

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(ARBN: 070 352 500)

Preliminary Final Report

For the year ended 31 March 2020

ASX Appendix 4E

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

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VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. **Name of Entity**

ARBN:

Financial year ended (reporting period)

Financial year ended (previous corresponding period)

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED 070 352 500 31 March 2020 31 March 2019

2. **Results for announcement to the market**

(Amount and percentage change up or down from the previous corresponding period)

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Change</u>
	A\$'000	A\$'000	A\$'000	%
2.1 Revenue from ordinary activities	21,303	27,397	(6,094)	-22%
2.2 Loss from ordinary activities after tax attributable to the equity holders of the Company	(379)	(3,003)	2,624	-87%
2.3 Net loss for the reporting period attributable to the equity holders of the Company	(379)	(3,003)	2,624	-87%
2.4 Dividends	Amount per security		Franked amount per security	
Final dividend	Nil		N/A	
Interim dividend	Nil		N/A	
Previous corresponding period	Nil		N/A	
2.5 Record date for determining entitlements to the dividend			N/A	

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

EXPLANATION OF RESULTS

I am pleased to announce the following important events during the period under audit:

- (i) The name of the Company has been changed from ViaGold Capital Limited to ViaGold Rare Earth Resources Holdings Limited in November 2019; and
- (ii) An offer was made to Eligible Shareholders as a non-renounceable entitlement offer of 1 new share for every 1 existing share at an issue price of AUD0.03 per share in August 2019. This raised fund of total AUD1,249,686 and 41,656,202 new fully paid ordinary shares were issued on August 2019. Fund raised from the offer are intended to be used for general working capital purposes.

I am also pleased to present the 2019/2020 unaudited annual results of ViaGold Rare Earth Resources Holdings Limited ("VIA") and its subsidiaries collectively referred to as the "Group" and the outlook for

REVIEW

This fiscal year (1 April 2019 – 31 March 2020) is a very special year. Starting from the upsurge of both export and price of rare earth for the first nine month of the year, there came the epidemic COVID-19 disease which had put a stop to almost all business activities in manufacturing and services, and as a consequence, at least 3 out of the 12 months period under audit had nominal or even no activity. Subsequently, the combined segment revenue recorded a decrease of 22.2% amounted to AUD21,303,000 (period ended 31 March 2019: A\$27,397,000) but a profit of A\$20,000 (period ended 31 March 2019: a loss of A\$28,501,000).

GAIN AND LOSS

- (A) During the 12 months period, the revenue in the Rare Earth Refining and Separation Sector recorded a drop of 23.0% of AUD20,517,000 (period ended 31 March 2019: AUD26,629,000) but enjoyed a profit of AUD635,000 (period ended 31 March 2019: a loss of AUD24,900,000) which was attributed to a A\$342,000 dividend income generated from financial assets at fair value through other comprehensive income and the upsurge of rare earth price which all happened in calendar 2019.
- (B) During the period under audit, the Education Management and Consulting Sector recorded a revenue of AUD424,000 (period ended 31 March 2019: AUD408,000), representing an increase of 3.9% and a profit of AUD49,000 (period ended 31 March 2019: AUD126,000), representing a drop of 61.1%. This is mainly attributed to:
 - i. The reduction in students during the period, in particular the COVID-19 has an impact on the corresponding school and training program;
 - ii. Additional spending on hygiene equipment/material keeping the school premises total free from COVID-19 infection.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

EXPLANATION OF RESULTS (Continued)

GAIN AND LOSS (Continued)

(C) During the audit period, the leasing and capital financing sector enjoyed a stable income stream through its long term contracts of car leasing and office renting business. It recorded a revenue of AUD362,000 (period ended 31 March 2019: AUD360,000), representing a 0.6% increase, and a loss of AUD129,000 (period ended 31 March 2019: a loss of AUD158,000), representing a 18.4% drop in loss. The drop in loss is due to the striking hard of the management team during the period.

OUTLOOK

Looking ahead, the group will focus on the cooperation with Baotou Rare Earth Products Exchange to develop and implement the “Internet of things + Blockchain Rare Earth Provenance Tracing System” on the existing platform of Baotou exchange with advanced LoT and blockchain technologies to better facilitate the transactions of rare earth products and provide for a better managed rare earth industry in China and subsequently boost the performance of the Company’s rare earth division and generate more revenues for the shareholders of the group.

The education management and consulting sector is still encountering the impact from the current COVID-19. We foresee, with the striking hard of our management and working team, the situation will be resumed in the near future.

The car leasing sector has been relatively stable and our team in Beijing has been actively seeking for more long term leasing contracts to sustain a growth pattern.

APRPECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to the Group’s shareholders, customers, bankers, consultants and professionals for the continuing support, and my fellow directors and all the dedicated staffs for their hard work and valuable contributions during the year.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

OTHER INFORMATION

1. Net assets per security	Current Reporting Period	Previous Corresponding Period
Net assets backing per ordinary security	A\$0.33	A\$0.54

2. Dividends

There was no dividend paid or declared during the current year (2019: Nil).

3. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

N/A

4. Details of associates and joint venture entities

For the year ended 31 March 2020, the Group only have interests in an associate and no joint venture entities.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	2020	2019
	AS'000	AS'000
	(Unaudited)	(Audited)
Turnover	21,303	27,397
Cost of services and sales	<u>(18,955)</u>	<u>(28,446)</u>
Gross profit/(loss)	2,348	(1,049)
Other income	444	75
Administrative expenses	(2,762)	(3,075)
Write-off of inventories	-	(21,440)
Impairment loss on goodwill	-	(2,816)
Share of result of an associate	(10)	(149)
Finance costs	<u>-</u>	<u>(47)</u>
Profit/(Loss) before income tax	20	(28,501)
Income tax credit	<u>1</u>	<u>5,341</u>
Profit/(Loss) for the year	<u>21</u>	<u>(23,160)</u>
Attributable to:		
Equity holders of the Company	(379)	(3,003)
Non-controlling interests	<u>400</u>	<u>(20,157)</u>
	<u>21</u>	<u>(23,160)</u>
Loss per share attributable to the equity holders of the Company		
- Basic	<u>(A\$0.01)</u>	<u>(A\$0.07)</u>
- Diluted	<u>(A\$0.01)</u>	<u>(A\$0.07)</u>

The above preliminary consolidated financial statements should be read in conjunction with the accompanying notes set out on pages 11 to 16.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	2020	2019
	AS'000	AS'000
	(Unaudited)	(Audited)
Profit/(loss) for the year	21	(23,160)
Other comprehensive income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss		
Exchange difference arising in		
translation of foreign operations	2,810	(184)
Fair value gain/(loss) on financial assets at fair value		
through other comprehensive income	<u>813</u>	<u>(381)</u>
Total comprehensive income for the year	<u><u>3,644</u></u>	<u><u>(23,725)</u></u>
Total comprehensive income attributable to:		
Equity holders of the Company	2,338	(3,013)
Non-controlling interests	<u>1,306</u>	<u>(20,712)</u>
	<u><u>3,644</u></u>	<u><u>(23,725)</u></u>

The above preliminary consolidated financial statements should be read in conjunction with the accompanying notes set out on pages 11 to 16.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT

As at 31 March 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2020	2019
	AS'000	AS'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Fixed assets		
- Investment property	496	497
- Plant and equipment	7,349	7,759
Land use rights	-	4,415
Right-of-use assets	4,729	-
Interests in an associate	194	188
Financial assets at fair value through other comprehensive income	4,116	1,913
	<u>16,884</u>	<u>14,772</u>
Current assets		
Trade and other receivables	24,672	24,825
Inventories	49,414	46,816
Pledged bank deposits	280	140
Cash and cash equivalents	2,531	926
	<u>76,897</u>	<u>72,707</u>
Total assets	<u><u>93,781</u></u>	<u><u>87,479</u></u>

The above preliminary consolidated financial statements should be read in conjunction with the accompanying notes set out on pages 11 to 16.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT

As at 31 March 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	2020	2019
	AS'000	AS'000
	(Unaudited)	(Audited)
CAPITAL AND RESERVES		
Equity		
Share capital	16,662	8,331
Reserves	<u>(3,096)</u>	<u>1,648</u>
Capital and reserves attributable to the equity holders of the Company	13,566	9,979
Non-controlling interests	<u>13,668</u>	<u>12,362</u>
Total equity	27,234	22,341
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	<u>8,125</u>	<u>7,477</u>
Current liabilities		
Trade and other payables	58,183	57,513
Contract liabilities	202	112
Tax payable	<u>37</u>	<u>36</u>
	<u>58,422</u>	<u>57,661</u>
Net current assets	<u>18,475</u>	<u>15,046</u>
Total equity and liabilities	<u>93,781</u>	<u>87,479</u>

The above preliminary consolidated financial statements should be read in conjunction with the accompanying notes set out on pages 11 to 16.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										Total equity AS'000
	Share capital AS'000	Share premium AS'000	Translation reserve AS'000	Contributed surplus AS'000	Warrant reserve AS'000	Share-based compensation reserve AS'000	Investment revaluation reserve AS'000	Accumulated losses AS'000	Sub-total AS'000	Non-controlling interests AS'000	
(Audited)											
As at 1 April 2018	8,331	44,330	(27,226)	47,645	1,080	1,707	-	(58,921)	16,946	33,074	50,020
Adjustment on adoption of HKFRS 9, net of tax	-	-	-	-	-	-	-	(3,954)	(3,954)	-	(3,954)
Restated balance on 1 April 2018	8,331	44,330	(27,226)	47,645	1,080	1,707	-	(62,875)	12,992	33,074	46,066
- Loss for the year	-	-	-	-	-	-	-	(3,003)	(3,003)	(20,157)	(23,160)
- Exchange differences arising on translation of foreign operations	-	-	371	-	-	-	-	-	371	(555)	(184)
- Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(381)	-	(381)	-	(381)
Total comprehensive income for the year	-	-	371	-	-	-	(381)	(3,003)	(3,013)	(20,712)	(23,725)
Transactions with equity holders in their capacity											
- Transfer of warrant reserve upon lapse of warrants	-	-	-	-	(150)	-	-	150	-	-	-
As at 31 March 2019	8,331	44,330	(26,855)	47,645	930	1,707	(381)	(65,728)	9,979	12,362	22,341
(Unaudited)											
As at 1 April 2019	8,331	44,330	(26,855)	47,645	930	1,707	(381)	(65,728)	9,979	12,362	22,341
- Profit for the year	-	-	-	-	-	-	-	(379)	(379)	400	21
- Exchange differences arising on translation of foreign operations	-	-	1,904	-	-	-	-	-	1,904	906	2,810
- Fair value gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	813	-	813	-	813
Total comprehensive income for the year	-	-	1,904	-	-	-	813	(379)	2,338	1,306	3,644
Issue of shares	8,331	(7,082)	-	-	-	-	-	-	1,249	-	1,249
Transactions with equity holders in their capacity											
- Transfer of warrant reserve upon lapse of warrants	-	-	-	-	(330)	-	-	330	-	-	-
- Transfer of share-based compensation reserve upon lapse of share options	-	-	-	-	-	(1,707)	-	1,707	-	-	-
As at 31 March 2020	16,662	37,248	(24,951)	47,645	600	-	432	(64,070)	13,566	13,668	27,234

The above preliminary consolidated financial statements should be read in conjunction with the accompanying notes set out on pages 11 to 16.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

	2020	2019
	A\$'000	A\$'000
	(Unaudited)	(Audited)
Operating activities		
Net cash generated from operating activities	<u>761</u>	<u>1,380</u>
Investing activities		
Purchase of fixed assets	(87)	(233)
Proceeds from disposal of plant and equipment	-	89
Interest received	<u>22</u>	<u>31</u>
Net cash used in investing activities	<u>(65)</u>	<u>(113)</u>
Financing activities		
Interest paid	-	(47)
Decrease/(increase) of pledged fixed deposits	(118)	886
Repayment of bank loans	-	(2,043)
Proceeds from issuance of new shares	<u>1,249</u>	<u>-</u>
Net cash generated from/(used in) financing activities	<u>1,131</u>	<u>(1,204)</u>
Net increase in cash and cash equivalents	1,827	63
Cash and cash equivalents at the beginning of the year	926	923
Effect of foreign exchange rate change, net	<u>(222)</u>	<u>(60)</u>
Cash and cash equivalents at the end of the year	<u><u>2,531</u></u>	<u><u>926</u></u>

The above preliminary consolidated financial statements should be read in conjunction with the accompanying notes set out on pages 11 to 16.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE PRELIMINARY FINAL REPORT

Note 1. Statement of Significant Accounting Policies

The preliminary final report of ViaGold Rare Earth Resources Holdings Limited and its subsidiaries (collectively the "Group") has been prepared in accordance with listing rule 4.3A of the Australian Securities Exchange Limited ("ASX") and has been derived from the unaudited consolidated financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards.

The preliminary final report is presented in Australian dollars, unless otherwise stated.

The preliminary final report has been prepared under the historical cost convention, as modified by the revaluations of financial assets and financial liabilities which are carried at their fair values. The accounting policies adopted in this report is the same as those disclosed in the consolidated financial statements for the year ended 31 March 2020.

The International Accounting Standards Board ("IASB") has issued a number of new International Financial Reporting Standards and IFRIC interpretations ("IFRSs") and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

IFRS 16, Leases

The Group has adopted IFRS 16 retrospectively from 1 April 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening condensed consolidated statement of financial position on 1 April 2019.

Impact of the adoption of IFRS 16

The following table shows the adjustment for change in accounting policy recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	As at 1 April 2019		
	As previously stated	Impact of IFRS 16	Restated
	A\$'000	A\$'000	A\$'000
Condensed consolidated statement of financial position (extract)			
Non-current assets			
Land use rights	4,415	(4,415)	-
Right-of-use assets	-	4,415	4,415
	<u>4,415</u>	<u>(4,415)</u>	<u>4,415</u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 1. Statement of Significant Accounting Policies (continued)

Apart from above, the adoption of IFRS 16 has had no impact on the Group's consolidated financial statements.

The accounting policies adopted in this report have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year other than adoption of IFRS 16.

The preliminary final report is based on the financial statements which are in the process of being audited.

The current reporting in the preliminary final report is the year ended 31 March 2020 while the prior year is the year ended 31 March 2019.

Note 2. Segment Reporting

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments:

- Rare earth refining and separation
- Leasing and capital financing
- Provision of consultancy and management services to educational institutions

Geographically, the Group's businesses are divided into Hong Kong and the People's Republic of China (the "PRC"). The main business in Hong Kong is investment holdings. The businesses in the PRC are segregated into rare earth refining and separation, leasing and capital financing services, and consultancy and management services to educational institutions.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 2. Segment Reporting (continued)

100% of the Group's customers are located in Mainland China and revenue of the Group is derived from operations in Mainland China.

100% of the Group's non-current assets are located in Mainland China. The geographical location of the non-current assets is based on the physical location of assets in the case of property, plant and equipment, and the location of the operation to which they are allocated in the case of goodwill.

The management assesses the performance of the operating segments based on the profit/loss for the year. This measurement basis excludes intra-group transactions and gain/loss of disposal of subsidiaries.

All assets are allocated to reportable segments other than interests in an associate and unallocated corporate assets. All liabilities are allocated to reportable segments other than unallocated corporate liabilities.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

**PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 2. Segment Reporting (continued)

The segment information provided to the management for the reporting segments for the year ended 31 March 2020 is as follows:

(Unaudited)	Leasing and capital financing A\$'000	Provision of consultancy and management services to educational institutions A\$'000	Rare earth refining and separation A\$'000	Total A\$'000
Segment revenue	362	424	20,517	21,303
Inter-segment revenue	-	-	-	-
Revenue from external customers	<u>362</u>	<u>424</u>	<u>20,517</u>	<u>21,303</u>
Reportable segment profit/(loss) before income tax	(129)	49	635	555
Unallocated corporate expenses				<u>(535)</u>
Profit before income tax				<u>20</u>
Depreciation	(223)	(55)	(840)	(1,118)
Depreciation of right-of-use assets	-	-	(63)	(63)
Interest income	<u>18</u>	<u>-</u>	<u>4</u>	<u>22</u>
As at 31 March 2020				
Reportable segment assets	1,884	523	89,823	92,230
Interests in an associate				194
Unallocated corporate assets				<u>1,357</u>
Consolidated total assets				<u>93,781</u>
Non-current assets (Other than financial instruments)	931	265	11,382	12,578
Unallocated corporate assets				<u>190</u>
				<u>12,768</u>
Additions to non-current assets (Other than financial instruments)	<u>-</u>	<u>-</u>	<u>87</u>	<u>87</u>
Reportable segment liabilities	(131)	(807)	(63,417)	(64,355)
Unallocated corporate liabilities				<u>(2,192)</u>
Consolidated total liabilities				<u>(66,547)</u>

The Group's customer base includes four (2019: three) customers with whom transactions have exceeded 10% of the Group's total revenue. Revenue from sales to these customers amounted to A\$8,267,000, A\$3,551,000, A\$3,270,000 and A\$2,347,000 each which related to rare earth refining and separation segment (2019: A\$11,562,000, A\$4,043,000 and A\$3,195,000 each which related to rare earth refining and separation segment).

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 2. Segment Reporting (continued)

The segment information for the reporting segments for the year ended 31 March 2019 is as follows:

(Audited)	Leasing and capital financing A\$'000	Provision of consultancy and management services to educational institutions A\$'000	Rare earth refining and separation A\$'000	Total A\$'000
Segment revenue	360	408	26,629	27,397
Inter-segment revenue	-	-	-	-
Revenue from external customers	<u>360</u>	<u>408</u>	<u>26,629</u>	<u>27,397</u>
Reportable segment (loss)/profit before income tax	(158)	126	(24,900)	(24,932)
Unallocated corporate expenses				<u>(3,569)</u>
Loss before income tax				<u>(28,501)</u>
Depreciation	(224)	(54)	(903)	(1,181)
Amortisation of land use rights	-	-	(62)	(62)
Interest income	1	-	31	32
Finance costs	-	-	(47)	(47)
Loss on disposal of plant and equipment	<u>-</u>	<u>-</u>	<u>(86)</u>	<u>(86)</u>
As at 31 March 2019				
Reportable segment assets	1,866	560	84,508	86,934
Interests in an associate				188
Unallocated corporate assets				<u>357</u>
Consolidated total assets				<u>87,479</u>
Non-current assets				
(Other than financial instruments)	1,079	298	11,292	12,669
Unallocated corporate assets				<u>190</u>
				<u>12,859</u>
Additions to non-current assets				
(Other than financial instruments)	<u>-</u>	<u>-</u>	<u>233</u>	<u>233</u>
Reportable segment liabilities	(122)	(870)	(62,399)	(63,391)
Unallocated corporate liabilities				<u>(1,747)</u>
Consolidated total liabilities				<u>(65,138)</u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 3. Additions to Plant and Equipment

During the year, the Group acquired plant and equipment at a cost of approximately A\$87,000 (Year ended 31 March 2019: approximately A\$233,000).

Note 4. Audit Status

This report is based on accounts which are in the process of being audited.