulated exploration and evaluation expenditure and carried forward to the extent that they were expected to be recouped through the successful development of the area where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Going forward the Group will expense exploration and evaluation costs as they are incurred as an operating cost of the Group.

The Board has determined that the change in accounting policy will result in more relevant and no less reliable information as the policy is more transparent and less subjective. Recognition criteria of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. Furthermore, the change in policy aids in accountability of expenditures and is consistent with industry practice.

The effects on the Consolidated Statement of Financial Position on implementation of the new accounting policy, were as follows:

	Exploration Assets \$'000	Accumulated Losses \$'000
Balances at 30 June 2021, as previously reported:	13,622	(296,775)
Impact of the change in accounting policy	(13,622)	(13,622)
Restated Balances at 30 June 2021	-	(310,397)
Balances at 30 June 2022, as previously reported:	13,622	(297,507)
Impact of the change in accounting policy	(13,622)	(13,622)
Restated balance at 30 June 2022	-	(311,129)

The effects on the Consolidated Statement of Profit or Loss and Other Comprehensive Income on implementation of the new accounting policy, were as follows:

	For the year ended 30 June 2022 \$'000
Previously reported loss for the year	(712)
Impact of the change in accounting policy	-
Restated amount at 30 June 2022	(712)

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

a) Impairment of non-financial assets

Management assesses impairment of all non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment.

b) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms (for lease equipment). In addition, the condition of the assets is assessed at least once per year and considered against remaining useful life. Adjustments to useful lives are made when considered necessary.

c) Accounting for outstanding litigations

Where the Group is involved with outstanding litigation, provisions are raised where claims against the Group are probable and are able to be measured, at the best estimate of the expenditure required to settle the obligation at the reporting date. Where claims are not able to be reliably measured or are subject to future events not wholly within control of the Group.

d) Construction warranties

In determining the level of warranty obligations required for construction contracts, VDM has made judgments in respect of the expected performance of the product and the costs of fulfilling the performance of the construction obligations. Historical experience and current knowledge of the performance of products has been used in determining this provision. The related carrying amounts are disclosed in note 23.

e) Other construction contract obligations

In determining the level of other construction contract obligations VDM has made judgments in respect of the expected amount of costs, other than warranty costs, that may be incurred in relation to completed construction contracts. Historical experience and current knowledge of the construction contracts and subcontracts has been used in determining this provision. The related carrying amounts are disclosed in note 23.

f) Net realisable value of development properties

In determining the value at which the development properties is likely to be sold for, management has made judgments in respect of the estimated selling price in the ordinary course of business, benchmarked to available market data less the estimated costs necessary to make the sale and the expected timing in which the sale will take place.

g) Joint arrangements

Judgement is required to determine when the Group has joint control, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements relate to the operating and capital decisions of the arrangement, such as: the approval of the capital expenditure program for each year, and appointing, remunerating and terminating the key management personnel of, or service providers to, the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

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Judgement is also required to classify a joint arrangement as either a joint operation or joint venture. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement.

Specifically, it considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
 - the legal form of the separate vehicle;
 - the terms of the contractual arrangement; and
 - other facts and circumstances (when relevant).

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

h) Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgements to determine whether expenditure will be capitalised and carried as exploration and expenditure assets or be written off to the profit or loss in the period.

5. SEGMENT INFORMATION

VDM is arranged under two operating divisions: i) construction and ii) mining and exploration. Each division was a reportable segment in the current reporting period. The accounting policies adopted for the reportable segment are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2023.

The following table presents the revenue, profit and selected balance sheet information for the Group's reportable segments for the year ended 30 June 2023.

2023	Construction & Trading \$000	Mining & Exploration \$000	Unallocated \$000	Total \$000
Revenue				
External revenue	-	-	(1)	1
Total segment revenue	-	-	(1)	1
Results				
Segment results before tax	-	-	(1,427)	(1,427)
Finance costs	-	-	595	595
Depreciation and amortisation	-	-	-	-
Impairment and write downs	-	-	-	-
Reconciliation of segment results before tax to net loss after tax				
Segment results before tax				(1,352)
Net loss after tax from continuing operations per the statement of comprehensive income				(1,352)
Total assets	41	-	2,611	2.652
Total liabilities	113	4,679	12,563	17,355
Other disclosures				
Exploration and evaluation asset additions	-	-	-	-

Major Customers

During 2023, VDM had no customer that contributed greater than 10% of revenue (2020: no customer contributed greater than 10% of revenue).

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The following table presents the revenue, profit, and selected expenditure information for the year ended 30 June 2022 and selected balance sheet information as at 30 June 2022 for the Group's reportable segments.

2022	Construction & Trading \$000	Mining \$000	Discontinued Operations \$000	Unallocated \$000	Total \$000
Revenue					
External revenue	-	-	4	(3)	1
Total segment revenue	-	-	4	(3)	1
Results					
Segment results before tax	(10)	-	(1)	(1,341)	(1,352)
Finance costs	-	-	-	610	610
Depreciation and amortisation	-	-	5	(4)	1
Impairment and write downs	-	-	-	641	641
Reconciliation of segment results before tax to net loss after tax					
Segment results before tax					(1,352)
Net loss after tax from continuing operations per the statement of comprehensive income					(1,352)
Total assets	41	-	1,215	2,122	3,378
Total liabilities	113	4,679	-	11,863	16,655
Other disclosures					
Exploration and evaluation asset additions	-	-	-	-	-

	2023 \$000	2022 \$000
6. REVENUE		
Sales revenue		
Revenue from contracts with customers	-	-
Total sales revenue	-	-
Other revenue		
Interest	1	1
Total other revenue	1	1
Total revenue	1	1

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	2023	2022
	\$000	\$000
7. EXPENSES		
a) Employee benefits expense		
Wages and salaries	122	131
Superannuation expense	13	10
Other employee benefits expense	-	3
Total employee benefits expense	135	144
b) Depreciation and amortisation		
Depreciation	-	1
Total depreciation and amortisation	-	1
c) Impairment costs		
Reversal of impairment – investment properties (refer Note 20)	-	641
Total finance costs	-	641
d) Finance costs		
Bank fees and other finance charges	-	-
Interest	595	610
Total finance costs	595	610
e) Loss on sale		
Loss on sale of property	256	-
Total finance costs	256	-
f) Other expenses		
Insurances	56	54
Telecommunications	3	4
Computer costs	25	24
Foreign exchange losses	178	381
Other	165	140
Total other expenses	427	603

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	2023	2022
	\$000	\$000
8. DISCONTINUED OPERATIONS		
<i>Financial performance of discontinued operations</i>		
Revenue	-	4
Expenses	-	(5)
Operating profit	-	(1)
Finance costs	-	-
Loss on sale of assets	-	-
Loss from discontinued operations before income tax	-	(1)
Income tax expense	-	-
Loss from discontinued operations after income tax	-	(1)
<i>Assets and liabilities of the discontinued operations</i>		
Total Assets	1,215	1,215
Total Liabilities	-	-
Net assets attributable to discontinued operations	1,215	1,215
<i>Net cash flows attributable to discontinued operations</i>		
Operating	-	7
Investing	-	-
Financing	-	-
Net cash (outflow) / inflow	-	7

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	2023 \$000	2022 \$000
9. INCOME TAX		
a) The components of tax expense comprise:		
<i>Current income tax:</i>		
Income tax expense on adjustments in respect of current income tax of previous years	-	-
<i>Deferred income tax:</i>		
Relating to origination & reversal of temporary differences	-	-
Prior year tax losses no longer recognised	-	-
Adjustments in respect of deferred income tax of previous years	-	-
Income tax expense reported in the statement of comprehensive income	-	-
b) Numerical reconciliation between aggregate tax expense recognised in the income statement and the tax expense calculated in the statutory income tax return		
Accounting loss before tax	(1,426)	(712)
Total accounting loss before tax	(1,426)	(712)
Prima facie income tax expense @25%	(357)	(178)
Prior year tax over provision	-	-
Tax adjustment for non-deductible expenses	64	-
Tax adjustment for non-assessable income	-	(160)
Temporary differences and unrecognised tax losses	293	338
Aggregate income tax expense	-	-
Income tax expense reported in the consolidated income statement	-	-
Aggregate income tax expense	-	-

Current period income tax amounts were calculated based on a reduced corporate income tax rate of 25% (2022: 25.0%).

c) Recognised deferred tax asset and liabilities	Statement of financial position		Statement of comprehensive income	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Deferred tax liabilities				
Other	-	-	-	-
Gross deferred tax liabilities	-	-	-	-
Deferred tax assets				
Provision for employee entitlements	25	25	-	(1)
Provisions – other	30	30	-	23
Trade and other receivables	223	223	-	-
Trade and other payables	109	123	15	11
Contributed equity	-	-	-	1
Deferred tax assets not recognised	(387)	(401)	(15)	(34)
Gross deferred tax assets	-	-	-	-

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d) Tax losses

VDM Group has recognised a deferred tax asset of \$nil (2022: \$nil) for Australian income tax purposes on the basis that it is not 'probable' that the carried forward revenue loss will be utilised against future assessable taxable profits.

VDM has estimated tax losses of \$137,470,000 (2022: \$136,044,000). Utilisation of the carried forward tax losses by the company is subject to satisfaction of the Continuity of Ownership Test ("COT") or, failing that, the Same Business Test ("SBT"). It is likely that VDM has failed COT during the 2015 financial year, therefore in order to be able to utilise the pre-2016 losses in the future, VDM may be required to satisfy the SBT. Where VDM derives assessable income in a future income year, an assessment of whether the same business has been carried on between just before the COT failure and the intervening period will determine whether the losses are available for utilisation.

e) Unrecognised temporary differences

At 30 June 2023, there were no unrecognised temporary differences associated with VDM's investments in subsidiaries, or joint ventures, as VDM has no liability for additional taxation should unremitted earnings be remitted (2022: nil).

f) Tax consolidation

Members of the tax consolidation group and the tax sharing arrangement

VDM Group Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2004. VDM Group Limited is the head entity of the tax-consolidated group. Members of Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

	2023	2022
	\$000	\$000
10. LOSS PER SHARE		
a) Loss used in calculating loss per share		
Net loss from continuing operations attributable to ordinary equity holders of the parent	(1,426)	(711)
Net loss attributable to ordinary equity holders of the parent for basic earnings	(1,426)	(712)
b) Weighted average number of shares	No.	No.
Weighted average number of ordinary shares for basic and diluted earnings per share	6,927,660,952	6,927,660,952

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	2023 \$000	2022 \$000
11. DIVIDENDS PROPOSED AND PAID		
a) Declared and paid during the year		
<i>Dividends on ordinary shares:</i>		
Final dividend for 2023: nil cents per share (2022: nil cents per share)	-	-
Interim dividend for 2023: nil cents per share (2022: nil cents per share)	-	-
Dividends paid during the year	-	-
b) Dividend proposed, not recognised as a liability		
Final dividend for 2023: nil cents per share (2022: nil cents per share)	-	-
c) Franking credits:		
<i>Franking credits available for the subsequent financial year:</i>		
Franking account balance as at the end of the financial year at 25.0% (2022: 25.0%)	3,459	3,459
Franking debits that will arise from the refunds of income tax receivable as at the end of the financial year	-	-
Franking credits available for future periods	3,459	3,459

12. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	1,390	1,127
Cash and cash equivalents	1,390	1,127
<i>Reconciliation to cash flow statement</i>		
For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	1,390	1,127
Cash for reconciliation of cash flow statement	1,390	1,127

Cash at bank earns interest at floating rates or term deposit rates.

13. SECURITY DEPOSITS		
Security Deposits	20	20
Current	20	20
Non-current	-	-
Total security deposits	20	20

Security deposits are comprised of cash pledged as collateral for bank guarantees issued by the Group. The security deposits are not available for immediate use.

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	2023	2022
	\$000	\$000
14. TRADE AND OTHER RECEIVABLES		
Trade receivables	891	891
Other debtors	24	14
Impairment of trade and other receivables	(891)	(891)
Total trade and other receivables	24	14
a) Ageing of trade receivables		
0 - 30 days	-	-
31 - 60 days	-	-
> 60 days PDNI*	-	-
> 60 days IM** (expected loss rate of 100% - fully provided for)	891	891
Total trade receivables	891	891
b) Allowance for impairment loss		
Balance at 1 July 2022	891	891
Charge for the year	-	-
Write-back over provision	-	-
Write offs	-	-
Balance at 30 June 2023	891	891

* PDNI – past due not impaired

** IM - impaired

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The loss allowance provision as at 30 June 2023 is determined based on the expected credit losses, incorporating forward-looking information.

The amounts written off are all due to customers declaring bankruptcy, or receivables that have now become unrecoverable.

c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair values.

The maximum exposure to credit risk is the fair value of receivables.

d) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in note 28.

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	2023	2022
	\$000	\$000
15. ASSETS HELD FOR SALE		
Assets held for sale	1,215	1,215
Total assets held for sale	1,215	1,215
Reconciliation of carrying amounts		
Balance at 1 July	1,215	-
Asset transferred from investment properties	-	1,215
Balance at 30 June	1,215	1,215

The Company owns an apartment in Mandurah, Western Australia. It was originally acquired during the financial year ended 30 June 2013 for \$1.345 million in settlement of a legacy contract. It was placed on the market at the time, but the market was not conducive to it being sold at the price level sought at that time, and it was subsequently leased.

After a number of years of being leased, the apartment recently underwent minor repairs and re-painting in readiness for sale, and is currently listed for sale.

The apartment is expected to realise after costs a minimum of \$1.215 million.

	2023	2022
	\$000	\$000
16. OTHER CURRENT ASSETS		
Prepayments	-	3
Other current assets	-	3

	2023	2022
	\$000	\$000
17. EXPLORATION AND EVALUATION ASSETS		
<i>Cachoeiras do Binga (CdB) Copper Project</i>		
Balance as at 1 July	-	12,972
Change in accounting policy – refer note 3	-	(12,972)
Balance as at 30 June	-	-
<i>Cage Bengo Gold Project</i>		
Balance as at 1 July	-	650
Change in accounting policy – refer note 3	-	(650)
Balance as at 30 June	-	-
Total as at 30 June	-	-

During FY23, the Company changed its accounting policy for exploration and evaluation assets whereunder all exploration expenditure is expensed at the time it is incurred rather than be capitalised. Refer Note 3 for full details.

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	2023	2022
	\$000	\$000
18. DEVELOPMENT PROPERTIES		
Development properties	-	996
Total development properties - NRV	-	996
Reconciliation of carrying amounts		
Balance at 1 July	996	996
Additions	-	-
Disposals	(740)	-
Loss on sale of development properties	(256)	-
Balance at 30 June	-	996

During the year, the Company sold its 52% interest in vacant land at Lot 501, Greenfield Street, Boodarie in South Headland in Western Australia, referred to as the "Quartz Estate" and realised net proceeds of \$740k, resulting in a loss on sale of \$256k. The decision was made to sell the property due to concerns about the short to medium term outlook for vacant development land in the South Headland region.

19. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements at cost	14	14
Accumulated depreciation	(11)	(11)
Total leasehold improvements	3	3
Plant & equipment at cost	29	29
Accumulated depreciation	(29)	(29)
Total plant & equipment	-	-
Total property, plant and equipment	3	3
Reconciliation of carrying amounts		
<i>Leasehold Improvements</i>		
Balance at 1 July net of accumulated depreciation	3	3
Additions	-	-
Disposals	-	-
Depreciation	-	-
Balance at 30 June	3	3
Total property, plant and equipment	3	3

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	2023	2022
	\$000	\$000
20. INVESTMENT PROPERTIES		
Investment properties	-	-
Total investment properties	-	-
Reconciliation of carrying amounts		
Balance at 1 July	-	579
Depreciation	-	(5)
Reversal of impairment (refer below)	-	641
Investment properties transferred to assets held for sale	-	(1,215)
Balance at 30 June	-	-

The investment property is an apartment in Mandurah, Western Australia. It was originally acquired during the financial year ended 30 June 2013 for \$1.345 million in settlement of a legacy contract. It was placed on the market at the time, but the market was not conducive to it being sold at the price level sought at that time, and it was subsequently leased.

After a number of years of being leased, the apartment underwent minor repairs and re-painting in readiness for sale, and is currently listed for sale. The apartment is expected to realise after costs a minimum of \$1.215 million.

Since its acquisition, the apartment has been independently valued on a bi-annual basis. Due to the soft real estate market in Mandurah and for apartments for much of the period since its acquisition, the property value was written down from its original cost of \$1.345 million to a value of \$574,000, with impairments and depreciation totalling \$771,000. With the Mandurah real estate market having experienced significant growth over the past eighteen (18) months and market evidence in support of the expected net proceeds of sale, the prior period impairments were reversed during 2022 by an amount of \$641,000

	2023	2022
	\$000	\$000
21. TRADE AND OTHER PAYABLES		
Trade payables and accruals	496	571
Employee related payables	5	1
Other payables	4,679	4,679
Total trade and other payables	5,180	5,251

Other payables includes \$4,875,000 of purchase consideration due to a Cachoeiras do Binga joint venture partner less the share of exploration costs of \$196,000 incurred by the Group in accordance with the terms of the joint venture agreement (30 June 2022: \$4,875,000 less share of exploration costs of \$196,000). Under the terms of the cash consideration agreement VDM shall pay the full remaining balance to the Cachoeiras do Binga joint venture partner within 21 days of completion of VDM's next significant capital raising or when VDM's financial status has a significant improvement.

Fair values

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is disclosed in note 28.

Entities subject to class order relief

VDM Group Limited provides financial guarantees to its subsidiaries by way of a Deed of Cross Guarantee (refer to note 33(a)).

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	2023	2022
	\$000	\$000
22. INTEREST BEARING LOANS AND OTHER BORROWINGS		
Shareholder loan (AUD denominated)	5,828	5,558
Shareholder loan (USD denominated)	6,122	5,619
Total interest bearing loans and other borrowings	11,950	11,177
Reconciliation of carrying amounts		
Balance at 1 July	11,177	10,186
Interest – refer note 7	595	610
Foreign exchange (gain) / loss – refer note 7	178	381
Balance at 30 June	11,950	11,177
a) Fair values		
The carrying amount of current interest-bearing loans approximates their fair value.		
b) Interest rate, foreign exchange and liquidity risk		
Refer Note 28 for Information regarding interest rate, foreign exchange and liquidity risk exposure.		
c) Financing facilities		
Credit cards	20	20
Bank guarantees	-	-
Balance at 30 June 2023	20	20

The bank guarantee facility limit is equal the amount of bank guarantees issued and outstanding in favour of VDM. The credit card facility is available subject to annual review.

d) Shareholder loans

During the period VDM's largest shareholder, Australia Kengkong Investments Co Pty Ltd ("Kengkong"), made no further advances to VDM under the terms of a Framework Loan Agreement ("FLA") (2022: Nil). At 30 June 2023, \$11,950,000 (2022: \$11,177,000) shareholder loans were due. The FLA contemplates the parties entering into a secured one-year 6% per annum loan facility that will incorporate the FLA liabilities. Until that occurs, the FLA advances, plus accrued interest of 6% per annum are immediately repayable in the denominated currency when demanded by Kengkong. An interest rate of 20% per annum applies if VDM defaults on the loan.

The 30 June 2023 shareholder loan balances include \$595,000 of interest accrued in the year (2022: \$610,000 of accrued interest) and \$178,000 of unrealised foreign exchange gains recorded in the year (2022: \$398,000) of unrealised foreign exchange losses). As part of the AGM held on November 28 2016, Kengkong is entitled to first ranking security over the assets and properties of the Group.

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	2023	2022
	\$000	\$000
23. PROVISIONS		
Current		
Employee entitlements	101	102
Construction warranties	11	11
Other construction contract obligations	74	74
Other provisions	39	39
Total current provisions	225	226
Non-Current		
Employee entitlements	-	1
Total non-current provisions	-	1
Total provisions	225	227

a) Movement in provisions

	Balance 1 Jul 2022 \$000	Arising during the year \$000	Utilised during the year \$000	Unused amounts reversed \$000	Balance 30 Jun 2023 \$000
2023					
Employee entitlements	103	3	(5)	-	101
Construction warranties	11	-	-	-	11
Other construction contract obligations	74	-	-	-	74
Other provisions	39	-	-	-	39
Total provisions	227	3	(5)	-	225
2022					
Employee entitlements	99	4	-	-	103
Construction warranties	11	-	-	-	11
Other construction contract obligations	74	-	-	-	74
Other provisions	132	-	-	(93)	39
Total provisions	316	4	-	(93)	227

b) Nature and timing of provisions

Construction warranties are estimated costs for warranty claims on completed construction projects based on past experience. It is estimated that these costs will be incurred in the next financial year.

Other construction contract obligations are estimated costs, other than warranty claims, related to construction contracts.

Other provisions are mainly comprised of remaining deductibles under insurance claims. The insurance deductible portion is estimated to be incurred in the next financial year.

Provisions estimated to be settled after the end of the next financial year are classified as non-current. Provisions estimated to be settled in the next financial year are classified as current.

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	2023	2022
	\$000	\$000
24. CONTRIBUTED EQUITY		
a) Ordinary shares		
Issued and fully paid	297,360	297,360
	Number of Shares	\$000
Balance at 1 July 2021	6,927,660,952	296,360
Share Issues	-	-
Capital raising costs	-	-
Balance at 1 July 2022	6,927,660,952	297,360
Share Issues	-	-
Capital raising costs	-	-
Balance at 30 June 2023	6,927,660,952	297,360

b) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

c) Capital Management

When managing capital, the Board's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

In the short to medium term the Company is focussed on maintaining an appropriate level of working capital. Until achievement of profitable operations and positive cash flow, the Directors do not anticipate paying dividends.

The level of dividends paid by the Company in the future will depend upon the availability of distributable earnings, the Company's franking credit position, operating results, available cash flow, financial condition, taxation position, future capital requirements, as well as general business and financial conditions and any other factors the Directors may consider relevant.

VDM is not subject to any externally imposed capital requirements.

25. ACCUMULATED LOSSES AND RESERVES

a) Movement in accumulated losses		
Balance at 1 July	(311,129)	(296,795)
Impact of the change in accounting policy – refer note 3	-	(13,622)
Net loss attributable to members of VDM Group Limited	(1,426)	(712)
Balance at 30 June	(312,555)	(311,129)
b) Share options reserve		
Balance at 1 July	35	35
Arising during the year	-	-
Balance at 30 June	35	35
c) Movement in equity reserve		
Balance at 1 July	457	457
Balance at 30 June	457	457

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Option reserve

The option reserve records items recognised as expenses on valuation of employee share options.

Equity reserve

The equity reserve is used to record differences between the carrying value of non-controlling interests and the consideration paid/received, where there has been a transaction involving non-controlling interests that did not result in a loss of control. The reserve is attributable to the equity of the parent.

	2023 \$000	2022 \$000
26. CASHFLOW STATEMENT INFORMATION		
Reconciliation of net profit after tax to the net cash flows from operations		
Net loss after tax	(1,426)	(712)
<i>Non-cash items:</i>		
Depreciation and amortisation	-	6
Loss on disposal of property	256	
Revaluation of assets for sale	-	(641)
Share based payment	-	-
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(11)	12
Increase in trade and other creditors	706	919
Decrease in provisions	(2)	(90)
Net cash flows used in operating activities	(477)	(506)

27. RELATED PARTY DISCLOSURE

Note 33 provides the information about VDM's structure including details of the subsidiaries and the parent company.

a) Ultimate parent

VDM Group Limited is the ultimate Australian parent entity.

Due from associates

At 30 June 2023, the amount due from associates is Nil (2022: Nil)

b) Transactions with key management personnel

Luk Hiuming

During the 2023 year, VDM paid \$nil (2022 year: \$nil) to Mr Luk in relation to directors' fees.

Kengkong

On 27 January 2016, VDM entered into a Framework Loan Agreement ("FLA") with its largest shareholder, Australia Kengkong Investments Co Pty Ltd ("Kengkong"). The FLA contemplates the parties entering into a secured one-year 6% loan facility that will incorporate the FLA liabilities. Until that occurs, the FLA advances plus interest accrued at 6% per annum are immediately repayable in the denominated currency when demanded by Kengkong. VDM's Non-executive Chairman Mr Luk controls Kengkong, refer to note 18 for full detailed disclosure on outstanding balance. Related interests of \$595,000 has been recognised for the current year (2022: \$610,000)

c) Transactions with related parties other than key management personnel

There were no transactions entered into with related parties other than key management personnel during the years ended 30 June 2023 and 30 June 2022, except for those noted above.

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
d) Compensation for key management personnel		
Short term	113,844	95,219
Long term	-	-
Post employment	6,113	5,531
Share-based payments	-	-
Termination benefits	1,260	24,989
Total compensation	121,217	125,739

28. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a) Financial assets		
Cash and cash equivalents (note 12)	1,390	1,127
Security deposits (note 13)	20	20
Trade and other receivables (note 14)	24	14
Total Financial Assets	1,434	1,161
b) Financial liabilities		
Current interest-bearing loans and borrowings		
6% secured interest-bearing loan from Kengkong (note 22)	11,950	11,177
Total current interest-bearing loans and borrowings	11,950	11,177
c) Other financial liabilities		
Other financial liabilities, other than interest-bearing loans and borrowings		
Trade and other payables (note 21)	5,180	5,251
Total other financial liabilities	5,180	5,251

d) Financial instruments risk management objectives and policies

The Group's principal financial liabilities, comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables, and cash and security deposits that derive directly from its operations.

Credit, liquidity and market risk (including interest rate and foreign exchange risk) arise in the normal course of VDM's business. VDM manages its exposure to these key financial risks in accordance with VDM's financial risk management policy. The objective of the policy is to support the delivery of VDM's financial targets whilst protecting future financial security. VDM's principal financial instruments comprise receivables, payables, loans, hire purchase liabilities, cash and security deposits.

VDM uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

28. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Primary responsibility for identification and control of financial risks rests with the Audit and Risk Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Interest rate risk

Interest rate risk is the risk that the Group's financial position will be adversely affected by movements in interest rates that will increase the cost of floating rate debt or opportunity losses that may arise on fixed rate borrowings in a falling interest rate environment. Shareholder loans bear a fixed interest rate therefore they are not exposed to any interest rate risk.

The following table summarises the sensitivity on the interest rate exposures (excluding opportunity cost of fixed rate borrowings) in existence at the balance sheet date. The sensitivity is based on foreseeable changes over a financial year.

	2023	2022
	\$000	\$000
Post-tax gain / (loss)		
+ 1% (100 basis points)	14	11
- 1% (100 basis points)	(14)	(11)

The movement in profit is due to lower/higher interest income from variable rate cash balances. Other than retained earnings, there is no impact on equity in the consolidated entity.

Credit risk

Credit risk arises from the financial assets of VDM, which comprises cash and cash equivalents and trade and other receivables. VDM's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

VDM manages its credit risk by trading only with recognised, creditworthy third parties, and as such collateral is not requested nor is it VDM's policy to securitise its trade and other receivables. Customers are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Receivables balances are monitored on an ongoing basis. VDM has a concentration trade receivables credit risk with its major customer (refer to "major customers" in note 5). Financial instruments are held amongst reputable financial institutions thus minimising the risk of default of these counterparties.

The maximum exposure to credit risk at the reporting date was as follows:

Cash and cash equivalents (note 12)	1,390	1,127
Security deposits (note 13)	20	20
Trade and other receivables (note 14)	24	14
	1,434	1,161

Foreign currency risk

Foreign currency risk arises from transactions, assets and liabilities that are denominated in a currency that is not the functional currency of the transacting entity. Measuring the exposure to foreign currency risk is achieved by regularly monitoring and performing sensitivity analysis on VDM's financial position. Currently there is no foreign exchange hedge programme in place.

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$000	\$000
The financial instruments exposed to US dollar foreign exchange rate risk are as follows:		
Financial assets		
Cash and cash equivalents	-	-
Balance at the end of the year	-	-
Financial liabilities		
Interest bearing loans and other borrowings (note 22)	6,122	5,619

The following table summarises the sensitivity on US dollar foreign exchange rate exposures, in existence at the balance sheet date. The sensitivity is based on foreseeable changes over a financial year.

Post-tax gain / (loss)		
+ 10% (100 basis points)	(612)	(562)
- 10% (100 basis points)	612	562

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting its commitments concerning its financial liabilities. As a result, the liquidity position of VDM Group is managed to ensure sufficient liquid funds are available to meet our financial commitments in a timely and cost-effective manner.

VDM continually monitors its liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The objective of VDM is to have sufficient cash and finance facilities to meet short term commitments, and to fund capital and exploration expenditures through operating cash flow and equity capital raisings.

The table below reflects all contractually fixed payments for settlement, repayments and interest resulting from recognised financial assets and liabilities and does not recognise any cash for unresolved claims against projects which have not been recognised as income. The obligations presented are the undiscounted cash flows for the respective upcoming fiscal years. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2023.

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

28. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	2023	2022
	\$000	\$000
Repayment obligations in respect of loans and trade and other payables are as follows:		
Not later than one year	17,130	16,428
Later than one year but not later than two years	-	-
Later than two years but not later than three years	-	-
Later than three years	-	-
	17,130	16,428

The following table reflects a maturity analysis of financial liabilities.

	Total	0-60	61 Days	1- 5	>5
	\$000	Days	- 1 Year	Years	Years
	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2023					
<i>Financial liabilities</i>					
Trade and other payables (note 21)	5,180	501	4,679	-	-
Interest bearing loans and other borrowings (note 22)	11,950	11,950	-	-	-
Total financial liabilities	17,130	12,451	4,679	-	-
Year ended 30 June 2022					
<i>Financial liabilities</i>					
Trade and other payables (note 21)	5,251	572	4,679	-	-
Interest bearing loans and other borrowings (note 22)	11,177	11,177	-	-	-
Total financial liabilities	16,428	11,749	4,679	-	-

e) Fair value

At 30 June 2023 there are no financial assets or financial liabilities which are accounted for at fair value. Carrying amounts approximate the fair value of financial assets and financial liabilities presented in the Consolidated Statement of Financial Position.

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

28. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

f) Changes in liabilities arising from financial activities

	1 Jul 2022	Cash flows	Foreign exchange movement	Other	30 Jun 2023
	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2023					
Current interest-bearing loans and borrowings	11,177	-	178	595	11,950
Total liabilities from financing activities	11,177	-	178	595	11,950

	1 Jul 2021	Cash flows	Foreign exchange movement	Other	30 Jun 2022
	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2022					
Current interest-bearing loans and borrowings	10,186	-	381	610	11,177
Total liabilities from financing activities	10,186	-	381	610	11,177

	2023 \$000	2022 \$000
29. PARENT ENTITY INFORMATION		
Current assets	2,608	2,337
Total assets	2,611	2,340
Current liabilities	17,314	15,616
Total liabilities	17,314	15,617
Issued capital	297,360	297,360
Accumulated loss	(312,555)	(311,129)
Option reserve	492	492
Total shareholders' equity	(14,703)	(13,277)
Loss of parent entity	(1,426)	(712)
Total comprehensive loss of the parent entity	(1,426)	(712)

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

30. COMMITMENTS

a) Bank guarantees

As at 30 June 2023, VDM Group Limited was exposed contingent liabilities of AOA 53,313,000 related to bank guarantees provided to the Angolan government for contractual obligations under the Cachoeiras do Binga Mining Investment Contract. AOA is the currency of the Republic of Angola and the 30 June 2023 contingent amount translates to AUD \$133,800 (2022: AUD \$133,800).

b) Guarantees in relation to debts of subsidiaries

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 VDM Group Limited and the Closed Group entered into a Deed of Cross Guarantee on 1 February 2010. The effect of the deed is that VDM Group Limited has guaranteed to pay any deficiency in the event of winding up of controlled entities or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

c) Property, plant and equipment commitments

VDM has no capital expenditure commitments at 30 June 2023 (2022: nil).

d) Legal claims

The following matters could lead to VDM incurring material losses if the claimants are successful with their claims:

Mechanical services consulting claim

VDM have a claim from a customer relating to consulting work on the installation of mechanical services for two commercial buildings located in Western Australia during 2008 and 2009. As a result VDM has provided an amount equal to its maximum exposure of \$250,000 relating to this matter under its insurance policy less legal costs to date of \$146,000.

31. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occur after 30 June 2023 date and up to the date of this report.

	2023	2022
	\$	\$
32. AUDITOR'S REMUNERATION		
<i>Amount received or receivable for:</i>		
Auditing financial statements – Hall Chadwick	29,410	30,700
Non audit fees (tax compliance & other advisory)	-	-
Total auditor's remuneration	29,410	30,700

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

33. CLOSED GROUP CLASS ORDER DISCLOSURES

The consolidated financial statements include the financial statements of VDM Group Limited and the subsidiaries listed in the following table.

Subsidiary Name	Country of Incorporation	% equity interest	
		2023	2022
* VDM Trading Pty Ltd	Australia	100%	100%
* VDM Mining Pty Ltd	Australia	100%	100%
* VDM Equipment Pty Ltd	Australia	100%	100%
* VDM Construction Pty Ltd	Australia	100%	100%
* Keytown Constructions Pty Ltd	Australia	100%	100%
* VDM Developments Pty Ltd	Australia	100%	100%
* VDM Engineering (Eastern Operations) Pty Ltd	Australia	100%	100%
* Burchill VDM Pty Ltd	Australia	100%	100%
* VDM Group Limited International (Dubai Branch) Pty Ltd	Australia	100%	100%
* BCA Consultants Pty Ltd	Australia	100%	100%
VDM Africa Holdings Ltd	British Virgin Islands	100%	100%
The EB Trust	Australia	100%	100%

a) Entities subject to class order relief

* The annotated companies and VDM Group Limited entered into a Deed of Cross Guarantee on 1 February 2010 (the "Closed Group"). The effect of the deed is that VDM Group Limited has guaranteed to pay any deficiency in the event of winding up of controlled entities or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that VDM Group Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

The consolidated statement of comprehensive income and statement of financial position of the entities that are members of the Closed Group are as follows:

Statement of comprehensive income

	Closed Group	
	2023 \$000	2022 \$000
Loss from continuing operations before income tax	(1,170)	(1,352)
Income tax expense	-	-
Loss from continuing operations after income tax	(1,170)	(1,352)
Profit from discontinued operations after income tax	-	640
Loss for the year	(1,170)	(712)
Non-controlling interest	-	-
Dividends paid	-	-
Accumulated losses at the beginning of the year	(312,128)	(311,416)
Accumulated losses at the end of the year	(312,555)	(312,128)

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

33. CLOSED GROUP CLASS ORDER DISCLOSURES (CONTINUED)

Statement of financial position

	Closed Group	
	2023	2022
	\$000	\$000
ASSETS		
Current Assets		
Cash and cash equivalents	1,390	1,126
Security deposits	20	20
Trade and other receivables	24	14
Assets held for sale	1,215	1,215
Other assets	-	3
Total Current Assets	2,649	2,378
Non-Current Assets		
Property, plant and equipment	3	3
Total Non-Current Assets	3	3
Total Assets	2,652	2,381
Liabilities		
Current Liabilities		
Trade and other payables	5,180	5,253
Interest-bearing loans and borrowings	11,950	11,177
Provisions	225	226
Total Current Liabilities	17,355	16,656
Total Liabilities	17,355	16,656
Net Assets/(Liabilities)	(14,703)	(14,276)
Equity		
Contributed equity	297,360	297,360
Share options reserve	35	35
Equity reserve	457	457
Accumulated losses	(312,555)	(312,128)
Total Equity/(Deficit)	(14,703)	(14,276)

VDM GROUP LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2023

In accordance with a resolution of the directors of VDM Group Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the group set out on pages 14 to 55 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b);
- (c) subject to the satisfactory achievement of the matters described in note 2(d), there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable;
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2023; and
- (e) subject to the satisfactory achievement of the matters described in note 2(d), as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 33 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board



Mr Michael Fry
Director
Perth, Western Australia
5 October 2023

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VDM GROUP LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of VDM Group Limited ("the Company") and its subsidiaries (collectively "the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of VDM Group Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 (d) to the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Our opinion is not modified in respect of this matter.

Independence

We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Asset Held for Sale – Note 15

Why significant

Asset held for resale relates to a residential property and is measured at realisable value. As at 30 June 2023, the property is valued at a net realisable value of \$1,215,000.

This is considered a key audit matter as the determination of net realisable value is affected by subjective elements and is sensitive to changes in the underlying economic environment and market forces.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Evaluating external independent valuations, including assumptions, estimates and basis adopted;
- Examining the qualifications, objectivity and experience of management's valuation experts; and
- Assessing the disclosures in accordance with Australian Accounting Standards.

Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report. The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2 (b), the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of VDM Group Limited for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



ABN 42 163 529 682



Michael Hillgrove
Director

Dated 5 October 2023

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VDM GROUP LIMITED

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2023

Additional information required by ASX Listing Rules and not shown elsewhere in the report is set out below. The information is current as of 29 September 2023.

TWENTY LARGEST SHAREHOLDERS

Shareholder	Number of ordinary fully paid shares held	% held of shares
Australia Kengkong Investments Co Pty Ltd	2,070,000,000	29.88
H & H Holdings Australia Pty Ltd	1,085,110,976	15.66
Seabank Resources LDA	650,000,000	9.38
CF International Development Limited	600,000,000	8.66
Thriving Treasure Limited	520,000,000	7.51
Sino Plant Holding Limited	250,000,000	3.61
Briston Holdings Limited	200,000,000	2.89
Seawire Limited	130,000,000	1.88
Citicorp Nominees Pty Limited	126,621,061	1.83
Golden Bloom Investments Pty Ltd	125,000,000	1.80
BNP Paribas Nominees Pty Ltd ACF CLEARSTREAM	50,040,785	0.72
MYOORA PTY LTD	42,193,804	0.61
Miss Xiaoli Jia	40,892,000	0.59
Miss Shan He	33,502,126	0.48
M&C COGHLAN PTY LTD	25,000,000	0.36
BNP Paribas Nominees Pty Ltd	23,183,190	0.33
Ms Chang Li	22,000,000	0.32
Mr Brian Hon Leung Lee + Mrs Joyce Lai Ching Lee	19,282,828	0.28
Mr Brian Hon Leung Lee	19,000,000	0.27
Mr Van Tuan Vo	17,938,358	0.26
Total	6,049,765,128	87.33

SHARES IN VOLUNTARY ESCROW

There are no shares in voluntary escrow

SUBSTANTIAL SHAREHOLDINGS

The following shareholders have declared a relevant interest in the number of voting shares at the date of giving notice under Part 6C.1 of the Corporations Act.

Shareholder	Number of ordinary fully paid shares held	% held of shares
Australia Kengkong Investments Co Pty Ltd	2,070,000,000	29.88
H & H Holdings Australia Pty Ltd	1,085,110,976	15.66
Seabank Resources LDA	650,000,000	9.38
CF International Development Limited	600,000,000	8.66
Thriving Treasure Limited	520,000,000	7.51

VDM GROUP LIMITED
ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2023

DISTRIBUTION OF SHAREHOLDINGS

Range of holding	Number of shareholders	Number of ordinary shares	% of shares
1 - 1,000	171	16,285	-
1,001 - 5,000	98	302,284	-
5,001 - 10,000	78	625,104	0.01
10,001 - 100,000	439	24,501,203	0.35
100,001 - 9,999,999,999	673	6,902,216,076	99.64
Total	1,459	6,927,660,952	100.00

The number of shareholders with less than a marketable parcel is 1,116 holding in total 104,068,484 shares.

VOTING RIGHTS

All ordinary shares issued by VDM Group Limited carry one vote per share without restriction.

INTERESTS IN TENEMENTS

Tenement Reference	Project & Location	Interest
049/01/05/T.P/ANG-MGMI/2021	CACHOEIRAS DO BINGA COPPER PROJECT - ANGOLA	55.25%
048/07/03/ T.P/ANG-MIREMPET/2019	CAGE BENGU GOLD PROJECT - ANGOLA	55.25%

Notes:

Both the Cachoeiras Do Binga Copper Project and the Cage Bengu Gold Project are a joint venture arrangement between VDM Group Limited (65%), Pebric Mining and Consulting LDA (30%) and Seabank Resources LDA (5%).

Pebric's 30% participating interest is free carried as to 15% during the Prospection Phase and Seabank's 5% participating interest is free carried as to 2.5% during the Prospection Phase. As such VDM is responsible for funding 78.79% (i.e 65% /82.5%).

The Angolan Government has a right to a 15% free carried interest upon mining commencing. As such, VDM's effective ownership interest is 55.25%, being 65% of 85%.

VDM GROUP LIMITED

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2023

SUMMARY OF RESULTS OF THE ENTITY'S ANNUAL REVIEW OF ITS MINERAL RESOURCES AND ORE RESERVES.

The Company carries out an annual review of its Mineral Resources and Ore Reserves as required by the ASX Listing Rules.

The Group has reported a maiden copper Mineral Resource Estimate for CdB Copper Project of 18.4 Mt @ 1.0% Cu for 183,845t of copper (refer *Competent Person's Statement* in ASX Additional Information Section), comprising:

- Measured + Indicated: 13.467Mt @1.02% Cu for 137,590t of copper;
- Inferred: 4.937Mt @0.94% Cu for 46,355t of copper.

The CdB MRE is summarised as follows:

Resource Category	Million tonnes (Mt)	Cu %	Contained Cu (t)
Measured	0.875	1.62	14,179
Indicated	12.592	0.98	123,411
Inferred	4.937	0.94	46,355
Total	18.404	1.00	183,845

Notes: 1. Reported above a Cu cut-off grade of 0.2%;
2. Discrepancies may occur due to rounding.

COMPETENT PERSON STATEMENT

The information in this report which relates to Mineral Resources for the Cachoerias do Binga Project is extracted from a report released to the Australian Securities Exchange (ASX) on 26 November 2020 titled "VDM Delivers Maiden Copper Resource at CdB Copper Project" which was based on information compiled by Ms Bonnie (Yanfang) Zhao and Dr Yiefei Jia, full time employees of SRK Consulting (China) Ltd and respectively, a Member and a Fellow of the Australasian Institute of Mining and Metallurgy. Each has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves". Ms Zhao and Dr Jia consented to the reporting of the information in the form and context in which it appears. Those consents remain 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 26 November 2020, 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.